The Transformation of Taiwan into a Structural Competition-State Facing China's Integration into the Global Community

By Yi-Chun Lin

A dissertation submitted to

the Graduate School-Newark

Rutgers, The State university of New Jersey

in partial fulfillment of requirements

for the degree of

Doctor of Philosophy

Graduate Program in Global Affairs

Written under the direction of

Professor Yale H. Ferguson

and approved by

_____

_____

_____

_____

Newark, New Jersey

May 2012

ABSTRACT

THE TRANSFORMATION OF TAIWAN INTO A STRUCTURAL COMPETITION-STATE FACING CHINA'S INTEGRATION INTO THE GLOBAL COMMUNITY

By Yi-Chun Lin

Dissertation Director: Professor Yale H. Ferguson

During the Cold War, developments in the international system as well as new directions in the policies of the great powers generated the most important impetus for change in Taiwan, resulting in the evolution and transformation of the government of the Republic of China and initiating the process of democratization.   However, after the 1990s, the unintended consequences of a period of accelerated globalization exerted a profound impact on the development of Taiwan's modern state building, which included transformation in the concept of sovereignty within the state apparatus in Taiwan. Because it cannot be categorized as a national welfare state on the basis of economic nationalism or as a competition-state typical of neoliberalism, Taiwan, instead, has been driven by hybrid forms of globalization to adopt a strategy of conflating nationalism and liberalism for its survival in a period of globalization, in which China has accelerated its integration process into the global community since the late-1970s.   This transforming process of Taiwan can be described as a *structural competition-state*, in which, like other

countries, the pursuit of enhancement of national competitiveness by liberalistic open

polices becomes the main priority of the state machine.   However, it is different from

other countries in that the success of its accommodation to globalization conditions

depends heavily on international power structures that, in turn, influence the current

developments of Taiwanese nationalism.

Although most scholars attribute the launch of Taiwan's transformation to the process

of internal democratization, they ignore the external dynamics of globalization that have

stimulated the transforming sovereignty concept in Taiwan.   Therefore, this dissertation

will take into account the state's transformation as a result of globalization in order to

re-evaluate the construct of Taiwan as a structural competition-state.   This analysis will,

first, offer another dimension to understanding Taiwan's transformation actuated by the

globalization that simultaneously enabled and permitted China's integration into the global

community.   Second, by helping form a clearer picture of states' responses to the

transforming global system, the notion of a structural competition-state will enrich the

study of globalization.   Finally, this dissertation will aid in forecasting practical scenarios

related to Taiwan in the globalization era.

ACKNOWLEDGEMENT

CONTENTS

FIGURES AND TABLES

Figures

Tables

Part I

Theoretical Foundations

In the first part of this dissertation, a theory of the structural competition-state will be developed in Chapters One and Two by carefully surveying the literature regarding the evolution of globalization theory and its application in the case of Taiwan.

Chapter One:

Introduction

I. Trends Affecting the Evolution of the Modern Taiwan State

From the 1950s to the 1970s, Taiwan was the sole legal regime representing China

under the name of the Republic of China (ROC) within the Cold War international system

structure.   However, due to the process of integrating the People's Republic of China

(PRC) into the global community, Taiwan's international survival came to be increasingly

threatened during the 1970s.   No longer representing China in the global community, the

ROC regime on Taiwan began to lose diplomatic recognition among other countries and

international organizations (IOs) across the globe.   In order to prolong its state autonomy,

Taiwan's response was to become a global economic power, while still maintaining the

ideology of reunification that shaped the ROC's mission.   This change in philosophy and

tactic successfully legitimized the ROC regime within Taiwan's society until the end of the

1980s.   By that time, Taiwan had already cultivated the outward appearance of a modern

state, with full state sovereignty respected both by its local society and much of the global

community.   While imperfect in some regards, its sovereignty functioned in four different

areas, including domestic sovereignty, referring to the effective control of the Taiwanese

government within its temporarily defined territorial realm; interdependence sovereignty,

referring to Taiwan's ability to manage trans-border movements; international legal

sovereignty, referring to the mutual recognition between Taiwan and some states; and

Westphalian sovereignty, referring to the exclusion of external actors from Taiwan's

domestic authority structures.[1]

After the 1990s, China was given a more significant role as a result of a deeper and

broader impact from globalization that emphasized global and regional integration and

cooperation.   The Taiwanese government found itself facing not only a difficult

international environment, but also an erosion of its state sovereignty and capacity.

Meanwhile, China in the post-Cold War era has been actively participating in IOs and

programs while simultaneously removing and rejecting the participation of the ROC

regime.   The PRC government had a tremendous incentive to block Taiwan from

participating in the global community not only because of China's enormous stake in the

global political economy, owing to its accelerated integration process after the 1990s, but

also because of the so-called "One China Principle," according to which only the PRC can

claim to represent all of China, including the Chinese mainland and Taiwan.[2]

---

[1] "These four meanings of sovereignty are not logically coupled, nor have they covaried in practice."
Please see Stephen D. Krasner, *Power, the State, and Sovereignty* (Abingdon and New York: Routledge, 2009), 184.

[2] In a very few cases, mostly among the ROC's diplomatic relations with its 23 diplomatic countries, the ROC government in Taiwan represents China.

Consequently, in addition to its significantly decreased influence on IOs, the ROC regime

on Taiwan met with difficulties in shaping and enjoying any global and regional economic

integration agreements as well as political cooperation regimes.

On the other hand, since that time, both local corporations and multinational

corporations (MNCs) in Taiwan have recognized the impact of Taiwan's absence from

regional economic integration on Taiwan's competitiveness and so have gradually

redirected their investments to China and Southeast Asia.   Accordingly, economic

development has stagnated, and the governmental machine has had to cope with

persistent social movements that questioned the legitimacy of the ROC regime in Taiwan,

both domestically and internationally.[3]   Continuing decline of investment from both the

private and governmental sectors has led to economic turbulence and dire financial crisis.

Consequently, the political apathy of the general public before the 1980s has evolved into

different voices, all seeking a new interpretation of the role of Taiwan's government in

the global/regional community since the 1990s.[4]   The Taiwanese government has thus

been inspired to look for alternative ways to tackle these challenges.   Three approaches,

---

[3] See Jenn-hwan Wang, *Shui tong zhi Taiwan? Zhuan xing zhong de guo jia ji qi yu quan li jie gou* (Who Governs Taiwan? The State Machine and Power Structure in the Transitional Taiwan) (Taipei: Chuliu Book Company, 1996).

[4] See Yun-han Chu, "Social Protest and Political Democratization in Taiwan," in *Other Voices/Other Visions: Responses to Directed Political and Socio-economic Change in Taiwan, 1945–1991*, ed. Murray Rubinstein (Armonk, NY: M.E. Sharpe, 1994), 99-113.

in separate time periods, can be recognized as its responses: the neoliberalism approach during the presidency of Lee Teng-hui; the economic nationalism approach during the presidency of Chen Shui-bian; and the hybridization approach of the current President, Ma Ying-jeou.

In the early 1990s, during the presidency of Lee Teng-hui, the Chinese and Southeast Asian economic powers emerged, stimulating a massive relocation of MNCs and foreign capital in the global economy. As a countermeasure, by the mid-1990s, Lee's administration adopted neoliberalism to combat stagnant economic progress and the increasing demands of social movements. On the one hand, this privatization and liberalization opened up the mid- and up-stream industrial territories internally, thus encouraging domestic investment by native Taiwanese businesses. On the other hand, Lee's approach extended the scope of the state machine by including local Taiwanese factions and private capitalists in the party-state system, thus forming an alliance among the emerging local forces against the original mainlanders who had dominated Taiwan's state machine since the end of World War II. Together with the failure of the ROC regime in global society, the attempt at a neoliberal strategy unexpectedly caused Taiwan to search for a more suitable status for joining the global community. That pursuit created a surge of independent movements on the island.

During Chen Shui-bian's presidency, from the perspective of economic nationalism,

the Taiwanese government adopted various foreign and domestic policies to maintain its

state capacity and national power to fulfill Chen's promises of building a national welfare

state while incrementally globalizing.   Thus, the Taiwanese government pursued its

independent status and indicated that it could not surrender key areas of sovereignty to

any force; rather, the government had to strengthen its capacity to protect its sovereignty,

for example, by preventing or restricting population and currency flows.   While many

states have encouraged some globalizing trends, such as welcoming more foreign visitors,

investment, and trade, the Taiwanese government displayed its capacity to impose

restrictions on these flows, especially those of Taiwanese investments in China and

Chinese tourists coming to Taiwan.   The government's concerns were always related to

its proposal of building a more healthy social security system before establishing further

open policies.[5]   However, largely because China was emerging as another country

oriented towards economic nationalism within a process of globalization, the

development of economic nationalism in Taiwan, with respect to the global arena, was

perceived as a zero-sum game.   Unfortunately, after an 8-year contest from 2000 to 2008,

Taiwan lost the game because it had become more politically isolated and economically

---

[5] Chen-wei Lin, "State Reformation and the Formation of a Newly Emerging Welfare State in Taiwan," *The Developing Economies* 42, no. 2 (June 2004): 176-197.

marginalized in the globalization competition.   Ironically, the result of the pursuit of

absolute sovereignty and independence was the comparatively worse performance of

Taiwan's economy, which, in turn, caused worse fiscal conditions and more difficult

international relations.

All these developments severely damaged the prospects for long-term sustainability

of Taiwan's national welfare system, thereby affecting the goal of building a national

welfare state as well.   Chen's unsuccessful attempts also showed that, even while

Taiwan enthusiastically displayed its qualified competence to contribute to global and/or

regional cooperation and integration, its ability to contribute still had to be recognized

within the institutions and processes of global governance, which was dominated by the

great powers, especially, in this context, the US and China.   With the awareness of this

international structure defining Taiwan's capacity, since 2008, the hybridization approach

of President Ma Ying-jeou, therefore, has been an adjustment of Chen's economic

nationalism.

Since globalization is a process marked by both integration and fragmentation, the

hybridization strategy also reflects these dynamics.   Taiwan has to be transformed by

adapting to a set of globalizing conditions, largely regulated by great powers, to integrate

successfully with regional and global markets and politics.   Taiwan cannot insist on

absolute protection of its sovereign status and autonomy because the state-market balance

of power is shifting, and refusing to adapt only means marginalization in the global

community.   Transformational and integrative processes are necessary to assure

Taiwan's interdependent status as well as to maintain the widest possible autonomy and

capacity.   The question then becomes how to embed Taiwan in the regional economic

and political environment and, further, in global governance mechanisms; this issue has

evolved into the main motive for pursuit of competitiveness that remains strongly

constrained by international great powers and internal growing nationalism.

As a result, the plan of the Asian-Pacific Regional Operations Center (APROC) has

been re-adopted by the Ma administration to link Taiwan to the trend of globalization.

Indeed, the reformed APROC plan is essentially a product of globalization, instituted in

hopes of resolving the dual questions of Taiwanese sovereignty and access to global and

regional governance projects.   Hence, from the perspective of the Ma administration, the

Taiwanese government under the reformed APROC plan tends to focus its sovereignty

concerns more on the maintenance of domestic authority and cross-border regulations.

The state machine as a main administrative agent implementing governance programs has

undergone a change in purpose in the different architecture of global politics.   Rather

than pursuing being an independent national state that was encountering difficulties in

dealing with challenges of globalization, Taiwan is, at least to some extent, transforming

into a structural competition-state.   In addition, the global core powers have displayed

their capacity to influence the development of global and regional integration and

cooperation that have great effects on Taiwan's internal nationalism.   These

developments together structure the content of Taiwan's competition-state model.   In

this environment, Taiwan's compromise of part of its sovereignty on behalf of

globalization will greatly improve the country's security and competitiveness so that its

survival in the global arena can be ensured.

   In this dissertation, liberalization is considered one of the best strategies for

maintaining Taiwan's status quo as a quasi-sovereign state under the APROC project and

the propaganda of "ROC on Taiwan."   This transformation reflects an

nationalism-liberalism hybridization.   Taiwan is transforming into a structural

competition-state to confront the challenges of China's accelerated integration into the

global community.   For instance, the current development of the Ma administration's

liberalist policies—especially its signed agreements with China on trade (the Economic

Cooperation Framework Agreement, ECFA), finance, tourism, airline flights, and

shipping—is an attempt to integrate Taiwan's domestic market into the Chinese market.

Based on such integration, Taiwan, although compromising its previous pursuit of

recognition as an independent state, will be able to enjoy the trade agreements and

regional cooperation of the ASEAN Plus Three (APT).[6]   The Ma administration believes

that the success of the APROC plan depends on reconciliation in Cross-Strait relations, so

the signed cooperative deals with China are the first step, not only in repairing the

Cross-Strait relationship but also in creating in Taiwan more of a globalizing mentality.

