

Why China's Economic Inducements Do Not Always  
Work?

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# 1 Abstract

As to China's economic statecraft (especially economic inducements), existing literature fails to explain this phenomenon by not considering the target state's domestic political process, particularly the political communication process, to be crucial in understanding China's influence. While current studies have noted the impacts of transaction costs, conflict expectations, regime type, and domestic coalitions of the target state on economic inducements, they have not analyzed the target state's political communication process. This process, in which opinion leaders play a decisive role in framing the population's political attitudes, determines the effects of economic inducements. For instance, China's economic inducements toward Zambia elicited anti-Chinese sentiments in Zambia when the former Zambian president Michael Sata effectively depicted Chinese investors as businessmen who intended to do nothing but exploit natural resources and laborers in Zambia. To answer the question of how to generalize the relationship between China's economic inducements and the domestic political process within Zambia, for instance, we plan to develop a theory that not only offers an explanation of how China uses economic inducements to co-opt opinion leaders in the target state but also accounts for its effects.

## 2 Research Question

Our research interest is international political economy, with a specific focus on China's economic statecraft, an important topic that receives scant scholarly attention. One of the core research questions is: Why are China's economic inducements not highly effective at influencing target states' foreign policies?

Bonnie Glaser, a senior fellow with the Center for Strategic and International Studies (CSIS) Freeman Chair in China Studies, published an article, "China's Coercive Economic Diplomacy", in *The Diplomat* in 2012 (Glaser 2012). She maintains that China began to employ economic instruments to coerce neighboring countries to make foreign policies which are compatible with China's national interests. In my viewpoint, this argument is

very convincing given that after the rise of China, China have imposed several economic sanctions on the Philippines (such as using non-tariff barrier for limiting banana imports from the Philippines) for pressuring the Philippines to back down from its position on the South China Sea dispute. Nevertheless, those economic sanctions were not successful because they not only triggered the anti-Chinese sentiment in the Philippines, but also reinforced the military cooperation relationship between the U.S. and the Philippines. In addition to imposing economic sanctions, China also employed multiple economic inducements to enhance its influence over the Southeast Asian countries. For instance, China made the so called “Go Out policy” to encourage Chinese companies to invest in the Southeast Asian countries. Moreover, China made a great effort to negotiate and sign free trade agreements (FTAs) with the Southeast Asian countries. However, the continuing disputes over the South China Sea are the proofs that China’s economic inducements did not work as expected. In these cases, Chinese government failed to wield its economic power to influence other countries’ foreign policies.

Additionally, in the 2012 presidential election, Taiwanese economic voters’ support was the determinant for the former president of Taiwan, Ma Ying-jeou, to win the election. The reason is that those economic voters worried that China will cease its favor-granting policies toward Taiwan if the pro-independence party (i.e., the Democratic Progressive Party, DPP) won the election. In this case, China’s economic inducements were successful. However, the so called “Sunflower Movement” occurred in 2014 in which Taiwanese people worried that the Cross-Strait Service Trade Agreement (CSSTA) would threaten the national security of Taiwan rather than benefit Taiwan as a whole. By occupying the parliament, protestors successfully blocked the legislators to ratify the agreement. In this respect, China’s economic inducements were unsuccessful.

These phenomena intrigued me to investigate the reason why China’s economic inducement has completely different impacts on different targets (such as Zambia and Taiwan), and has opposite impacts on the same target at different times (such as the Taiwanese presidential election in 2012 and the Sunflower Movement in 2014). Addition-

ally, China's economic inducements toward Taiwan mainly focused on trade (e.g., the Economic Cooperation Framework Agreement and the Cross-Strait Service Trade Agreement), which was different from Zambia case in which China's economic inducements mainly focused on capital (e.g., foreign aid and foreign direct investment). Thus, this paper compares these two cases to investigate the impacts of China's economic inducements.

