

**CHINA'S UNILATERAL PREFERENTIAL
POLICIES FOR TAIWAN (II): IMPACT
ON TAIWAN'S BRAIN DRAIN
PROBLEM AND BEYOND**

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Executive Summary

1. Taiwan faced brain drain problems as early as the Cold War era in the 1960s-1980s. In 2011, the brain drain issue resurfaced when the Taiwanese government defined Taiwan's talent deficit problem as one of its national security issues.
2. With the Chinese central and local governments' unilateral preferential policies, Taiwan's brain drain problem is set to worsen as more Taiwanese skilled workers will be heading to the Mainland for job opportunities.
3. Taiwan's education sector is also likely to be hard hit. The number of Taiwanese students heading north as a result of the attractiveness of the policies is expected to spike.
4. A Taiwanese media survey indicates that the younger generation, in spite of their stronger sense of Taiwanese nationalism, are more willing to work and study in China as a result of China's preferential policies. The survey also shows that 51.1% of respondents in Taoyuan, Hsinchu and Miaoli counties (桃竹苗), the congregation of most of the high-tech and industrial clusters, are prepared to head to China to develop their careers.
5. The unilateral preferential policies will further divide Taiwanese society. There will be an increasing number of upper-tier Taiwanese moving to China to enjoy the benefits brought about by the preferential policies, while the lower-tier Taiwanese remain trapped in Taiwan.
6. This will generate the "Matthew Effect" in Taiwan, a phenomenon of the rich getting richer and the poor poorer. The entrapped lower-tier population in Taiwan is likely to identify more with the DPP (Democratic Progressive Party) administration due to its hostility towards China's unilateral preferential policies.
7. The preferential policies have put the Taiwanese government on the defensive. The already strained relationship between the DPP administration and China will likely

worsen as the DPP administration views China's latest policies as a threat to the national security of Taiwan.

8. The number of Taiwanese who are pro-China may not rise significantly as a result of China's preferential policies. While China's unilateral preferential policies as a "divide and rule" strategy will successfully divide Taiwanese voters, it is less likely for the Chinese government to rule the island through elections.