The expectation is that, as long as Taiwan's process of globalization is being unceasingly

pursued, its national security, competitiveness, and global participation can be enhanced.[7]

Taking into account this background, the following questions will be addressed in

this study: What were the origins of these changes in the state machine of Taiwan?

What forces motivated and continue to motivate the transformation of Taiwan's

government into becoming a structural competition-state by hybridizing nationalism and

liberalism?   Has the transformation of the Taiwanese government caused a change in the

status of Cross-Strait relations?   I will argue that the integration of China, a rising

economic power in particular, into the global community is also a part of globalization.

---

[6] In 1992, the members of the Association of Southeast Asian Nations (ASEAN) formed a trade bloc
agreement among 10 countries, including Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand,
Vietnam, Laos, Myanmar, and Cambodia.   Currently, the ASEAN members have expanded this trade bloc
agreement with three other East Asian countries—China, Japan, and South Korea—resulting in the ASEAN
Plus Three (APT).
[7] "Government Sees Need for Cross-Strait Economic Deal," *Taiwan Today*, March 6, 2009,
http://taiwantoday.tw/ct.asp?xItem=49103&CtNode=450

That, in turn, has been a key factor in transforming the Taiwanese state machine into a structural competition-state and led to significant changes in Cross-Strait relations.

II. Review of Literature

Globalization is an inherently complex and heterogeneous process of fission and fusion, so it is not surprising that there is no unified theory of globalization and its consequences.   Although the political and academic debates about globalization are intense, three schools of thought have crystallized with regard to states under globalization: skeptics, hyperglobalizers, and transformationalists.[8]   These three schools' conflicting perspectives will be reviewed.   Then, the literature examining specific states' responses, including Taiwan's, to the globalizing shifts will be surveyed.

A. Skepticism

Typical of the skeptical school, Hirst and Thompson contended that the "new" trend of globalization and its impact on the global world differ little from previous international relations.[9]   Their basic premise challenges what they term the "myth of globalization," which holds that the current situation is truly an unprecedented global phenomenon.

---

[8] David Held, Anthony McGrew, David Goldblatt, Jonathan Perraton, *Global Transformations: Politics, Economics, and Culture* (Cambridge: Polity Press, 1999), 2.

[9] Paul Hirst and Grahame Thompson, *Globalization in Question: The International Economy and the Possibilities of Governance* (Cambridge, MA: Blackwell Publishers, 1996).

Using an approach to comparative political economy that analyzes levels of economic integration between the late 19th century and the post-Cold War era, they argued that the extent of contemporary globalization is vastly exaggerated. In addition, they contended that the dynamics of "internationalization" themselves rely heavily upon the regulatory power from the state machine to ensure continuing economic liberalization. In sum, these authors discount the idea that the acceleration of globalization prefigures the emergence of a new, less state-centric world order. Rather, it points to the growing centrality of states, with more regulations for governance mechanisms as well active promotion of globalization. International economic conditions may constrain but do not immobilize governments. Therefore, Hirst and Thompson concluded that globalization has become a politically convenient excuse for implementing orthodox neoliberal economic strategies.

Weiss argued that the result of increased economic integration is not a "globalized" world but rather an "internationalized" system in which sovereign states are actually more prominent.[10] She emphasized the adaptivity of the sovereign-state and its continued advantages in an increasingly internationalized world. Because of the organizational ability of sovereign states to deal with obstacles, to change, and to absorb

---

[10] Linda Weiss, *The Myth of the Powerless State: Governing the Economy in a Global Era* (Cambridge: Polity Press, 1998).

risks triggered by modern production technologies, states are not hapless victims of

globalization.   According to Weiss, the authority and power foundations of the

Westphalian sovereign-state are not likely to be displaced by the development of

globalization.   On the contrary, "[s]tate capacity, far from becoming irrelevant, has

acquired new significance in a changing world economy."[11]   Such adaptivity, in the view

of many skeptics, contributes to the advance of both the fundamentalism and the

aggressive nationalism that constitutionally support the operation of a national state as

well as the pursuit of a welfare state.

　　　With respect to Taiwan, the skepticism is the most popular idea adopted by scholars

to analyze Taiwan's relatively stronger state capacity in facing the challenges of

globalization.   Wang Horng-Luen emphasized the transformation of international

institutions as a key factor in explaining the changes in Taiwan's government.[12]   He

asserted that the failure of the ROC regime has caused Taiwan's nation-state status to

suffer severe setbacks within the global community and has subsequently resulted in

Taiwan's ambiguous "neither-nor" nation-state status.

---

[11] Ibid., 13.

[12] Horng-Luen Wang, "Taiwan wei he yao zi zhao ma fan? Quan qiu hua qu shi yu Taiwan di guo ge xuqiu" (Why Does Taiwan Get Itself into Trouble: The Globalization Trend and Taiwan's Need for National Character), in *Min zu zhu yi yu liang an guan xi* (Nationalism and Cross-strait Relations), ed. Jia-lung Lin and Yung-nien Cheng, (Taipei: New Naturalism, 2001), 267-302.

According to Wang, during the international structural changes that have taken

place since the 1970's, the proclamation of Taiwan's government that it is the "Chinese

Government" has been futile, making it difficult for the global community to provide

support on a wide variety of fronts.   Under such circumstances, a state will naturally

turn towards a more sustainable argument; in this case, it was the pursuit of a nation-state

different from the ROC regime so that Taiwan's existing autonomy and legitimacy could

be preserved under the prevailing conditions.   In addition, Wang emphasized that the

pursuit of further participation in international institutions does not condemn Taiwan to

becoming a weakened state that su   gnty to the forces of globalization;

on the contrary, ironically, these movements can significantly enhance the healthy

operation of Taiwan's independent status, autonomy, and influence in the global

community.

Lin Chia-lung further focused on the awakening of a long-suppressed Taiwanese

consciousness and concluded that the surge of the Taiwanese identity after the 1990s is

related to Taiwan's transition to and consolidation of democracy.[13]   During the process

of Taiwan's democratization, increasing international hostility towards Taiwan raised by

---

[13] Chia-lung Lin, "The Political Formation of Taiwanese Nationalism," in *Memories of the Future: National Identity Issues and the Search for a New Taiwan*, ed. Stephane Corcuff (Armonk, NY: M.E. Sharpe, 2002), 219-241.

the Chinese government boosted a sense of common suffering among people living in

Taiwan, who were forming a more localized political identity, which became the

Taiwanese identity.   By claiming to be politically Taiwanese, the people living in Taiwan

not only enjoy an ethnic identity in the global community but also create a citizen-based

political identity that further enables the global community to distinguish Taiwanese from

Chinese.   Lin asserted that Taiwan's contemporary national identity is not inborn but a

socially and politically constructed sentiment subject to its domestic democratization and

heavily influenced by its international milieu.   As a result, the dynamics of globalization

not only shape the nature of Taiwanese nationalism but also affect Taiwan's becoming a

modern state.

     In addition to democratization, privatization and liberalization are also parts of

globalization.   Wang Jenn-hwan explained how the Taiwanese state machine regained its

capacity by adopting the policies of privatization and liberalization for dealing with

challenges from globalization.[14]   Wang reviewed Taiwan's history in the 1990s, when

the Taiwanese government found itself facing a difficult international environment as

well as a weakening of the state machine, due largely to a deeper and broader impact

[14] Jenn-hwan Wang, *Shui tong zhi Taiwan? Zhuan xing zhong de guo jia ji qi yu quan li jie gou* (Who Governs Taiwan? The State Machine and Power Structure in the Transitional Taiwan) (Taipei: Chuliu Book Company, 1996).

from globalization that challenged Taiwan's state operation and constitution which had

come from China since 1949.   In 1988, Lee Teng-hui succeeded Chiang Ching-kuo and

immediately realized that the function of the Taiwanese state was caught in serious rifts

and conflicts against the background of the Kuomintang party (KMT) that had deep

Chinese roots.   According to Wang, in response to these conflicts, Lee chose to extend

the scope of the state machine by privatization and liberalization polices of opening up

the mid- and up-stream industrial territories to stimulate Taiwan's domestic investment by

native businesses, thus forming an alliance between the growing local economic and

social forces against the original mainlander factions within the state machine.   In the

mid-1990s, not only had Lee's regime been successfully consolidated, but also state

capacity had been gradually retrieved.   Later, Lin Chen-wei concluded that the above

reformation facilitated the development of a "Taiwan-sized" state machine to such a point

that a new welfare state was emerging in Taiwan.[15]   Although the previous "China-sized"

state machine met difficulties in building Taiwan's own social security system, the

reformed state could lead Taiwan to have more confidence and capacity for its survival in

the global arena.

---

[15] Chen-wei Lin, "State Reformation and the Formation of a Newly Emerging Welfare State in Taiwan,"
The Developing Economies 42, no. 2 (June 2004): 176-197.

In addition, the case of Taiwan was also discussed among adherents to the

neo-statism approach that emerged around the end of 1970s.   Under the slogan of

"bringing the State back in,"' the neo-statist school explored many cases of economic

development between different areas and attributed the success of East Asian economic

development to the role of their strong governments.[16]   Since then, Taiwan has been

regarded as a strong-state model that involves friendly intervention in markets to

accomplish its national economic plans.[17]   The Taiwanese government adopted a

plethora of measures—such as land reform, tax relief policies, subsidized interest rates,

fiscal incentives attached to export performance—to support selective industrial

development.   Therefore, Taiwan's success in economic performance became a chapter

of the East Asian miracle, the key to which, the statists have concluded, was related to its

strong state machine.   However, even though Taiwan has shown that it has qualified

competence to tackle conventional   s, that capability does not guarantee

this strong-state approach can duplicate its previous success against the next challenges

of globalization.   From this viewpoint, some neo-statists have even mentioned that the

---

[16] See Peter B. Evans , Dietrich Rueschemeyer, and Theda Skocpol, eds., Bringing the State Back In (NY: Cambridge University Press, 1985).

[17] See, *inter alia*, Masahiko Aoki, Hyung-Ki Kim, and Masahiro Okuno-Fujiwara, eds., *The Role of Government in East Asian Economic Development* (NY: Oxford University Press Inc., 1996); Linda Weiss and John M. Hobson, *States and Economic Development: A Comparative Historical Analysis* (Cambridge: Blackwell Publishers Inc., 1997); Joseph E. Stiglitz and Shahid Yusuf, eds., *Rethinking the East Asia Miracle* (NY: Oxford University Press Inc, 2001); and Christopher M. Dent, "Taiwan's Foreign Economic Policy: The 'Liberalization Plus' Approach of an Evolving Developmental State," *Modern Asian Studies* 37, no. 2 (May 2003): 461-483.

first and the most important issue of Taiwan's globalization lessons is how to assure

Taiwan's future development within a global economy in which China has significantly

changed the general environment.[18]

The concern highlighted by the neo-statists points up that analyses from the

skeptical school always ignore the factor of the Chinese government, which has been

becoming a rising power playing an increasingly important role in international

institutions since the late 1970s.   Taiwan's participation in institutions oriented towards

China obviously will not lead in itself to an environment that encourages the Taiwanese

independent movement, but rather it will force Taiwan into a scenario favorable towards

the Chinese government, that is, a reunification between Taiwan and China.   With

respect to this scenario, it is necessary to consider hyperglobalism, which might seem to

call for treating Taiwan as another Hong Kong.

B. Hyperglobalism

Hyperglobalizers regard globalization as defining an entirely new epoch, in which

the traditional sovereign-state system has been increasingly eroded by other phenomena,

---

[18] See Shirley W. Y. Kuo, "Government Policy in the Taiwanese Development Process: the Past 50 Years," in *Taiwan's Development Experience: Lessons on Roles of Government and Market*, ed. Erik Thorbecke and Henry Wan (Boston: Kluwer Academic Publishers, 1999), 43-93.

especially economic and business institutions and processes in the global world.   For

example, Strange stressed the accelerating pace of technological change and the principle

of global competition for capital as two prime causes of the shift in the state-market

balance of power.[19]   The authority, power, and legitimacy of the sovereign-state are

undermined as national territory becomes subject to global currency flows and as private

institutions associated with multilevel governance mechanisms become more significant.

In other words, the process of denationalization has been generated through an expansion

of global networks of production, trade, and finance.   In this evolution, national

governments are relegated to little more than transmission belts for global capital or,

ultimately, simply intermediate institutions sandwiched between increasingly powerful

local, regional, and global mechanisms of governance.

Cerny demonstrated that this neoliberal economic practice also attaches the concept

of "global civil society" to the meaning of globalization.[20]   The worldwide diffusion of a

consumerist ideology defined by universal standards of economic and political

organizations has imposed a new sense of loyalty and identity, displacing traditional

cultures and ways of life.   Global civil society is being equipped with its own

---

[19] Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (Cambridge: Cambridge University Press, 1996).