### **3 The Importance of the Study**

To date, China's economic power is tremendous given that China is the second largest economy in the world. For further developing its economy (i.e., transforming the county from a developing country to a developed country) and addressing its domestic problems (such as environmental protection, separatism, inequality, etc.), China prefers economic statecraft to military means to pursue the goals of its foreign policy. This is the so called "Strategy of Peaceful Development". In particular, China has made great efforts to negotiate the Regional Comprehensive Economic Partnership (RCEP), to build the "One Belt One Road", to establish the Asian Infrastructure Investment Bank (AIIB), to enforce its "Go Out policy", and to offer considerable foreign aids. In this regard, as China promotes "Peaceful Development", investigating the pattern and the impacts of China's economic statecraft is not only crucial, but also is useful for scholars to examine whether China becomes more and more assertive after its rise.

Furthermore, even if there is much literature investigating the pattern and the impacts of economic sanctions, the literature about economic inducements is not sufficient. As David Baldwin said: "It is not that political scientists have said wrong things about the role of positive sanctions in power relations; it is just that they have said little." (Baldwin 1971). This paper contributes to the insufficiency of the research about economic inducements. We will use China as a point of reference to compare economic inducements employed by historical economic great powers (such as the U.S., Germany, the U.K., and

Trade	Capital
Tariff discrimination (favorable)	Providing aid
Granting “most-favored-nation” treatment	Investment guarantees
Tariff reduction	Encouragement of private capital exports or imports
Direct purchase	Taxation (favorable)
Subsidies to exports or imports	Promise of the above
Granting licenses (import or export)	
Promise of the above	

*Source:* Baldwin (1985). *Economic Statecraft*, p.42.

Table 1: Examples of Economic Statecraft: Positive Sanctions

Japan).

## 4 Relevant Literature

By definition, economic statecraft is the use of economic means (such as trade, foreign aid, and foreign investment) to pursue foreign policy goals. In this sense, there are many differences between economic statecraft and other foreign policy instruments (such as military statecraft, diplomacy, and propaganda). For instance, comparing to military force, the cost and the goal attainment of economic statecraft are modest and low (Badie, Berg-Schlosser, and Morlino 2011). Since this paper focuses on economic inducement rather than economic sanction, table 1 shows the forms of positive sanctions (i.e., economic inducements).

When it comes to economic inducement, Drezner enumerates three dimensions of economic inducement (carrots). First, economic inducements are transfers of benefits offered by the sender to the receiver. Second, the receiver are expected to make some concession to the sender for receiving the economic inducement. Third, economic inducements are not employed for influencing the receiver’s policies over the long run (Drezner 1999). As to studying economic statecraft, existing literature mainly pays attention to economic sanctions rather than economic inducements. Since “the stick is expensive when it fails, whereas the carrot is expensive when it succeeds”, senders would prefer economic sanc-

tions which is more cost-effective to economic inducements (Drezner 1999). In terms of the effect of economic sanctions, existing literature has proved that it is limited (Hufbauer, Schott, and Elliot 1990). Additionally, imposing economic sanctions on targets would be detrimental to China's international image and would cause rally-around-the-flag effect in the targets. Unlike economic sanctions, offering economic inducements can change targets' foreign policies in an effective manner (Dorussen 2001). Generally speaking, if the economic interdependence between a sender and a target is higher, vested interest groups which are pro-peace would more likely to prevent two countries from fighting against each other because the cost of having a military conflict is higher (Kahler and Kastner 2006). Nevertheless, different coalitional types have opposite effects on states' international behavior. For instance, internationalizing coalitions are advocates of trade openness and foreign direct investment. On the contrary, backlash coalitions oppose liberalization of trade and investment (Solingen 2001). In this regard, domestic coalitions play a crucial role in international behavior regarding economic inducements.

Moreover, existing research has concluded three patterns in which China converts its economic power to political influence. (1) Offering capital to targets through foreign aid or foreign direct investment (FDI); (2) Augmenting trade volumes with targets through free trade agreements or government procurements; (3) Making a monetary policy (such as purchasing target's bond or intervening target's currency market). In terms of Taiwan policy, China is unlikely to impose economic sanctions on Taiwan because of cost of sanctions, domestic economic development, social and political stability, and the pressure from interest groups. Nevertheless, in terms of domestic politics, authoritarian regimes need to respond to pressure from factions or competing leaders, bureaucratic sectors, local leaders, core business, and the public (Tung 2003). Thus, the reason why China imposes economic sanctions on other countries is for alleviating the domestic pressure in order to secure its legitimacy, rather than for making a substantive effect of economic sanctions. In this regard, China's economic sanctions are symbolic and the effect of China's economic sanctions is not the main consideration of Chinese leaders (Chan 2000).

