**Topic**

Distance is the soul of beauty: How do acquaintances reform political ideology?

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**Abstract**

This empirical paper tests whether the shock of tourism policy, as a part of the trade

agreement between two long-separated political identities, changes the constituents'

political ideology. First, we construct a new data set by merging geographical information

into the Taiwanese electoral database. Then, we run a non-parametric regression

discontinuity (RD) model to test how the influx of Chinese tourists affects the election

results. Specifically, we use district-level electoral data from multiple highest-level

elections in Taiwan and take the travel time to the primary airport as a proxy of tourist

exposure. With appropriate assumptions on the RD model, we show that electoral districts

with more exposure to tourists coming from the confict region have encountered larger scale

ideological realignments over the past decade.

We interpret the empirical results of the policy experiment at two levels. In general, our

results challenge the contact hypothesis advocated by the socialist Gordon W. Allport as

well as prevailing economic integration theory. First, from the micro perspective, according

to our results, greater interactions between the conflicted groups do not help alleviate the

stereotype between them nor help form a new sense of belongingness. Instead, they

enhance prejudice, perhaps due to the representative bias of the tourists or the existing

cultural distinctions. Secondly, from the relatively macro perspectives, our results

demonstrate that more economic integration, such as the trade agreement and

international tourism, does not necessarily bring about more institutional integration, let

alone the existing advocate-formed theory that economic integration would further help

political convergence. On the contrary, districts with higher exposure to Chinese tourists

are statistically encountering larger scale political-ideological realignment after the policy

shocks starting in 2008. A few northern cities in Taiwan gradually swung their votes to

favor the parties and distanced themselves from China after the first direct Presidential

election in Taiwan in 1996.

As our data and results display, either the higher voting rate or the border margin on the

outcomes of the latest elections show that the pro-China and economic-oriented policies

are not as attractive as they were before. Furthermore, the higher degree of integration

across the strait and the increased profits that China has surrendered to Taiwan have not

created the consequence that Beijing expected. In contrast, the policies further help

delineate the pro-separation and pro-independence generations in modern Taiwan.

**JEL Category**

F15 Trade Liberalization and Economic Integration

F10 International Trade Theory /Commercial Policy, F14 Multilateral Trade and Developing

Countries, and O53 Paci􀁾c Rim Studies