[20] Philip G. Cerny, "Political Globalization and the Competition State," in *The Political Economy of the Changing Global Order*, ed. Richard Stubbs and Geoffrey R. D. Underhill (NY: Oxford University Press, 2006), 376-386.

mechanisms of global governance, whether they be the likes of the WTO or the

disciplines of the world market; thus, states, firms, associations, and individuals are

increasingly the subjects of new public and private global or regional authorities.   Cerny

concluded that geography has been downgraded in the space-time-compression process

or, in Cerny's language, a "new spatio-temporal fix" has emerged.   This is driven by the

expansion of the scale of markets so that the form of the state has been transformed from

the industrial welfare state to the competition state.   States now pursue the goal of

competitiveness in the global political economy, leading global politics to multilevel

governance structures that are a complex interaction of state-state, state-firm, and

firm-firm negotiations.

Similarly, Ohmae maintained that the notion of sovereignty should be put in a

museum because notions of national interest have become of declining interest due to the

reduced capabilities of sovereign states in the global economy.[21]   Because of the decline

of sovereignty and the increasing influence of regional ports for entering markets, Ohmae

also forecasted that Hong Kong/Shenzhen, Singapore, southern China, southern India,

Silicon Valley, New Zealand, and the Pacific Northwest of the US would be the winners

in the new globalized world.   Within this evolution, Ohmae implied that, if Taiwan

---

[21] Kenichi Ohmae, *The End of the Nation State: the Rise of Regional Economics* (London: Harper Collins, 1995).

could follow Hong Kong's lead by staying away from the row over its national status and

instead work to integrate itself with the Chinese market, then its national competitiveness

might be enhanced in the global arena.

Chu and Lee also advocated a market-friendly approach for Taiwan's better

economic governance while its original state-led model is somewhat maintained.[22]   By

describing Taiwan's globalization story in terms of industrial governance and financial

governance, Chu and Lee indicated that the Taiwanese state was successful in dealing

with the forces of globalization because the state linked itself well to the global market on

favorable terms, although it may have sometimes intervened in the market.   This

Taiwanese model can be cataloged as a developmental state in which a country becomes

one administration agency among the global actors, selectively and gradually coping with

the challenges of globalization.   A developmental state may show its capacity to foster

national development, but that capacity is largely contingent on domestic politics and

institutional arrangements.   In the case of Taiwan, its immature democracy contributed

to short-sighted policies, as did the ̄   ̄   ssive Party's (DPP, Taiwan's

---

[22] Yun-han Chu and Pei-shan Lee, "Globalization and Economic Governance in Taiwan," in *Growth and Governance in Asia: Development, Diversity, and Democratization in the Post-Crisis Era*, ed. Yoichiro Sato (Honolulu: Asia-Pacific Center for Security Studies, 2003), 49-57.

former ruling party during 2000-2008) hostility to neoliberalism and favoring of

nationalism.

Chu analyzed updated data on Taiwan and indicated that widespread perception of

China's economic potential and increasing awareness of the inevitability of growing

Cross-Strait economic integration had bridled the DPP's pro-independent policies and

possibly allowed Taiwan's infrastructure to integrate with global and regional markets.[23]

In other words, Chu's stance was one of hyperglobalism, indicating that Taiwan's pursuit

of an independent state or even economic independence from the Cross-Strait economic

integration would inevitably harm Taiwan's national competitiveness.   Yet

accommodation to globalization was also a policy choice and would encourage the pace

of economic integration across the Strait.   By appreciating the countries' greater

common economic interests in integration, it might lead to a peaceful reconciliation

under some form of political union between Taipei and Beijing.   This is a story of global

governance as well, in which the state's emerging Taiwanese national identity and

autonomy is shaped by its pursuit of competitiveness.

Chu was not alone in the belief that growing economic integration dampened

Taiwan's nationalist movements.   ime opinion that Taiwan's

---

[23] Yun-han Chu, "Taiwan's National Identity Politics and the Prospect of Cross-Strait Relations," *Asian Survey* 44, no. 4 (July/August 2004): 484-512.

increasing economic dependence on and integration with China would lead to changing

perceptions of the island's needs and interests, enable peaceful reconciliation between the

two sides of the Strait, and make unification desirable or, at least, put Taiwan on track to

a pro-unification future.[24]   These authors respected the power of the market and put

more emphasis on building a desirable and sustainable governance mechanism in which

the role of the state is diminishing and deregulation, privatization, and the openness of

borders to capital and trade are increasing.   Under the flag of neoliberalism, Taiwan's

national priorities and strategic intent have veered from pursuit of national independence

to negotiations with other global actors for permission to join other markets—especially

the Chinese and APT markets—that are needed for national competitiveness.   The

state-market balance of power is shifting, and acquiring more capital from other markets

means that Taiwan must surrender on the sovereignty issue.   The state only serves the

economy, and in Taiwan's case (the argument goes), it should serve as an actor supporting

---

[24] See, inter alia, Morton Abramowitz and Stephen Bosworth, "Adjusting to the New Asia," *Foreign Affairs* 82, no. 4 (July/August 2003): 119-131; Nancy Tucker, "If Taiwan Chooses Unification, Should the United States Care?" *Washington Quarterly* 25, no. 3, (Summer 2002): 15-28; Pablo Bustelo, "Trade Integration in the Chinese Economic Area and Its Implications for Taiwan: A View from Southern Europe," in *European and Asia-Pacific Integration: Political, Security, and Economic Perspectives*, ed. Y.-M. Shaw, IIR English Series, no. 50 (Taipei: IIR, 1998), 85-97; Leong H. Liew, "A Political Economy Analysis of Taiwan-Mainland Economic Relations," in *Uncertain Future: Taiwan-Hong Kong-China Relations After Hongs Kong's Return to Chinese Sovereignty*, ed. C. L. Chiou and Leong H. Liew (Aldershot: Ashgate, 2000), 150-178; Leong H Liew, "Reaching out to Taiwan, Keeping in Xinjiang: The Impact of Marketization and Globalization on National Integration," in *Nationalism, Democracy and National Integration in China*, ed. Leong H. Liew and Shaoguang Wang, (London: Routledge Curzon, 2004), 196-218; and Yijiang Ding , "Beijing's New Approach and the Rapprochement in the Taiwan Strait," *Asian Affairs: An American View* 36, no. 4 (November 2009): 179-199.

and protecting the growing flow of economic interactions across the Strait through any

and all neoliberalist approaches, whether they are called economic integration, market

community, political unification, or even capitulation to one set of priorities.

An extreme hyperglobalist position is that of Chang Ya-chung, whose opinion

moves beyond political theory's traditional emphasis on the interdependence of nation,

government, and people.[25]   Chang proposed that the government in the era of

globalization should be extracted from a political continuum linking nation and people, in

which the people would have the right to demand an opening of the political marketplace.

From this viewpoint, it should be possible for the Taiwanese people to establish

agreements with foreign governments without having to go through the restrictive

medium of their own government, generally because this approach of choosing the form

of government that best suits their own interests could enhance the overall

competitiveness of Taiwan in the global market.   Chang also indicated that adopting

such a strategy for Taiwan would make it possible for multiple types of identification to

exist simultaneously in Taiwan and would facilitate the establishment of new governance

mechanisms that could ensure peace ... between Taiwan and China.

---

[25] Ya-chung Chang, *Kai fang zheng zhi shi chang: Quan qiu zhi li Taiwan* (Open Political Market: Leasing Taiwan) (Taipei: LinKing Publishing Company, 2002).

However, the recommendation of this school to assign the nation-state a less important role in the global political economy, especially from the Taiwanese perspective, seems too ideal to be implemented fully in reality because nation building and globalization are not heading in opposite directions; even a competition state, following the neoliberalism approach, is still generally based on the pursuit of its own perceived national interests.   The dynamics of globalization not only include integration but also fragmentation, which under various circumstances can have a positive effect in enhancing national identity.   The transformationalism school has developed this argument further.

C. Transformationalism

Transformationalists reject both the skeptics' claim that nothing much has changed and the hyperglobalizers' rhetoric touting the end of the sovereign-state system.   Indeed, transformationalists argue that globalization is re-constituting or re-engineering the power, functions, and authority of national governments.   For example, Ferguson and Mansbach adopted the term *postinternationalism*[26] to analyze contemporary trends of

---

[26] Following Rosenau.   See also especially James N. Rosenau's major trilogy: *Turbulence in World Politics* (Princeton: Princeton University Press, 1990); *Along the Domestic-Foreign Frontier: Exploring Governance in a Turbulent World* (Cambridge: Cambridge University Press, 1997); and *Distant Proximities* (Princeton: Princeton University Press, 2003).

globalization in which there would no longer be, if there ever truly existed, a clear and

consistent distinction between international and domestic, external and internal affairs.[27]

States across the globe are having to adjust themselves to a global politics, which

involves at least eight macro changes: (a) history's revenge and future shock; (b) the

increased porosity of the territorial state; (c) multiple identities and loyalties; (d) an

expanding cast of important global actors; (e) the declining role of distance and

acceleration of history; (f) a participation explosion; (g) shifting sources of security and

insecurity; and (h) a liberal bias in some postinternational thinking.[28]   Thus,

globalization is associated with a transformation of the relationships among territoriality,

sovereignty, authority, identity, and state capacity.   Ferguson and Mansbach's most

recent work,[29] following the global financial crisis and grave worldwide recession, raises

the question whether "borders" are returning to what they regard as a substantially

"borderless" world.   They conclude that, although there has been a modest increase in

protectionism, stalemate in the WTO Doha Round of trade talks, and greater regional

differentiation, to date globalization in most dimensions does not appear to be in major

retreat.   Overall, it has tended to slow rather than reverse.

---

[27] Yale H. Ferguson and Richard W. Mansbach, *Remapping Global Politics: History's Revenge and Future Shock* (Cambridge: Cambridge University Press, 2004).

[28] Ibid., 17-30.

[29] Yale H. Ferguson and Richard W. Mansbach, *Globalization: The Return of Borders to a Borderless World?* (New York: Routledge, 2012).

Sassen made her own transformationalist case by surveying how three

components—territory, authority, and rights—have been being created and interpreted in

their interrelationships across what she identifies as three major historical "assemblages":

the medieval, the national, and the global.[30]   Sassen found that nation building and

globalization are not in opposition because the laws, property rights, and borders that

states create are, in complex ways, facilitators for the process of globalization.

Consequently, although states still hold the ultimate legal claim to effective supremacy

over what occurs in their own territories, the jurisdiction of global governance

institutions simultaneously expands and also the constraints set by—as well as the

obligations derived from—global trade and other dimensions of globalization grow.

"The global" gradually embeds itself in "the local," transforming local laws and

institutions, which in turn allows state and subnational institutions better to continue

interacting with the external world.

Dicken also rejected both of the contrary views that the state remains dominant or

is no longer a major player, arguing that the position of the state is being redefined.[31]

He explored the new roles of states in processes of globalization and, in particular, how

---

[30] Saskia Sassen, *Territory, Authority, Rights: From Medieval to Global Assemblages* (Princeton: Princeton University Press, 2006).
[31] Peter Dicken, *Global Shift: Mapping the Changing Contours of the World Economy* (New York: the Guilford Press, 2007).

states fulfill the following four functions: containers of distinctive institutions and practices; regulators of economic activities and transactions; competitors with other states; and collaborators with other states.

Rosenau explained that the concept of state is related to different modern understandings of territoriality, state autonomy, and state capacity, which stand in a more complex relationship with other actors than they did in the era during which the modern sovereign nation-state was being forged.[32]   He contended that globalization is associated not only with a transformed conception of sovereignty but also with the emergence of other rising non-territorial economic and political institutions in the global arena, especially multinational corporations, transnational non-governmental organizations, international organizations, and so on.   Global politics, in this perspective, can no longer be analyzed from a strict Westphalian sovereign-centric approach because power and authority have increasingly diffused among public and private institutions at the individual, local, national, regional, and global levels.   Some functions traditionally associated with sovereignty have been surrendered to other domains, especially markets, so that sovereign-states are no longer the sole centers of authority and multilevel governance prevails.

---

[32] James N. Rosenau, *Distant Proximities*.