Additionally, transactions cost is an important factor influencing senders whether to resort to economic inducements. If transactions costs are low (meaning that the actions are observable and enforceable and there is a credible commitment), senders are more likely to employ economic inducements. Moreover, conflict expectation is another important factor accounting for the use of economic inducements. If senders and targets expect that there would be more and more conflicts between them, they tend not to use economic inducements given that those economic inducements can strengthen the adversary in the future (Drezner 1999). Furthermore, much literature focuses on the impact of regime type on economic statecraft, arguing that as politics becomes more and more open, citizens in democracies are more capable of creating political costs for political leaders who are responsible for being imposed of economic sanctions by other countries. On the contrary, political leaders in the authoritarian regimes are not checked and balanced by the public. Those political leaders can benefit from being imposed of economic sanctions by other countries since economic sanctions make rent-seeking much easier in autocracies (Allen 2008). In short, it is more likely that economic sanctions succeed when targets are democracies. Moreover, existing literature also emphasizes the connection between domestic politics and foreign policies. For instance, economic sanctions and inducements work effectively by punishing and rewarding interest groups in targets since those groups can influence targets' foreign policies. Existing literature also mentions that senders are willing to guide public opinions in targets and indicates that citizens' political attitudes are the determinant of the success of economic statecraft. However, existing literature does not further investigate how opinion leaders in targets frame citizens' political attitudes toward economic statecraft initiated by senders. For instance, Taiwanese businessmen (who invested in China) and student leaders both successfully framed Taiwanese public opinions toward China's economic statecraft in 2012 and 2014. The former made the economic inducements successful and the latter made them unsuccessful.

In other words, the success of economics statecraft is not directly equal to the eco-

conomic power of the sender. Scholars need to take several factors into account, including the historical relationship between the sender and the target, the nature of the goals or demands sought by the initiating country, political capacity of the target country to comply with these goals and demands, domestic balance of power of the sender and the target, and international support for the sender and the target. Most importantly, whether the sender can gain the support of interest groups in the target (that is commercial fifth column) is very crucial. In doing so, the sender can convert economic benefits to political pressure on the target and can influence the target's foreign policy (Tanner 2007).

## 5 Literature about Opinion Leader

Public opinion matters in politics. On one hand, in democratic countries, the public are people who vote for their government officials. On the other hand, if the government acts with low public approval, the protests could possibly ruin the government. Government have to pay attention on public opinion as long as it established. The government learns about public opinion through elections, interest groups and lobbying, the media, letters and calls, protests, and straw polls.

The question here is that where public opinions come from. Communication scholars and political scientists use the term "frame in general to describe the process of public opinion formation. Thought framing is a process that an individuals cognitive understanding of a given situation is influenced, changed, and formed eventually (Goffman 1974). In this process, Sniderman and Theriault (2004) found that individuals are more likely to be framed by the values that was consistent with theirs. In this paper, we take a focal point on how opinion leaders frame public opinions on economic statecraft. In a competitive political environment, individuals receive multiple frames with varying frequencies due to political parties competition. Given this setting, Chong and Druckman (2007) found that people with less knowledge are more likely to be influenced by repeated outside information and attentive to peripheral cues, whereas individuals with

more knowledge prefer to stick on the value after comparing the relative strength of alternative frames.

Moreover, when it comes to political issues, people rely on information and advice from others (Katz and Lazarsfeld 2006; Huckfeldt and Sprague 1995). Existing literature asserts that opinion leaders do play an important role in shaping opinion followers' attitudes, knowledge, and opinions. Public opinion does not spontaneously form and make influence on politics. Scholars start using the term opinion leaders to identify these people who shape public opinions.

Opinion leaders have been defined in many different ways. Most commonly, opinion leaders are thought to be respected, trusted, and informed people who carry information across the social boundaries among all primary groups (Cosmas and Sheth 1980; Burt 1999; Corey 1971). They are defined as "a group of people to whom others look to help them to form opinions on various issues and matters in any community (Weimann 1994). They are individuals who have expertise and knowledge on particular subjects, helping people make decisions across a variety of situations.

It is proved that voters tend to change their mind to be consistent with opinion leaders' opinions. That is the evidence of the opinion leaders' effectiveness. Moreover, since opinion leaders are the key figures to influence public opinion, they are more exposed to mass media than opinion followers and more actively participate in various social activities (Weimann 1994).

However, as the development of mass media and the diffusion of internet, the public opinion is shaped by osmosis when people have convenient access to the latest press releases. In this sense, it becomes crucial to figure out who are these new opinion leaders able to influence the political thought-framing process. It is notable that there is a distinct divergence in the notion of opinion leaders among scholars. Scholars found that family and friends play an important role forming individuals political opinions (Kotler-Berkowitz 2005; Straits 1991; Verba et al. 2005). Mainstream media itself, either controlled by the government or tycoons, serve as opinion leaders in the new century. People who collect

more media information are more likely to talk politics (Campus et al. 2010; Kim et al. 1999). Campus (2012) argues that opinion leaders could be ordinary people who happen to be regarded as reliable and knowledgeable in their communities.

In our paper, we regard tycoons, student leaders, and political elites as strong opinion leaders in order to illuminate the phenomenon of thought-framing process. To generalize our assumption that the real effect of economic statecraft is a result of rational thought-framing process, we would apply the modern personality strength (PS) scale to identify potential opinion leaders in communities. We chose PS scale because it has been broadly used and tested by scholars in Western societies, and thus is convincing. The personality strength scale is weighted based on scores of ten items presented in Table 2. And then opinion leaders can be identified by means of the PS scale.

Item	Weight (Yes)	Weight (No)
I usually rely on being successful in everything I do	13	7
I am rarely unsure about how I should behave	14	7
I like to assume responsibility	15	7
I like to take the lead when a group does things together	17	8
I enjoy convincing others of my opinions	15	7
I often notice that I serve as a role model for others	16	8
I am good at getting what I want	14	7
I am often a step ahead of others	18	9
I have many things others envy me for	15	9
I often give others advice and suggestions	12	6
Maximum score	149	
Minimum score		75

*Source:* Weimann, Tustin, Vuuren, and Foubert (2007).

Table 2: The personality strength (PS) scale: Items and weighting

## 6 Taiwan Case

Before the 2012 presidential election, many Taiwanese tycoons argued that the 1992 Consensus was pivotal to Taiwan's economic growth (e.g., Terry Gou, the founder and chairman of Foxconn; Min-Chih Hsuan, the Managing Director of United Microelectronics