Surprisingly, in contrast to the skeptics' embrace of the philosophy of the welfare

state from economic nationalism and the hyperglobalizers' adoption of the idea of the

competition state from neoliberalism, the transformationalist school has not addressed

the task of classifying states (that is, state types) resulting from system-wide changes,

and certainly not the case of Taiwan.   Although some scholars have embarked on

studying alternative approaches to Taiwan's participation in IOs, those suggestions are

largely limited to contributions to Taiwan's foreign polices rather than to the entire

framework of Taiwan's development as tied to the future of globalization.[33]   The current

Taiwanese government has simultaneously been adapting to the conditions of East Asia's

globalization, seeking to preserve its independent status, and pursuing its integration into

global and regional governance mechanisms.   Hence the resultant Taiwanese state is, in

fact, very difficult to categorize.   Taiwan is neither a traditional welfare state nor a pure

competition state; rather, I argue, it is a *structural competition-state*, a hybrid form

reflecting both economic nationalism and neoliberalism.

Our review of the related literature has now identified critical issues in the debate in

---

[33] See, inter alia, Vincent W. Wang, "A Modus Vivendi for Taiwan's "International Space" Under the Ma Administration?   A Functional-Competence Model for Taiwan's Participation in International Organizations," Paper presented at the Conference "Taipei, Beijing, and the Overseas Chinese/Compatriots in the Context of International/Global Governance, Regimes, and Globalization," (March 14-15, 2009, Taipei, Taiwan); Edward I. Chen, "An Overall Approach or An Incremental Approach to Participating in IGOs," Paper presented at the Annual Conference of the ROC International Studies Association (May 1, 2009, Chia-yi County, Taiwan).

order to create a foundation for thinking about how a sovereign state should respond to

globalization.   The three schools of thought, applied to the development of the

Taiwanese state and the future of globalization, are summarized in Table 1-1.

Table 1-1. Comparison of schools of thought on globalization

Tendencies of Globalization	Skepticism	Hyperglobalism	Transformationalism
Embarkation	Economic nationalism	Neoliberalism	Postinternationalism, hybridizing thinking of nationalism and liberalism
Variants	Realism, mercantilism	Free trade, de-territorialism, denationalization	Free trade, interdependence
Level	State-centric	Pluralist	Individual-centric, pluralist
Units	States	Firms, states, NGOs, IOs	Individuals, firms, states, NGOs, IOs
Importance of national sovereignty	Reinforced or enhanced	Declining or eroding	Reconstituted or restructured
Driving forces of globalization	States	Market	Combined forces of modernity
System structure	Conflict	Cooperation	Cooperation with tensions
Game metaphor	Zero-sum	Positive-sum	Uncertainty

Tendencies of Globalization	Skepticism	Hyperglobalism	Transformationalism
Summary argument	Internationalization depends on state acquiescence and support	The end of the sovereign nation-state	Globalization transforming state functions and power politics
Typification of state type for Taiwan	National welfare state	Pure competition state	Structural competition-state
Main academic supporters in the Taiwanese case	Neo-statists	Rising-China advocates	A developing voice
Weaknesses in explanations	Ignoring the factor of an increasingly important role of the Chinese government in global and regional integration processes	Weak in explaining the fact that national building and globalization are actually heading towards the same directions	A developing model lacking sufficient case studies

Source: Created by the author

III. Framework of Analysis

This dissertation will be divided into three main parts: the development of the theoretical foundations of the concept of a structural competition-state; empirical evidence illustrating the Taiwanese case; and a conclusion.

First, a theory of the structural competition-state will be elaborated on in order to establish a foundation for examining the case of Taiwan.   In this connection, the researcher will survey not only the literature covering the impact of globalization on global politics but also scholars' opinions on states' responses to these phenomena.

The second part will analyze the Taiwanese case in much greater depth.   Chapter Three will discuss the evolution of the Cross-Strait relationship.   Thereafter, proceeding chronologically, the rest of the second part will first introduce the historical context of the Taiwanese government from the 1950s to the 1990s and then review the transformation process of the Taiwanese government after the 1990s.   The latter has been in substantial part as a matter of balancing its response to a Sino-oriented integration process with a nationalist desire to guarantee and even enhance Taiwan's status in the global community.

The Conclusions chapter will focus on Taiwan's transformation into a structural competition-state facing China's rise and its implications for present and future Cross-Strait relations.   Figure 1-1 outlines the three parts of this study.

Figure 1-1. Framework of analysis

	Main Argument Globalization Transforms the Taiwanese State Machine into a Structural Competition-State That Hybridizes Nationalism and Neo-Liberalism in order to Tackle the Challenges of an Integrated China in the Global Community
Part I **Theoretical** **Foundations**	Ch1. Introduction Ch2. The Concept of a Structural Competition-State
Part II **The Case of** **Taiwan**	Ch3. Accelerating the Integration of China with its One-China Principle into Global Governance Mechanisms Ch4. Pursuing the Path of Globalization – The Transformation of the Taiwanese Government and Society after World War II Ch5. The Impact of the Sino-oriented Global/Regional Governance Structure on Taiwan's Transformation – Two Conventional Approaches to Forecasting Taiwan's Future Scenarios Ch6. Taiwan Becoming a Structural Competition-State – A Postinternational Approach to Forecasting Taiwan's Future
Part III **Conclusion**	Ch7. Conclusion

Source: Created by the author

IV. Approach of the Study and Limitations of the Research

Contemporary theories of international relations (IR) are frequently divided into three schools: realism, liberalism, and constructivism.   Each of these approaches has several variations, and all are themselves "constructions," involving subjective choices as to how best to choose and interpret diverse phenomena.   This dissertation will adopt mainly a liberalism perspective, arguing that system trends have gradually pushed Taiwan to improve its position in international institutions and towards a more cooperative stance in Cross-Strait relations.   However, my emphasis on the role of power and the influence of external great powers obviously has realism overtones.   Also, the recognition that Taiwan and other states, as well as IOs and additional collective and individual actors, have perceived their interests differently over time is reflective of constructivism.

A. Approach of the Study

In the IR field, anarchy is the central guiding assumption underpinning the work of most scholars.   It is not necessarily meant to refer to continual chaos but simply to the absence of central authority in international politics.   International politics is taken to be composed principally of the interactions of states—political institutions defined in the conventional Westphalian sense in terms of their legitimate monopoly of violence within

a given territory— more commonly in IR referred to as the condition of sovereignty.

"Sovereignty" is at once an international legal concept and status, and a claim to authority.

States traditionally recognize no authority over themselves that can legitimately impose

its will on them and also recognize each other as sovereign in this sense.   Different

approaches are used to analyze different perspectives of states in an environment of

international anarchy.

     Realists interpret international anarchy as a factor not only leading to an inherent

frequent contradiction between national interests and the common good but also

preventing sufficient cooperation to alleviate resulting problems; realists' suggested

strategy for states to deal with international anarchy is to seek survival through power

balancing in power politics.   On the contrary, liberal institutionalists attribute

international anarchy to the lack of adequate institutions and organizations able to

organize cooperation and enforce norms and more specific agreed-upon rules of behavior.

Cooperation is therefore as natural as conflict, and creating more and better institutions,

norms, and rules is the best way for states to face the challenges of international anarchy.

Finally, social constructivists believe that the nature of international anarchy is the

interpretative result of a social process that constructs the rules or norms that govern the

interaction of states; thus, their recommendation for states is to tackle international

anarchy by defining different sorts of state identities, sovereignty, and international order,

both theoretically and practically in world politics.

Each of these three approaches is also commonly adopted to analyze the

performance of the Taiwanese government.   However, both the realist and social

constructivist approaches are less well suited to explain why—with the long-term

animosity and hostility on both sides of the Taiwan Strait—the Taiwanese government,

especially after the 1990s, is looking for better strategies not only to compete against

China but, more importantly, to cooperate with it in order to establish an improved status

for Taiwan in the global community.   Furthermore, although some liberal scholars

attribute the result of a changing Taiwanese government after the 1990s to the process of

inward democratization, they still ignore the external dynamics of globalization.   In sum,

this study will use liberal institutionalist assumptions to re-evaluate the phenomenon of a

shift in the Taiwanese state machine, taking into account its transformation as a result—in

significant respects—of the need to adapt to globalizing trends.   This analysis will

provide a more complete account of and explanation for the transformation of the

Taiwanese government and also perhaps assist in forecasting Taiwanese scenarios in an

era of continuing, if somewhat slowed, globalization.

B. Limitations of the Research

As a result of the special historical and geographical relationship that exists

between Taiwan and China, along with the fact that developments in Cross-Strait

relations between Taiwan and China have long been a global security issue, the question

of how and why to positively integrate China into global society has attracted a great deal

of attention, not only domestically in Taiwan, but also in the global community.   These

concerns have also been widely discussed in academic circles.   However, because this

dissertation does not intend to address the entire integration process of the PRC regime

into global society, the political negotiations between China and other powers with regard

to China's role in IOs will be mostly omitted.

In addition, the existence of Taiwan has been challenging the traditional definition

and recognition of a "sovereign-state," both theoretically and practically, since the end of

WWII.   Moreover, whether or not Taiwan is a sovereign-state is still an open question in

many quarters.   This, too, will not be addressed in this dissertation.   Rather, the focus

will be on the post-Cold War transformation of Taiwanese polities affecting the state

machine in the context of globalization.

V. Research Methodology

Social science research methods may be roughly classified as quantitative or

qualitative in nature.   Although this dissertation will include some quantitative

information, the methodology employed will be primarily qualitative.   Materials will be

largely collected through literature surveys, including such sources as economic reports,

governmental statements, analyses from the mass media, and public databases provided

by academic research centers and think tanks.   I have also conducted personal

interviews with a few governmental officials and scholars both in Taiwan and in the US.

VI. Expected Contributions

The world is undergoing an epochal transformation driven by relentless scientific

and technological advances that collapse both time and distance and alter the dimensions

of political space.   Some interpreters suggest that the Westphalian system has been

gradually replaced by "postinternational politics" in a globalizing epoch, and an emphasis

only on state authority has become obsolete.   Accelerated globalization has also caused

substantial changes in state authority and "undermined the sovereign and inclusive

character of national-level political association and the character of national state as civil

association."[34]   The role and activities of states have been modified, and non-sovereign

actors have become increasingly significant.   Therefore, as Rosenau stated, the "world

that has moved beyond globalization to continuing clashes between integrative and

fragmenting forces."[35]

Although many strides have been made by scholars in addressing how states are

confronted with a less sovereign-centric system and more market/social-centric system,

few works have examined how individual states themselves cope as the world continues

to move towards a hybrid order.   Because the Taiwan issue is itself part of the heritage

of the Cold War structure, it is hoped and, indeed, expected that this careful examination

of the case of Taiwan will enrich our understanding of state evolution and adaptation in

the context of globalization.

---

[34] Philip G. Cerny, "What is Next for the State?" in Eleonore Kofman and Gillian Youngs (eds.),
Globalization: Theory and Practice (New York: Continuum, 2003), 219.
[35] Rosenau, *Distant Proximities*, 16.

Chapter Two:

The Concept of a Structural Competition-State

I. Introduction

In today's post-Cold War period, the postinternational world seems to be witnessing

the emergence of three super-trading blocs.   The first is the European Union (EU),

which includes 27 European states integrated into a regional single market.   This

regional economic integration has developed a political dimension in its unique

governance structure, including the European Parliament, the European Commission, the

Council of the European Union, the European Council, the Court of Justice of the

European Union, and the European Central Bank.   The second bloc was created by the

North American Free Trade Agreement (NAFTA) and includes the United States (US),

Canada, and Mexico.   In spite of its current limited supranational political structure, this

regional project has formed a competing subcontinental free-trade area that is potentially

extendable to other states in the Western Hemisphere.   The last regional trading bloc,

originally formed in Southeast Asia, was based on an existing infrastructure including 10

countries of the Association of Southeast Asian Nations (ASEAN).   Today, not only

have China, South Korea, and Japan joined that project, which has become the ASEAN

Plus Three (APT), but also Australia, New Zealand, and India have concluded their

agreements with the ASEAN free-trade scheme.   The result of this super-trading bloc

will be an Asia-Pacific free-trade area composed of 16 states.

Some view these three regional super-trading blocs as important stepping stones

towards a global free-trade world, and others argue the reverse.[1]   In any case, the current

postinternational global arena is competition-oriented.   Great powers are eager to build

these regional free-trading architectures or direct their movements to safeguard their

regional hegemony, while other associated semi-peripheral states[2] seek to maintain their

own national competitiveness even as they must face neo-imperial and globalizing forces.

The Cold War era was a time of bitter contests between capitalism and socialism,

and states' focus on security issues.   During the Cold War, the exercise of state

sovereignty mainly involved the regulation of a country's own population, territory,

resources, and interaction with other sovereign states via "international relations."

Nevertheless, after the end of the Cold War, in today's postinternational "new world

---

[1] However, some voices argue that regionalism poses the single greatest challenge to the scenario of a global free-trade world because regional trading areas offer a more discriminatory way to organize world trade.   For more information, see, among others, James H. Mathis and Jagdish N. Bhagwati, *Regional Trade Agreements in the GATT-WTO: Article XXIV and the Internal Trade Requirement* (The Hague: T.M.C. Asser Press, 2003).