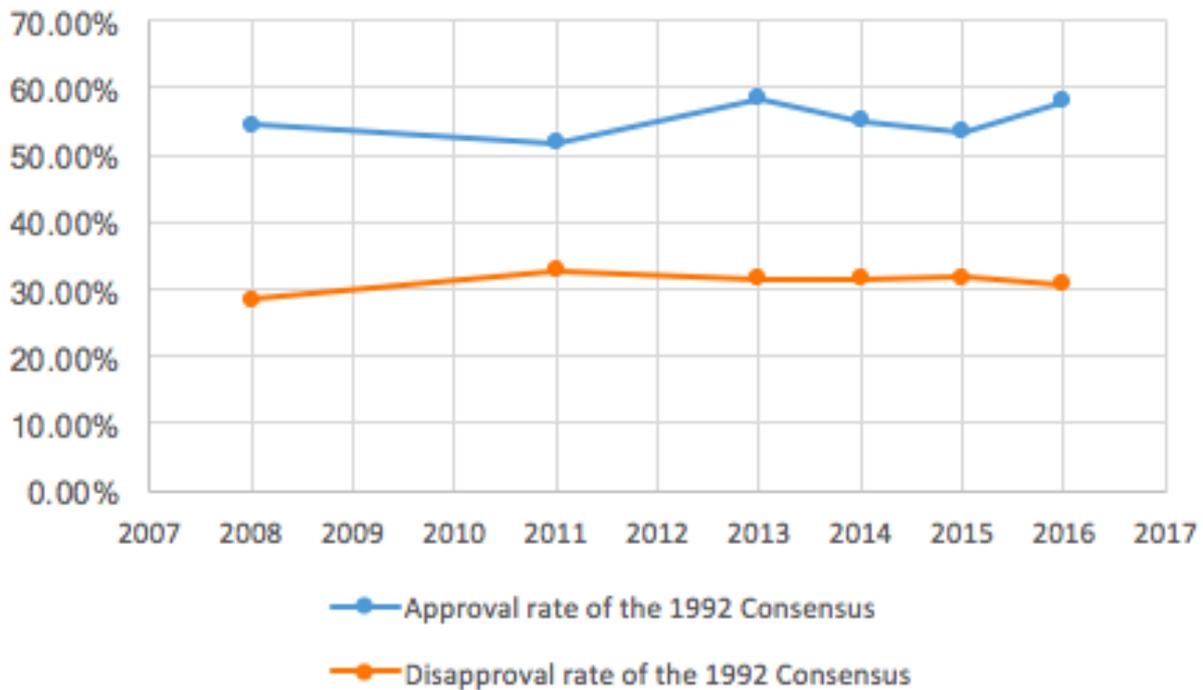
Corporation; Chang Jung-fa, the founder and chairman of Evergreen Group; Cher Wang, the co-founder and chairperson of HTC Corporation). For instance, Chang claimed that without the 1992 Consensus, Taiwan's economic growth performance would be poor. Wang also said that she could not imagine the Cross-Strait relations without the 1992 Consensus.

Then what is the so called "1992 Consensus"? The 1992 Consensus refers to a political consensus that both of Taiwan and China endorse "One China" with respective interpretations. The former president of Taiwan, Ma Ying-jeou, asserted that Taiwan had to recognize 1992 Consensus since without recognizing the 1992 Consensus, China would not be willing to negotiate with Taiwan for economic cooperation. This is also the Taiwanese tycoons' argument that Taiwan's economy would suffer from the political confrontation between Taiwan and China because of not recognizing the 1992 Consensus.

Existing literature indicates that the 1992 Consensus did have an impact on the 2012 presidential election. Voters who supported the 1992 Consensus were less likely to vote for Tsai Ing-wen, the presidential candidate nominated by the opposition party (Tang 2013, Meng 2014). Moreover, the review report on the 2012 presidential election written by the opposition party, i.e., DPP, purported that China factor was crucial and the correlation between the Cross-Strait relations and economic growth was one of three major reasons that Tsai lost the election (DPP 2012).

Figure 1 shows that between 2011 and 2013, the approval rate of the 1992 Consensus was growing from 51.8% to 58.4%, and the disapproval rate of the 1992 Consensus was slightly declining from 32.9% to 31.6%. In other words, Taiwanese people's perception of the 1992 Consensus became more positive in the period than beforehand.

In this case, as opinion leaders, Taiwanese tycoons successfully framed the 1992 Consensus as an opportunity for Taiwan to bolster its economic growth and helped Ma to win the election since Tsai did not recognize the 1992 Consensus. Thus, China's economic inducement did work and prevented the presidential candidate nominated by a pro-independence party from winning the election.



Source: The Taiwan National Security Surveys (2002 to 2015)<sup>1</sup>

Figure 1: Approval and Disapproval Rate of the 1992 Consensus

However, the other case in which China’s economic inducements were unsuccessful was the “Sunflower Movement” outbreak on March 18th, 2014. According to the survey conducted by the Election Study Center, National Chengchi University from December 5th to December 9th, 2013, the percentage of people in Taiwan who supported the Cross-Strait Service Trade Agreement was 45.7% and the percentage of people in Taiwan who opposed the Cross-Strait Service Trade Agreement was 40.4%. The same survey which was conducted after the Sunflower Movement (from April 5th to April 9th, 2014) shows that the percentage of people in Taiwan who supported the Cross-Strait Service Trade Agreement had declined to 42.5% and the percentage of people in Taiwan who opposed the Cross-Strait Service Trade Agreement was 40.1%.

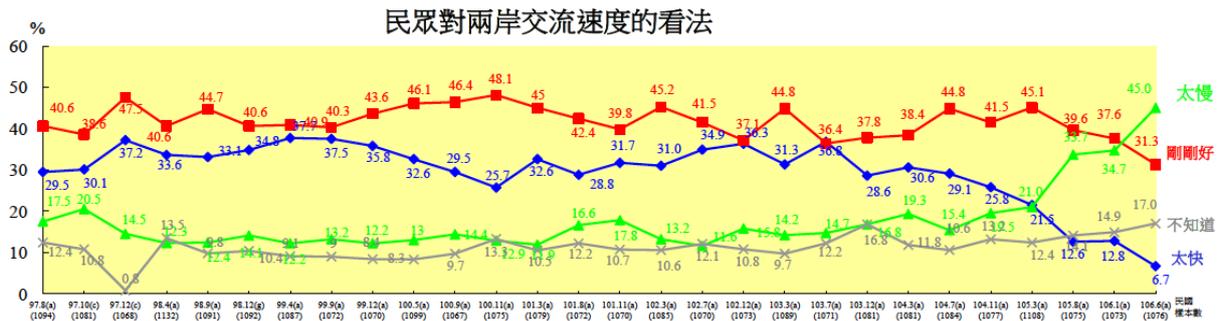
<sup>1</sup>The Taiwan National Security Surveys (2002 to 2015) were conducted by the Election Study Center of the National Chengchi University, Taipei, Taiwan under the auspice of the Program in Asian Security Studies (PASS) at Duke University. For more detailed information about each of the surveys, please visit the PASS website <http://sites.duke.edu/pass/>.

Time	December 2013	April 2014
approval rate	45.7%	42.5%
disapproval rate	40.4%	40.1%
net approval rate	5.3%	2.4%

*Source:* Mainland Affairs Council 2013;  
Mainland Affairs Council 2014

Table 3: Taiwanese’ stances of the Cross-Strait Service Trade Agreement

Additionally, figure 2 shows that after the Sunflower Movement, the percentage of people in Taiwan who thought that Cross-Strait exchanges were too fast had risen 5.5% (from 31.3% to 36.8%), and the percentage of people in Taiwan who thought that Cross-Strait exchanges were modest had declined 8.4% (from 44.8% to 36.4%).



*Source:* Mainland Affairs Council 2017

Figure 2: Taiwanese People’s Perceptions of Cross-Strait Exchanges

Additionally, according to the “Taiwan Mood Barometer Survey (TMBS)” which was conducted by the Taiwan Indicators Survey Research, there was 35.2% percent of Taiwanese people who thought that their opinions on the Cross-Strait Service Trade Agreement were influenced by the Sunflower Movement (8.4% percent of Taiwanese people supported the Cross-Strait Service Trade Agreement and 26.8% percent of Taiwanese people opposed it). Compared to people who thought that their opinions on the CSSTA

were not influenced by the Sunflower Movement, the percentage of opposing the CSSTA of people who thought that their opinions on the CSSTA were influenced by the Sunflower Movement was high. In this sense, the Sunflower Movement did affect Taiwanese people’s perceptions of Cross-Strait exchanges.

Whether being affected	Support or oppose to sign the CSSTA	Ratio
Being affected	Support	8.4%
Being affected	Oppose	26.8%
Not being affected	Support	16.9%
Not being affected	Oppose	21.1%
	No response	26.9%

*Source:* Taiwan Indicators Survey Research 2014

Table 4: The Impact of the Sunflower Movement on Taiwanese People’s opinions on the Cross-Strait Service Trade Agreement

Furthermore, according to the research report “Analyzing Political Polarization in Taiwan: an Investigation with Multiple Indicators”, exposure to mass media is an important explanatory variable accounting for the attitude of supporting the Sunflower Movement. People who have high exposure to mass media are more likely to support the Sunflower Movement than people who do not. As Katz and Lazarsfeld argue, in each community there exist opinion leaders who are likely to expose themselves to mass media and to influence other persons in their immediate environment (Katz and Lazarsfeld 2006: 3). Likewise, Baum and Potter (2008) argue that the mass media plays a critical role alongside citizens and elites in shaping the public’s attitudes towards politics (Baum and Potter 2008). In other words, mass media is crucial when investigating the impact of opinion leaders on the public’s attitude of the Sunflower Movement.