[2] The term *semi-peripheral state* is adopted from Laxer's idea of distinguishing countries in relations with others that position between the core and periphery in the dependency theory.   For further discussion of the semi-peripheral state, see, among others, Gordon Laxer, "Preface," in Marjorie Griffin Cohen and Stephen Clarkson (eds.), *Governing under Stress: Middle Powers and the Challenge of Globalization* (New York: Zed Books, 2004), x-xx.

order," the trend of economic neoliberalism is redefining the function of the state.   A

state's position is seen more in terms of economic strength and vitality for free-trade

economics than in terms of pure military muscle and other hard power capabilities.   This

transformation can be attributed to globalization, a term that has been used and

interpreted in a variety of ways, discussed in Chapter One, each of which holds its own

implications for the political-economic dual process of integration and/or

"fragmegration."[3]

    The purpose of this chapter, therefore, is to further discuss the transformationalists'

arguments about how globalizing political-economic programs are influencing global

governance and endowing states with rather different roles.   Power politics obviously

still exist, but now are focused more on neoliberal benefits.   States are moving from

sovereign-centrality to competition-orientation.   This chapter will conclude with a

discussion of an emerging form—a structural competition-state—that especially

characterizes semi-peripheral states' adaptation to an era of globalization.

II. Increasingly Globalizing Governance Structures and Great Powers

---

[3] James N. Rosenau, *Distant Proximities: Dynamics beyond Globalization* (Princeton, NJ: Princeton University Press, 2003), 4-5, especially.

Globalization is by no means an entirely new phenomenon, but today involves

greater density of transnational interactions than in the past and (at least until recently) a

vastly accelerated pace.   Ferguson and Mansbach maintain that globalization should not

be seen as a unilinear process and that it involves a complex dynamic in which global,

regional, national, local, and individual forces are all in play and often interact with each

other.   From their perspective, globalization is defined as "a multidimensional process or

set of processes that involves not only the world economy and technology but also

additional governance, military, cultural, demographic, human rights, and environmental

dimensions."[4]   Different dimensions evolve at their own pace and may even to some

extent reverse.   Ferguson and Mansbach, like Rosenau, label politics in this context as

"postinternational politics."[5]

A. Global Governance for Political-Economic Programs

In general, *global governance* is an umbrella term covering different types of global

regulation and rule by a wide variety of institutions and actors.   Oran Young, for

example, defines global governance as "the establishment and operation of social

---

[4]   Yale H. Ferguson and Richard W. Mansbach, *Remapping Global Politics: History's Revenge and Future Shock* (New York: Cambridge University Press, 2004), 8.
[5]   Ibid., 17-30.

institutions," including "sets of rules, decision-making procedures, and programmatic

activities."[6]   Brand contends that global governance constitutes a specific discourse of

global politics whose function is to legitimize specific neoliberal solutions to practical

problems.[7]   Global governance thus concerns the operations of such international

institutions and regimes as the World Trade Organization (WTO), World Bank (WB),

International Monetary Fund (IMF), United Nations (UN), and the previously mentioned

regional free-trade blocs.

Rosenau contends that the mechanisms of global governance not only involve

governmental institutions but also informal nongovernmental mechanisms, "whereby

those persons and organizations within [their] purview move ahead, satisfy their needs,

and fulfill their wants."[8]   Accordingly, it is possible to discern a new pattern of

"governance without government" in which regulatory mechanisms function effectively

in a sphere of activity "even though they are not endowed with formal authority."[9]

These mechanisms include global codes adhered to private economic institutions, such as

---

[6] Oran R. Young, ed., *Global Governance: Drawing Insights from the Environmental Experience*
(Cambridge, MA: MIT Press, 1997), 4.
[7] Ulrich Brand, "Order and Regulation: Global Governance as a Hegemonic Discourse of International
Relations?" *Review of International Political Economy* 12, no. 1 (February 2005), 156.
[8] James N. Rosenau, *Distant Proximities: Dynamics beyond Globalization* (Princeton, NJ: Princeton
University Press, 2003), 393.
[9] James N. Rosenau and Ernst-Otto Czempiel, eds., *Governance without Government: Order and Change
in World Politics* (New York: Cambridge University Press, 1992), 4.

MNCs and markets, and developing norms from global civil society organizations

(GCSOs), nongovernmental organizations (NGOs), mass publics, and elites.

Table 2-1 shows Rosenau's classification of global governance.

Table 2-1. Forms of global governance from Rosenau

Structures	Process	
	(*type of collectivities involved in each form of governance*)	
	Unidirectional	Multidirectional
	(vertical or horizontal)	*(vertical and horizontal)*
Formal	**Top-Down Governance**	**Network Governance**
	(governments, MNCs, IGOs)	*(governments, IGOs, NGOs, INGOs)*
Informal	**Bottom-Up Governance**	**Side-by-Side Governance**
	(mass publics, NGOs, INGOs)	*(NGO, INGO, governments)*
Mixed formal and informal	**Marked Governance**	**Mobius-Web Governance**
	(governments, IGOs, elites, markets, mass publics, MNCs)	*(governments, elites, mass publics, MNCs, IGOs, NGOs, INGOs)*

Note: IGO (International Governmental Organization); INGO (International
  Nongovernmental Organization)

Source: Quoted and adapted from Rosenau's *Distant Proximities: Dynamics beyond
  Globalization* (2003), 397.

Global governance in postinternational politics "has occurred not only across

different layers and scales of social relations from the local to the global, but also with the

emergence of various regulatory mechanisms in private quarters alongside those in the

public sector."[10]   While adopting the idea of global governance to analyze today's global

political economy, Dicken demonstrates that global governance institutions are a

---

[10] Jan Aart Scholte, *Globalization: A Critical Introduction* (London: Palgrave, 2005), 186.

veritable "confusion" because they are the outcome of a series of negotiations among

public, private, and mixed actors and "operate at different but interconnected

geographical scales."[11]   Figure 2-1 represents his ideas.

---

[11] Peter Dicken, *Global Shift: Mapping the Changing Contours of the World Economy* (New York: Guilford Press, 2007), 528.

Figure 2-1. A confused picture of global governance structures and institutions
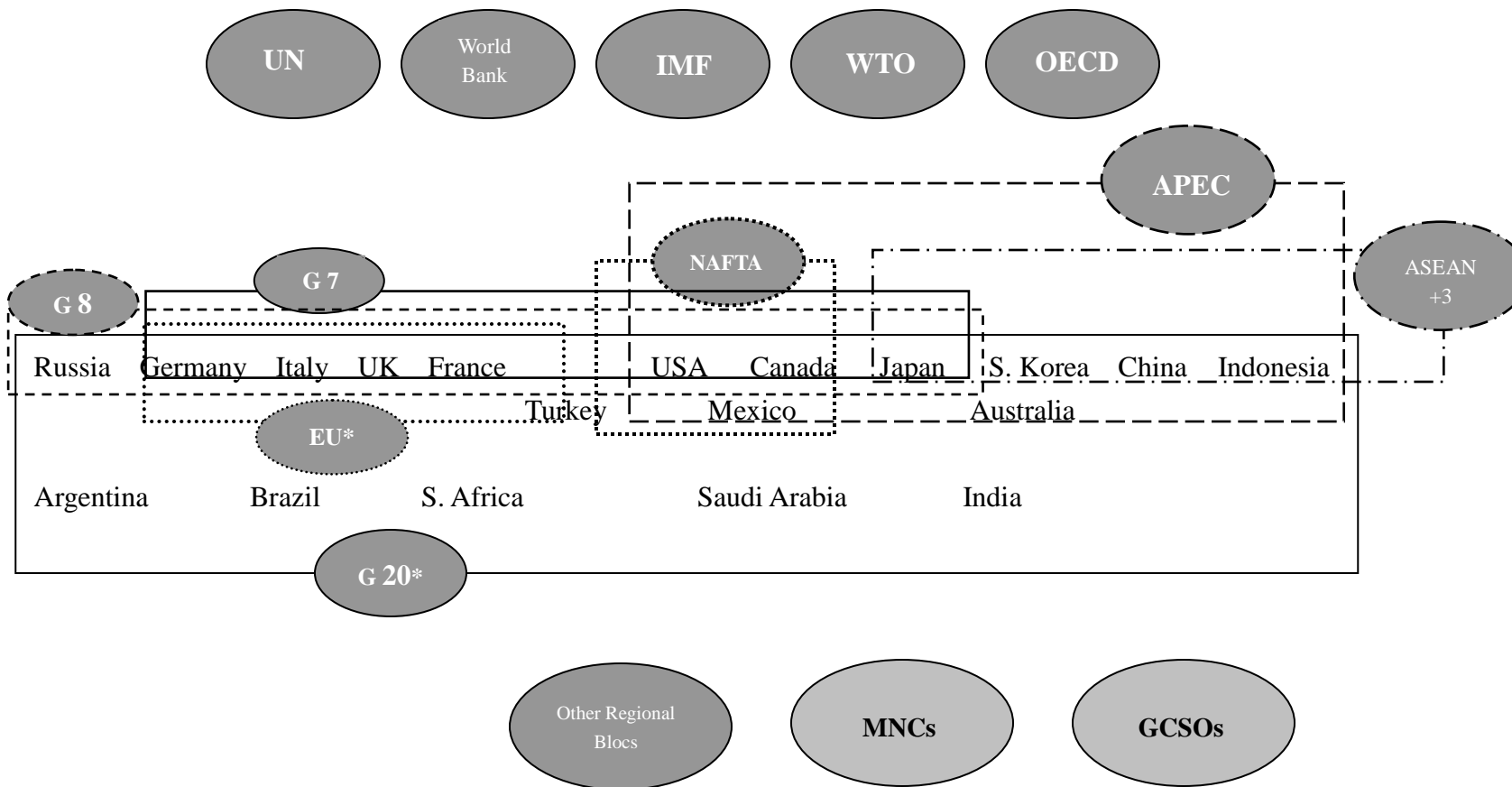
Source: Adapted from Dicken's *Global Shift* (2007), 529.

* The EU is also a member of the G-20

In sum, the striking phenomenon in global governance over the past fifty years has

been the growing role of IGOs and a variety of nonstate actors in facilitating governance.

Current developments include the increasingly important role of MNCs and the

mobilization of citizens through GCSOs.[1]

B. Great Powers and Global Governance

There is no dispute that global governance is occurring and its forms are

diversifying to keep pace with the deeper and broader scope of globalization.   What is

disputed is how the great powers should be understood and interpreted in light of the

evolving global governance mechanisms.   Dicken's interpretation of global governance,

shown in Figure 2-1, is that, under the global governance structures and institutions,

"[w]hile some of the state's capabilities are being reduced, and while there may well be a

process of 'hollowing out' of the state, the process is not a simple one of uniform decline

on all fronts," because great powers, such as the US, experience no diminution and even

realize an enhancement of geopolitical and geoeconomic power.[2]

---

[1] Robert O'Brien and Marc Williams, *Global Political Economy: Evolution and Dynamics* (New York: Palgrave Macmillan, 2007), 385.
[2] Dicken, 173.

This viewpoint invites a discussion of neo-imperialism, which argues that the great powers have adopted global governance as a way to strengthen their hegemony and the profitability of their corporations in the global political economy. Thus, McQueen points out that the logic of globalization does not require large capitalist powers to be borderless while other states are subject to this requirement for entering the governance system.[3] This requirement weakens only some already relatively weaker states by either forcing on them or having their comprador leaders willingly accept neoliberal policies, liberalization and privatization, in particular, which ultimately benefit foreign capital. As a result, the positions of the core capitalist states in the global governance structures are enhanced by the continued opening of more markets in other countries for their firms' economic activity. Global economic governance mechanisms in this view essentially represent the large capitalist powers, their finance capital, and their MNCs interacting in concert to exploit foreign markets. These characteristics recall the imperial system of the late 19th century that featured the idea of free trade, but that now (in its "neo" form) has become a matter of global governance enabling large capitalist powers to open up or close down the economies of others, and shape local cultures and values, all the while proclaiming the virtues of globalization.

---

[3] Humphrey McQueen, *The Essence of Capitalism: The Origins of Our Future* (Tonawanda, NY: Black Rose Books, 2003), 210.

According to Steger's interpretation, those core capitalist states are great powers in

the G-groups.   He argues that globalization—or the global spread of governance

institutions—is a project being expanded especially by the US to support its own MNCs

and the capitalist system as a whole.   The US is promoting its national interest via

unilateralism and militarism.[4]   To sell the idea of globalization, maintain the global

governance structure, and assure their continued dominance, the great powers must

continue to use military measures when necessary.[5]   The war on terror is a good

example of how the global great powers typically deal with so-called "crisis regions."

Specifically, the recently-ended war in Iraq and the ongoing conflict in Afghanistan have

both neo-imperial and neoliberal aspects.   Great powers still have dominant influence on

the direction of globalization and a relatively stronger capacity to structure global

governance.   The absence of some great powers crippled the Kyoto Protocol and

provides a lesson of what happens when governance is divorced from power politics.

The next section will address this issue further.

III. Effects of Global Governance on the Westphalian Sovereign-Centric

---

[4] Manfred B. Steger, *Globalism: Market Ideology Meets Terrorism*, 2nd ed. (Lanham, MD: Rowman & Littlefield, 2005), 16-17.
[5] Ibid., 85.

System

   Current global governance practices include reemerging imperialism, reconstructed

state networks, altered epistemic authority, and the remapping of identities and loyalties.

A. Reemerging Imperialism

   First, because, in global governance practices, economically stronger states are, in

fact, proceeding with relatively stronger capacity than other weaker ones, the structures

and objects of global governance are guided and backed more by the neo-imperial states'

power and their large capitalist firms.   Therefore, to conclude that the core states are

also weakened by the operation of global governance is to miss the point.   Indeed, as

Petras and Veltmeyer argue, among the neo-imperial states, "never has the nation-state

played a more decisive role or intervened with more vigour and consequence in shaping

economic exchanges and investment at the local, national, and international levels."[6]

Therefore, the prior political, military, and economic intervention of the neo-imperial

states must be considered along with analysis of the expanding and deepening

involvement of their multinational banks and corporations.   More specifically, one of the

salient features currently in the global governance process is the development of the

---

[6] James Petras and Henry Veltmeyer, *Globalization Unmasked: Imperialism in the 21st Century* (New York: Zed Books, 2001), 54

neo-imperial state governments that have become servants to the interests of the capitalist

class that controls the world's approximately 37,000 MNCs.   These states promote the

latest incarnation of a "global free market" through influence in the WTO, IMF, and WB,

forcing the rest of the world to adjust the economic structure through "market-friendly"

policies, especially liberalization, deregulation, and privatization.[7]   Dicken further

discusses this development as a scenario in which "the more powerful states can actually

use globalization as a means of increasing their power."[8]   In other words, those global

governance products—including global or regional trade agreements, organizations, and

legislation—are established for strengthening the interests of those great powers.

Moreover, Panitch and Gindin even find that these neo-imperial states in the global

governance mechanisms are depending on each other to manage their interests simply

because their capital is, in fact, interconnected.[9]   Therefore, rivalries between the

neo-imperial states are not as prevalent as they were during previous imperial periods.

Ironically, the above discussions of reemerging imperialism lead to the conclusion that

the effectiveness of global governance strongly relies on cooperation and negotiation

between the neo-imperial great powers.

---

[7] Ibid., 54-55.
[8] Dicken, 174.
[9] See Leo Panitch and Sam Gindin, "Global Capitalism and American Empire" in Leo Panitch and Colin Leys (eds.), *The New Imperial Challenge. The Socialist Register 2004* (New York: Monthly Review Press, 2004), 1-62.

B. Reconstructed State Networks

Just as territoriality has remained significant in an era of supposed "deterritorialization," states have remained important with the passing of the Westphalian sovereign-centric philosophy.   Whatever "new world order" in global governance might be emerging in the course of reconstructed state networks,[10] it is important to stress with Sassen that a state's interactions have never been fixed, especially in terms of territory, authority, and rights.[11]   State networks as well as the Westphalian sovereign-centric philosophy have had to develop new capacities to address issues in postinternational politics, such as ecological change, environmental politics, electronic finance, trade regulations, immigration control, epidemic prevention, labor rights, human rights, Internet cyberspace, and global production.   All those issues obviously transcend Hirst and Thompson's explanation of the "inter-national" character of the international political economy,[12] moving instead into relationships among a wide variety of actors engaged in global governance.

---

[10] Castells believes this new context changes the state form into a "network state"; see Manuel Castells, "The New Public Sphere: Global Civil Society, Communication Networks, and Global Governance," in Manfred B. Steger (ed.), *Globalization: The Greatest Hits, A Global Studies Reader* (Boulder, CO: Paradigm, 2010), 268-270.

[11] See Saskia Sassen, *Territory, Authority, Rights: From Medieval to Global Assemblages* (Princeton, NJ: Princeton University Press, 2006).

[12] Hirst and Thompson contend that the "new" trend of globalization and its impact on the global economy differ little from the "previous" inter-national economy.   See Paul Hirst and Grahame Thompson,

In addition, other features of postinternational statehood have included the following characteristics: "reorientations of states to serve global as well as national constituencies; adjustments to state provisions of social welfare; altered features of warfare; and increased transstate connections in regulatory processes."[13]   All these developments have reconstructed the state networks from a sovereign-centric system to a more multi-level structure.   Accordingly, even a skeptic of globalization like Linda Weiss articulates her discovery that, in the US, Germany, Taiwan, Korea, and China, interactions have been transformed by global markets and international competition from statism to governed interdependence in response to global economic governance.[14] Indeed it might be said that state networks are moving into increasingly dense, diverse, and multi-purpose relationships, between state and global/regional organization, state and state, state and firm, and state and global civil society.

C. Altered Epistemic Authority

The structure of knowledge is a primary facet of a social order.   As constructivists have emphasized, how people understand the world is a key social question along with

Globalization in Question: The International Economy and the Possibilities of Governance, (Cambridge, MA: Blackwell, 1996).

[13] Scholte, 193.

[14] See Linda Weiss, "Is the State Being 'Transformed' by Globalization?" in Linda Weiss (ed.), *States in the Global Economy: Bringing Domestic Institutions Back in* (New York: Cambridge University Press, 2003), 293-317.

issues of how people bond, regulate, produce, and view space and time.   Therefore, the

rise of global connectivity in response to global governance has not only "encouraged

some growth in anti-rationalist knowledge like religious revivalism, ecocentrism, and

postmodernism" but also "promoted some shifts in ontology, methodology, and

aesthetics."[15]   This altered epistemic authority points to a set of specific developments

alongside the mechanism of global governance: "the reorientations of individuals'

political horizons, the weaving of a global civil society, the rising power of globalizing

elites, and the emergence of global informational elites in particular."[16]   Accordingly,

the state is losing its familiar hierarchical position in the realm of political authority.   A

transformed hierarchy, perhaps more multifaceted, in the mechanism of global

governance is appearing, so that states participate and act as only one of many authorities.

Stronger competition for the state to win back its own authority might be expected as a

consequence.

D. Remapping Identities and Loyalties

---

[15] Scholte, 256.

[16] Martin Hewson and Timothy J. Sinclair, "The Emergence of Global Governance Theory," in Martin Hewson and Timothy J. Sinclair (eds.), *Approaches to Global Governance Theory* (Albany: State University of New York Press, 1999), 17.

Finally, different networks among sovereign nation-states and meanings of epistemic authority influence the way people remap their identities and loyalties, as well as mechanisms of global governance.   As mentioned in Chapter One, Ferguson and Mansbach use "postinternationalism" as a concept to help capture the fact that "[a]ccelerating change is producing an increasingly complex universe of actors in global/local politics."[17]   Change is obviously happening much more rapidly in some realms of activity than others.   Polities in global governance or, in Rosenau's phrase, "spheres of authority (SOAs)"—such as states, NGOs, MNCs, and international institutions—coexist, cooperate, compete, and clash.   "They often overlap, layer, and nest and hence share some of the same political space—territory, issues, identities, markets, and/or cyberspace," so these polities produce their own authorities and govern within their respective and often overlapping domains.[18]   "Thus 'governance' exists within, across, and beyond the jurisdictions of sovereign states.   'Global governance,' in turn, refers to patterns of polity authority domains in the world and not only to forms of governance that are truly 'global.'"[19]   The revival or reconstruction of old memories and loyalties encounters a range of new polities simultaneously, and the remapping of

---

[17] Yale H. Ferguson and Richard W. Mansbach, "Postinternationalism and IR Theory," *Millennium: Journal of International Studies* 35, no. 3 (September 2007), 536.
[18] Ibid.
[19] Ibid, 539.

identities and loyalties in the context of global governance is on ongoing process.   In the

field of global political economy, Cerny points out that both economic nationalism and

democratic institutions and processes have influenced the dimension of national identity

in global economic governance.   As a result, "the decay of the cultural underpinnings of

the state [. . .] will be uneven, and in economically stronger states this decay is likely to

proceed more slowly than in weaker ones."[20]

    To sum up, four major effects of global governance on the Westphalian

sovereign-centric system have been identified in current postinternational politics.

Moreover, the strength of the effects on a state are associated with the state's power

capabilities and status in global governance structures.   The discussion in the next

section will address reactions of a semi-peripheral state to such effects.

IV. The Structural Competition-State — A Semi-Peripheral State's

Reactions to the Effects of Global Governance

    While recognizing that the role and function of the sovereign-state is being

transformed, this dissertation emphatically rejects the hyperglobalizers' claim that the

---

[20] Philip G. Cerny, "Globalization and the Changing Logic of Collective Action," in Jeffry A. Frieden and David A. Lake (eds.), *International Political Economy: Perspectives on Global Power and Wealth* (Belmont, CA: Wadsworth/Thompson Learning, 2000), 458.

state is no longer a major player.   In addition, for those more powerful capitalist

states—particularly the US, the EU, Japan, and rising China—the viewpoint from the

skeptical school can largely be adopted.   The assertion is that the dynamics of

globalization heavily rely on the regulatory power and even the military capacity of the

core capitalist states (the great powers) to ensure continuing liberalization and stability of

global governance.   However, other semi-peripheral states, such as Taiwan, South Korea,

Mexico, Finland, Norway, or Australia, are neither major drivers for promoting neoliberal

globalization nor simply perpetual victims that provide only raw materials and cheap

labor.   In fact, they are sometimes able to shape their global positions in international

and domestic issues to serve their own perceived interests, although each of them tends to

have less economic and political autonomy than core capitalist states.   In this regard,

this dissertation argues that they are best categorized as a structural competition-state,

characterized by its (1) relatively healthy position in a given political-economic structure,

(2) shared sovereignty and responsibility for more cooperation, (3) greater competition in

interaction with other states, and (4) swelling container for more spatiotemporal

memories in the relations among governments, firms, and citizens within the broad

context of global governance.

A. The Structural Competition-State as an Agent Functioning for Global Governance Missions

It is evident that virtually all states are affected by globalization in spite of different scales of impact.   Many states also actively participate in global governance programs that have a wide variety of effects.   Especially, as Gritsch explains, "The US and the G-7's other dominant members design and establish the international trade agreements, organizations, and legislation that support and govern the trans-border investments, production networks, and market-penetration constitutive of contemporary economic globalization.   Advanced capitalist states, particularly, use these political instruments to shape international economic decision-making and policy in their interests."[21]   As a result, semi-peripheral states are becoming more like rule-takers than rule-makers; they are highly affected by these governance frameworks established by the core states and are certainly not steering them.   They are thus effectively well-functioning agents that facilitate and implement global governance policies guided by the great powers.

---

[21] Maria Gritsch, "The Nation-State and Economic Globalization: Soft Geo-politics and Increased State Autonomy?" *Review of International Political Economy* 12, no. 1 (February 2005), 2-3.

B. The Structural Competition-State as a Collaborator with Shared Sovereignty

    and Responsibility

    Participation in the global governance agenda is theoretically voluntary and limits

states' autonomy, yet as we have noted, powerful capitalist states tend to be less

constrained.　At the same time, many other states have still eagerly sought to join due to

the increasing credibility of commitments and costs of non-participation.[22]　Such states

are more willing to collaborate with other states to achieve specific political, economic,

and financial goals.　Collaborations take many forms according to different objectives,

but there has been an increasing tendency "to develop political-economic relationships at

the regional scale through regional integration agreements (RIAs)."[23]　Dicken asserts

that all regional collaborative arrangements are based on the principle of preferential

trading arrangement (PTA), which enables states to agree on providing other members of

the regional trading bloc preferential access to their national markets.　The leverage of

PTAs encourages regional states to collaborate in liberalizing trade between members

while simultaneously discriminating against third parties.　As previously noted, three

regions reflect such development, including Europe (the EU), North America (the

---

[22]　See Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984).

[23]　Dicken, 187.

NAFTA), and East Asia (the APT).   The cooperative learning process even encourages

states to rethink security policies,[24] sometimes collaborating with great powers rather

than unilaterally relying on traditional military force to defend their own territories from

external attack.