	Support	Not Support	Statistics
High Exposure to Mass Media	57.8%	42.2%	sample size is 1,267. Degree of Freedom is 1. Chi-square is 14.396. P value < 0.001.
Low Exposure to Mass Media	46.8%	53.2%	

*Source:* Lin and Yu 2014

Table 5: The Relationship between the Exposure to Mass Media and the Attitude of Supporting the Sunflower Movement

## 7 Zambia Case

In order to avoid our theory being restricted to a special Taiwan-China case which involves a sovereignty problem, we also carefully examine China's economic inducement in Africa especially in Zambia. It will be easy to assess Chinese economic inducement by looking at Chinese FDI in Africa since Chinese FDI to Africa had surpassed more than \$15 billion as reported by April 2012 (Ngozo 2012). We then select the Zambia case since China's FDI in Zambia is huge while Zambia being described as "China's perfect storm" (Alden 2007, 72). It has become a consensus that China's engagement in Africa is a "soft power" approach which is defined as "ability to shape the preferences of others... It is leading by example and it is attracting others to do what you want" by Joseph Nye (Nye 2004, 5). China's FDI in Zambia has an indubitable potential to promote Zambia's development as China has been placing a heavy emphasis on investment in copper mining and infrastructure construction while transferring skills and technology and creating jobs to local people. However, such economic inducements did not have continuous and positive outcomes for a long time. In contrast, political elites tamed and exploited China's economic inducement as a political tool to stay in power.

As Zambia benefits from China's FDI through economic growth and development, the

poor operating standards, poverty wage, and poor employment quality provided by Chinese investors (Fraser 2010) also sow the seed of vexation by local people. We observed that Michael Sata who was marked by a heavy anti-Chinese sentiment won the 2006 election by framing Chinese investors as plunderer of resource, getting the public, especially the poor's, votes as a result. As a rational leader, Michael Sata knows that Chinese FDI in Zambia possesses the potential to promote local development as China enormously invests in the mining sector, introduces tariff-free market access to China, and transfers advanced knowledge and skills to Zambians (Spilsbury 2012). And thus, in 2011 election, Michael Sata framed China's investment more friendly, pointing that Zambia and China have reached a win-win situation with the promise of a better governing and regulating of Chinese FDI. Michael Sata built Zambian's hope and confidence to Chinese investors and secured his presidency in Zambia in 2011 with 43% of the vote (Dearn 2011).

Thus, we argue that the transformation of the exactly same economic inducement posed by China from vexation towards acceptance of the Chinese investors, was not driven by populism but rather a rational thought-framing process dominated by opinion leaders.

## 8 The Testable Hypotheses

The hypothesis this paper examines is that: Opinion leaders of the target affect the effect of economic inducement employed by the sender. The rationale behind the hypothesis is that economic inducement is so arcane (such as benefits and costs of free trade agreements) that it is not easy for the public to assess whether the economic inducement has a positive impact on it. Consequently, opinion leaders play an important role in telling the public what the impact of the economic inducement is on the country. If the opinion leaders think that the economic inducement is beneficial to the country, then the public would perceive the economic inducement from a positive perspective. Otherwise, the public would perceive the economic inducement from a negative perspective. Here I

derive two hypotheses from the statement:

Hypothesis 1: Opinion leaders of the target who think that the economic inducement is beneficial increase the positive effect of the economic inducement employed by the sender. In Taiwan case, Taiwanese tycoons increased the percentage of people in Taiwan who supported the 1992 Consensus before the 2012 presidential election.

Hypothesis 2: Opinion leaders of the target who think that the economic inducement is detrimental increase the negative effect of the economic inducement employed by the sender. In Taiwan case, student leaders decreased the percentage of people in Taiwan who supported the Cross-Strait Service Trade Agreement after the Sunflower Movement.

These two hypotheses are testable if scholars can identify who the opinion leaders are in the target, and can conduct a survey (such as a poll) to study the public opinion of the economic inducement in the target.

## **9 The Way to Examine the Hypothesis**

Since we argue that opinion leaders is the determinant of the effect of economic inducement, the explanatory variable is opinion leaders' perceptions of the economic inducement, and the dependent variable is the effect of the economic inducement. The way we plan to examine the argument is using the mixed methods. For one thing, we would interview with opinion leaders to know how they frame the economic inducement (e.g., framing signing a free trade agreement as a threat to national security rather than as a dividend, or criticizing that ratifying a free trade agreement is through a "black-box" operation). For the other, we would conduct a poll to understand whether the public's perception of the economic inducement is influenced by opinion leaders given that existing surveys rarely ask questions about opinion leaders. For example, there would be several questions asking how the respondents evaluated the effect of the economic inducement (such as studying relevant scholarship, reading newspapers, watching talk shows, etc.), asking who the respondents identified as the opinion leaders were, asking whether the

respondents identified themselves as opinion leaders or opinion followers, asking whether they changed their stances because they wanted to be consistent with the opinion leaders' stances (to what extent the respondents were affected by the opinion leaders), asking what the respondents' opinions on the economic inducement were (positive or negative). In doing so, we can collect the raw data about the public's perception of the economic inducement and then run multiple linear regressions to examine whether it is statistically significant that the public's perception of the economic inducement is affected by opinion leaders in the target.

Nevertheless, even if we can prove that the public's perception of the economic inducement is affected by opinion leaders in the target, we still cannot argue that in Taiwan and Zambia cases, the effects of China's economic inducements were influenced by opinion leaders. Hence, we still have to estimate the change in the percentage of people in Taiwan and Zambia who supported China's economic inducements because of opinion leaders. In other words, if opinion leaders could increase the percentage of people in Taiwan and Zambia who supported China's economic inducements, they could determine the effects of China's economic inducements. For instance, if Taiwanese tycoons could convince more Taiwanese people to support the 1992 Consensus, it was more likely that Ma would win the presidential election in 2012 and Tsai (who is a pro-independence presidential candidate) would lose the election. In other words, only if opinion leaders could influence more people to support China's economic inducements, we can argue that the effects of China's economic inducements were influenced by opinion leaders.

Specifically speaking, we would uncover different patterns in which opinion leaders frame the economic inducement by interviewing with those opinion leaders. For instance, how do opinion leaders link the economic inducement with ordinary people's life? Additionally, how do opinion leaders help ordinary people identify themselves (as a winner or a loser because of the economic inducement)? Opinion leaders can depict the economic inducement as a tremendous opportunity for the public to earn more money, to run their business overseas, etc. On the contrary, opinion leaders can also depict the economic

inducement as a horrible threat to the public, such as losing jobs, decreasing wages, etc. In many cases, opinion leaders connect the unemployment, low wages, low economic growth with the economic inducement and then trigger the public's sentiment to oppose the economic inducement. That is, opinion leaders transform people's identification from winners to losers of the economic inducement. Thus, understanding the context in which opinion leaders frame the public opinion is very pivotal.

For the regression model, we would treat respondents' opinions on the economic inducement as the dependent variable and opinion leaders' perceptions of the economic inducement as the explanatory variable. If following conditions are satisfied, we can substantiate the argument that opinion leaders affect people's opinions on the economic inducement.

## **10 Conclusion**

In conclusion, the research will investigate the concept, application, and the impact of economic statecraft, and study the impact of China's economic inducement on enhancing its political influence. Additionally, although existing literature has studied the impact of transaction costs, conflict expectations, regime type, and domestic coalitions of the target state on economic statecraft, it does not analyze the target state's political communication process. Thus, the research will contribute to uncovering the target state's political communication process and examining the impact of the process on the economic statecraft.

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