C. The Structural Competition-State as a Competitor in Interaction with Other States

States collaborating through RIAs and PTAs also simultaneously pursue national

competitive advantages.   As regional projects advance in the ASEAN, for example, the

bargaining power of each of these Asian countries is increasing and to that extent

off-setting the relative economic standing of the US and European powers.   Indeed,

states are learning to use governance mechanisms beyond the state as a forum for

negotiation and means to attain their specific objectives.   Global governance has a

two-sided quality: It establishes a platform for states to cooperate while, at the same time,

gives them an opportunity to maximize some of their own interests.   In the architecture

of global economic governance, states compete to enhance their own global trading

position, allowing them to capture as large a share as possible of the gains from trade.

---

[24] Ferguson and Mansbach, *Remapping Global Politics*, 28-29.

As Cerny indicates, the states are in competition with each other, just like firms

competing with other firms.   He concludes that a changing logic of political

globalization has not only developed a more "plurilateral" structure for global

governance but also transformed the nation-state into a "competition-state."[25]   Michael

Porter introduces his famous "diamond" model to illustrate that national competitive

advantages are created through the mutual global and local reinforcing processes of a

country.[26]   According to his theory, the interaction of states can be explained as a

competition game in which states are competing to attract more investment to establish

their national/local production base, thereby improving their global competitive position.

To clarify this competition rule, two different reports—*The Global Competitiveness

Report* conducted by the World Economic Forum since 1979 and *The World

Competitiveness Yearbook* published by the IMD business school since 1989—both based

in Switzerland, set up their own competitiveness factors to measure countries'

competitiveness performance.

---

[25] See Philip G. Cerny, "Political Globalization and the Competition State," in Richard Stubbs and Geoffrey Underhill (eds.), *The Political Economy of the Changing Global Order* (New York: Oxford University Press, 2005), 376-386.
[26] See Michael Porter, *The Competitive Advantage of Nations* (London: Macmillan, 1990).

D. The Structural Competition-State as a Container for More Spatiotemporal

Memories in the Diverse Relationships with Other Governance Actors

In addition to the interaction between states, other sovereignty-free actors in the changing global governance networks are also shaping the characteristics of nation-state. According to Castells' findings, the new networks in the practice of global governance address "a number of major problems that evolve out of the contradiction between the historically constructed nature of the institutions that come into the network and the new functions and mechanisms they have to assume to perform in the network while still relating to their nation-bound societies."[27]   In global governance operations, the state still has its previous nation-bound stance; however, this characteristic is tempered by historic and geographic inheritance.   Ferguson and Mansbach use "history's revenge and future shock" to describe today's postinternational politics that devaluate conventional static and supposedly universal models.   The state today is confronted with simultaneous processes of fusion and fission of authority, partially generated and accelerated by the explosion of participation on the part of new authoritative sovereignty-free actors.   On the one hand, historical "[i]dentities and loyalties that colonial authorities and commissars suppressed have resurfaced, adding to the artificiality

---

[27] Castells, 269.

of sovereign boundaries."[28]   On the other hand, geographic economic integration

projects also undermine the hierarchy of loyalties and even create new identities "as the

significance attached to political relationships with others is altered and as context

shifts."[29]   Thus, a state's nation-bound characteristic is continuously shaping and being

shaped by external influences including its diverse relationships with other governance

actors.   It seems to be increasingly entangled in a world with multiple identities and

loyalties.   However, because "there is no single substitute for the role of the Westphalian

State and no institution that can command authority or demand loyalties across the board,"

the state still remains a key competitor for those loyalties.[30]   In any event, the state as a

"container" is swelling as a result of the penetration of external authorities and cultural

influences from abroad as well as the evolving identities of national minorities within its

own boundaries.

Figure 2-2 illustrates a summary of the four features of the structural

competition-state.

---

[28] Ferguson and Mansbach, *Remapping Global Politics*, 23.
[29] Ibid.
[30] Ibid, 25.

Figure 2-2. Effects of global governance and states' reactions

Core powers' reaction:

As a *neo-imperial state* able to shape most global governance contexts

Global governance causes four major effects on the state system:

Effect 1: Reemerging imperialism

Effect 2: Reconstructed state networks

Effect 3: Altered epistemic authority

Effect 4: Remapping identities and loyalties

Semi-peripheral states' reaction:

Becoming a *structural competition-state* with the four following features:

Feature 1:	An agent functioning for global governance missions in a given political-economic structure
Feature 2:	A collaborator with shared sovereignty and responsibility
Feature 3:	A competitor in interaction with other states
Feature 4:	A container for more spatiotemporal memories in diverse relationships with other governance actors

Peripheral states' reaction:

As a *victim* providing only raw materials and cheap labor

Source: Created by the author.

As will be examined in the following chapters, the Taiwanese case further demonstrates how a semi-peripheral state operates in the postinternational era. Its sovereign-centric idiosyncrasy has been transformed into a structural competition-state for re-engagement with a globalizing world.

Part II

The Case of Taiwan

The following four chapters will examine the case of Taiwan from two perspectives. First, because Taiwan's globalization process is significantly related to its external pressures from international power structures and internal experiences of democratization and Taiwanization, Chapters Three and Four will carefully review both the outward and inward factors.   Second, based on the theoretical foundations built in Chapters One and Two and the current globalization conditions discussed in Chapters Three and Four, three different trajectories for forecasting Taiwan's globalization scenarios will be investigated in Chapters Five and Six.   The evidence of Taiwan's globalization practices leads to the conclusion that Taiwan is more likely to become a structural competition-state (based on postinternalism) than become a national welfare state (economic nationalism) or a pure competition state (liberalism).

Chapter Three:

Accelerating the Integration of China with its One-China Principle into Global Governance Mechanisms—An Analysis from Structural Power

I. Introduction

Since May 2008, when President Ma Ying-jeou and his Kuomintang Party (KMT) returned to power in Taiwan after eight rocky years of Democratic Progressive Party (DPP) rule, led by former President Chen Shui-bian, tensions across the Taiwan Strait have been greatly reduced, resulting in continuing improvement in Cross-Strait relations. In the past four years, Taiwan and China have not only resumed their negotiation agenda but have also signed fifteen agreements, largely covering direct Cross-Strait flights, the opening of Taiwan's doors to Chinese tourists, food safety, product inspection, financial supervisory cooperation, mutual judicial assistance, joint combating of crime, cooperation in medicine and pharmaceuticals, and trade agreements on an Economic Cooperation Framework Agreement (ECFA). Although these advances have been made in gradually normalizing and institutionalizing Cross-Strait relations, the most difficult yet critical issue to resolve in Cross-Strait relations still remains: The discussion of

Taiwan's international space has shown little change during President Ma's pragmatic approach towards China.[1]

Several examples demonstrate that Taiwan's freedom of action in international space continues to be threatened and eroded. The first incident occurred during the Venice Film Festival, when a Taiwan-made film *Seediq Bale* (賽德克巴萊), was wrongly listed as a product made by "China, Taiwan" for its 2011 Golden Lion nomination in July 2011. This label erroneously signaled that the film was made by Taiwan in cooperation with China and immediately led to a diplomatic row. Although this politically sensitive incident caused the Taiwanese government to lodge a protest letter with the organization, the response was indifference. In fact, this was not the first time Taiwanese films had been wrongly listed in international film events due to the One-China Principle being strictly followed by most organizations. Similar protests occurred when Ang Lee's *Lust, Caution* (Se jie, 色戒) was wrongly attributed to "Taiwan, China" at Venice in 2007 and also when the Chinese delegation pulled out of the 23rd Tokyo International Film Festival in 2010 after the host refused to call the Taiwanese delegation "China's Taiwan" or "Chinese Taipei."

---

[1] See Robert Sutter, "Why Taiwan's Freedom of Action Continues to Erode," *PacNet#30*, May 26, 2011, http://csis.org/publication/pacnet-30-why-taiwans-freedom-action-continues-erode

Another incident happened in the Philippines, again due to different understandings of the One-China Principle.   On December 27, 2010, China cooperated with the Philippines to form a joint task force that made a raid in Manila and arrested 14 Taiwanese and 10 Chinese international racketeering suspects.   Then, in February 2011, the Philippine government decided to deport the 14 Taiwanese suspects to China in accordance with its understanding of the One-China vision.   The Chinese government also believed a China-Taiwan agreement on judicial assistance and crime fighting gave it authority to deal with these 14 Taiwanese suspects on the mainland.   Nevertheless, through a different understanding of the deportation case as a legal issue instead of a political one, Taipei soon lodged its strongest protest against Manila's "improper" application of the One-China Principle.   While threatening the Philippine government with retaliatory measures, including visa application restrictions on Filipino workers, the Taiwanese government feared this case could cause a domino effect in the global community, misleading other countries into considering Taiwan as part of the PRC (People's Republic of China).

The latest dispute arose from Taiwan's participation in the International Health Regulations (IHR), a framework under the World Health Organization (WHO) designed to control the spread of global diseases.   This process also indicated that the application

of the One-China Principle constrained Taiwan's international space.   Leaked in May

2011, a 2005 WHO internal memorandum instructed that under the One-China Principle,

in a strictly enforced consensus that existed within the United Nations (UN) since 1971,

Taiwan was referred to as "a province of China" or "Taiwan, China" and deemed

ineligible to join the IHR.   Although the Taiwanese government later showed an

invitation letter sent out by the WHO referring to Taiwan as the "Chinese Taipei" party to

the IHR, there was still a political brouhaha over the question of whether Taipei needed to

accept Beijing's sponsorship on a year-by-year basis, in essence subjecting Taiwan to the

PRC and surrendering its sovereignty.

These recent cases demonstrate that Taiwan still finds difficulty in leveraging

improved Cross-Strait relations to expand its international space as freely as it expects.

On the contrary, they signal China's ever-growing power to define the status quo of

Taiwan, with the One-China Principle accordingly becoming more dominant in

interpretation of the currently improved Cross-Strait relations.   This chapter therefore

argues that Beijing's longstanding One-China Principle will be further advanced as China's

power and participation continue to expand in global governance mechanisms, forcing

Taiwan to be pulled into orbit around China.

The analysis will consist of the following four parts. First, while many IR studies have already explained how and why various countries exercise power in international politics, these achievements will be examined in relation to the One-China Principle. Second, power politics in the application of the One-China Principle to different One-China policies will be illustrated. Third, because globalization has involved China more deeply in international society, Beijing's increasing influence on global and regional development will be demonstrated to explain stricter application of the One-China Principle to global governance institutions. Lastly, we reconsider not only the Taiwan issue but also the possible impact of a rising China on power theory in the era of globalization.

II. Rethink about Power Resources from the IR Debates

For the theoretical framework, this chapter analyzes qualitative data to reconsider an important international relations (IR) theory debate about *power*, which has been studied largely only in terms of interactions between powerful countries, instead of considering social relations between the state actors and governance systems examined here.

In the IR field, the condition of *international anarchy* provides a background both

for international orders and domestic political processes.   Nonetheless, Hedley Bull

insists that an "international society" still exists, based on states' common interests and

values, insofar as states "conceive themselves to be bound by a common set of rules in

their relations with one another, and share in the working of common institutions."[2]   To

ensure proper function of these common rules in the anarchical society, he asserts that

five institutions—including the balance of power, international law, the diplomatic

mechanism, the managerial systems of the great powers, and war—shape a set of habits

and practices towards realizing common.[3]   Although Bull also proposes some

possibilities for a reformed state system, a country's strength or power still remains the

first priority for building international orders, resulting in general collaboration among

the great powers for the maintenance of balance.

Hans Morgenthau sets the stage for this discussion with his definition of *power*,

which is "man's control over the minds and actions of other men."   In the field of

international politics, "armed strength as a threat or a potentiality is the most important

material factor for the political power of a nation."[4]   From this perspective, not only is

---

[2] Hedley Bull, *The Anarchical Society: A Study of Order in World Politics* (New York: Columbia University Press, 1977), 8-10, 13.
[3] Ibid., 74.
[4] Hans J. Morgenthau and Kenneth W. Thompson, *Politics Among Nations: The Struggle for Power and Peace* (New York: Knopf, 1985), 33.

military power emphasized in power politics, but the concept of power also plays a role

in one country's ability to control other countries and to shape a set of favorable

international orders.   This perspective is also shared by John Mearsheimer, who claims a

state's "[p]ower is based on the particular material capabilities that a state possesses."[5]

For Mearsheimer, although two forms of power—latent power and military power—are

held by states, "[i]n international politics, however, a state's effective power is ultimately

a function of its military forces and how they compare with the military forces of rival

states."[6]

A more recent effort has seen scholars' attempts to create a power index for

measurement of a state's strength, including its national resources (technology, enterprise,

human, capital, physical), national performance (external constraints, infrastructure,

ideas), and how these factors determine military capability and combat proficiency.[7]

This military-centric perspective to formulating state power draws on only one dimension

of states' relative military power, neglecting the whole picture of all relevant types of

power.   Because this single and biased definition is challenged in explaining

postinternational global outcomes in such matters as financial crises, climate change, and

[5] John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W. W. Norton & Company, 2001), 55.

[6] Ibid.

[7] Ashley Tellis et al., *Measuring National Power in the Postindustrial Age: Analyst's Handbook* (Santa Monica, CA: RAND, 2000).

terrorist threats, a broader consideration of power, dependent on a variety of relationships,

needs to be brought into the discussion.

Inspired by Kenneth Waltz's structural realism, Stephen Krasner uses *meta-power*

to explain power in international structures.[8]   In an anarchical international system that

addresses international structures, Waltz was perhaps the first scholar to posit that a "set

of constraining conditions" act "through socialization of the actors and through

competition among them."[9]   Power in social relations, later expanded by Krasner,

"refers to the ability to change outcomes or affect the behavior of others within a given

regime.   Meta-power refers to the ability to change the rules of the game.   Outcomes

can be changed both by altering the resources available to individual actors and by

changing the regimes that condition action."[10]   Therefore, a concept of meta-power is

introduced to understand a state's control over an outcome not via military power with

direct confrontation but by meta-power that modifies the setting in which confrontation

might occur.   Krasner's concept is not unique; David Baldwin also uses a relational

concept to explain power.   By arguing power comes out of a relationship rather than

from power possession in some abstract or objective sense, Baldwin writes that, in power

---

[8] See Stephen D. Krasner, *Structural Conflict: The Third World Against Global Liberalism* (Berkeley, CA: University of California Press, 1985).
[9] Kenneth N. Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979), 74.
[10] Krasner, 14.

relations, "societal norms function as primitive measuring rods that make indirect social exchange possible."[11]   In sum, for Baldwin, the study of power relations in international structures includes not only a contextual analysis of power's multidimensional character and an understanding of the historical background of the orders but also familiarity with the societal background of the structural norms.

From a different perspective, Stefano Guzzini connects the concept of power, the establishment of international structures, and global governance.[12]   He categorizes recent studies of power into three different concepts that provide a framework for the analysis of current international structures: indirect institutional power, non-intentional power, and impersonal power.[13]   *Indirect institutional power* explains that the exercise of power can be perceived in regimes' agenda setting, which simultaneously constructs normative structures.   Thus, a state needs to improve its power in a given social relationship either by quantitative improvement of relevant power resources or qualitative change in the environment that defines the relevant power resources.   Second, *non-intentional power* refers to a dispositional concept that also develops in international networks but is perceived as an unintended effect of a state's inherent character.   Such

---

[11] David A. Baldwin, *Paradoxes of Power* (New York: Basil Blackwell, 1989), 125.
[12] Stefano Guzzini, "Structural Power: The Limits of Neorealist Power Analysis," *International Organization* 47, no. 3 (Summer 1993), 443, especially.
[13] Ibid., 450, especially.

unintended outcomes are largely attributed to an actor's personality or hegemony that is

able to shape security, trade, finance, production, and knowledge structures.   Finally,

impersonal power is not that of states but of international agents.   Certain states enjoy a

measure of deference because of their special positions or roles in the system and links

with epistemic communities.

Guzzini's interpretation resembles Keohane and Nye's definition of *power*, which

stresses the importance of apprehending power resources starting from a careful

contextual analysis of the issue-areas, or regimes, in an interdependent world politics.[14]

Nye later described *power* as "the capacity to do things and in social situations to affect

others to get the outcomes we want."[15]   He asserts states are living "in a web of

inherited social forces, some of which are visible and other of which are indirect and

sometimes called 'structural;'" therefore, identifying and focusing on these social

structures, constraints, and forces is the only way to begin to analyze power.

Thus, in addition to relying only on traditional military power and capital resources,

called *hard power*, Nye conceived of another form of power, *soft power*, to explain how a

state might behave in the anarchic conditions of world politics.   For Nye, "soft power is

---

[14] See Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence: World Politics Transition* (Boston, MA: Little, Brown, 1977), 18, especially.
[15] Joseph S. Nye, Jr., *The Future of Power* (New York: PublicAffairs, 2011), 6.

the ability to affect others through the co-optive means of framing the agenda, persuading,

and eliciting positive attraction in order to obtain preferred outcomes."[16]   Most recently,

Nye advanced the idea of *smart power* to describe a state's "ability to combine hard and

soft power resources into effective strategies."[17]

Table 3-1 shows a comparative summary of these notions of power.

---

[16] Ibid., 21.
[17] Ibid., 23.

Table 3-1. Notions of structural power and related concepts to the state

	Structural power as the production of		
	Indirect institutional effects	*Unintended effects*	*Impersonally empowering effects*
Starting point	A relational concept	A dispositional concept	A positional concept
Analytic point	State actors	State actors	Global governance agents
Power resources	Ability to influence agenda setting in regimes	Diffusion from a state's hegemony or character	Governance agents' systematic impersonal bias
Meaning to state actors	Increases *hard power* that promotes states' bargaining positions in regimes	Emphasizes *soft power* that induces other actors' cooperation	Uses *smart power* to take advantage of a given social position

Source: Created by the author

To sum up, power in an international society context can be seen to be a state's ability to define societal norms and achieve its purposes or goals. Power resources thus include both material and less-tangible factors that influence institutions, ideas, values, culture, and legitimacy. Power in this sense has profoundly influenced the practical application of the One-China Principle in contemporary postinternational politics.

III. Historical Background of the One-China Principle

At the end of World War II, the government of the Republic of China (ROC), as arranged by the Cairo Declaration in 1943 and the Potsdam Declaration in 1945,[18] legally took over Taiwan from a surrendered Japanese government and officially restored Taiwan to the Chinese territory.[19]   As a result, both Mainland China and Taiwan Island belonged to one country, the ROC, until the end of the 1940s, when the Chinese Civil War took place.   In 1949, the ROC government, ruled by the KMT, lost the civil war and retreated to Taiwan; at the same time, the Chinese Communist Party (CCP) triumphantly took control of the Chinese mainland and founded the PRC.[20]   However, both the ROC and PRC governments still claimed *de jure* sovereignty over all Chinese territories, including Taiwan and the mainland, despite the former's *de facto* administrative control being limited to Taiwan and the latter's to mainland China.   Both sides insisted on being recognized as the legitimate government of China, a situation that evolved into a diplomatic international competition to represent China.   Consequently, a pact allowing only one government, either the ROC or the PRC, to represent China globally not only

---

[18] In 1943, the Cairo Declaration stated that "all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China."   Two years later, the Potsdam Declaration reconfirmed the Cairo Declaration on its Section Eight, which issued that "[t]he terms of the Cairo Declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine."

[19] The Japanese government surrendered to the representative of the ROC government in Taiwan on October 25, 1945.

[20] The PRC government was established October 1st, 1949, after a three-year civil war (1947-1949) with the KMT party.

informed the two governments' foreign policies but also caused other political entities to establish diplomatic relations with only the ROC or only the PRC.   A One-China vision became a tenet of PRC foreign policy, with the subsequent effect of moving Cross-Strait relations into a "stage of a vague legal nature – neither international nor domestic."[21]

This One-China vision has been consistently followed by the PRC government despite several attempts at adjustments from the ROC side, such as creating "two-Chinas" or "one-China, one-Taiwan," starting from the 1990s.   The PRC's adherence to One-China further evolved into a political formula, the One-China Principle, indicating "there is only one China in the world, Taiwan is an inalienable part of China, and the government of the PRC is the sole legal government representing the whole of China."[22] Most global agents therefore referred to the Principle to shape their diplomatic relations with the PRC and the ROC, although different understandings of the Principle still existed.   Thus, the status of Taiwan remained somewhat ambiguous.   We now identify four periods in the advance of the One-China Principle.

---

[21] Pasha L. Hsieh, "The Taiwan Question and the One-China Policy: Legal Challenges with Renewed Momentum," *Research Collection School of Law* Paper 13 (2009), 61, http://ink.library.smu.edu.sg/sol_research/13
[22] See Chinese Government's Official Web Portal, "The One-China Principle and the Taiwan Issue (2000)," July 27, 2005, http://www.gov.cn/english/official/2005-07/27/content_17613.htm

A. Battle for Chinese Representation in the UN

After the establishment of the PRC in 1949, attempts by the Soviet Union alliance

to replace the ROC with the PRC in the UN were consistently blocked by the United

States (US) alliance until 1971.   Then, the UN General Assembly passed Resolution

2758, by which the PRC succeeded the ROC.   As a result, the PRC government was

recognized as "the only legitimate representative of China to the United Nations," and the

representatives of Chiang Kai-shek[23] were expelled "from the place which they

unlawfully occup[ied] at the United Nations and in all the organizations related to it."[24]

This UN Resolution was thus broadly considered to be the UN's One-China policy, which

applied to all UN bodies' membership chapters.   In this policy, the PRC replaced the

ROC and was recognized as the only legal government to represent China, including

Taiwan.[25]   Most other non-UN-related international institutions[26] also followed the

---

[23] Chiang Kai-shek was the ROC's leader following the relocation of the ROC government to Taipei, Taiwan, in 1949 until his demise in 1975.

[24] United Nations General Assembly, "Restoration of the Lawful Rights of the People's Republic of China in the United Nations," Resolution 2758, Session 26, (October 25, 1971), 2, http://www.undemocracy.com/A-RES-2758%28XXVI%29/page_1/rect_485,223_914,684

[25] Therefore, "Taiwan" or "ROC" does not appear as a member country in all UN-affiliated agencies. Whenever Taiwan is referred to in the agencies, the designation of "Taiwan, Province of China" is used.

[26] First, the International Organization for Standardization (ISO) in 1974 listed Taiwan as "Taiwan, Province of China" because the ISO accepted the UN standards, which did not recognize the ROC and considered the territory to be part of the PRC.   Most countries, firms, non-governmental organizations (NGOs), and academic institutions adhered to the ISO guidelines.   Second, the International Olympic Committee (IOC) in 1979 renamed the ROC's Olympics Committee the "Chinese Taipei Olympics Committee," thereby recognizing it only as a provincial body, and no longer allowed the use of the ROC's national anthem and flag at the Olympic Games because the Olympic Charter allowed only independent states recognized by the international community to use their national flags, emblems, and anthems.   Most sporting events referred to the IOC guidelines, which were then introduced to other international forums, events, and competitions.   Third, the World Trade Organization (WTO) accepted Taiwan's application for

UN's One-China policy that questioned the ROC's qualification as a legal state and,

accordingly, downgraded the ROC's status or disqualified its representatives in the

institutions.

B. Rapprochement with the US

Following the ROC's loss of a seat in the UN in 1971, more and more countries

terminated their diplomatic relations with Taipei and, instead, established new ties with

the PRC based on different versions of the One-China policy that were appearing in their

own communiqués.[27]   Following Nixon's secret talks with the PRC leadership in Beijing

in 1972, the US—the main ally and supporter of Taiwan after the Maoist

Revolution—also adjusted its policy statements on its understanding of the One-China

Principle.   Three key documents explained the US interpretation of the concept of

One-China that generated Washington's own One-China policy: the Shanghai

Communiqué of 1972, the Normalization Communiqué of 1979, and the August 17

membership as the government on behalf of "the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu" in 2002.   This flexible application bypassed the issue of sovereignty because mostly the WTO still adhered to the UN standards but also allowed membership as a "customs territory."   However, "Chinese Taipei" is used very often when official documents within the WTO refer to the "the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu."

[27] The Canada-PRC Joint Communiqué (1970) stressed Canada "takes not of" Beijing's One-China position, stating that Taiwan is part of the PRC.   In the United Kingdom (UK)-PRC Joint Communiqué (1972), the UK used the term "acknowledges" and in the Japan-PRC Joint Communiqué (1972), Japan preferred the terms "understands and respects" the PRC's One-China version.

Communiqué (on arms sales) of 1982.[28]   In the Shanghai Communiqué, the US declared

that it "acknowledges" that "all Chinese on either side of the Taiwan Strait maintain there

is but one China and that Taiwan is a part of China.   The United States Government

does not challenge that position.   It reaffirms its interest in a peaceful settlement of the

Taiwan question by the Chinese themselves."[29]   The Normalization Communiqué

reaffirmed the US acknowledgement of "the Chinese position that there is but one China

and Taiwan is part of China."[30]   Another Communiqué written in 1982 further

mentioned that the US "has no intention of infringing on Chinese sovereignty and

territorial integrity, or interfering in China's internal affairs, or pursuing a policy of 'two

Chinas' or 'one China, one Taiwan.'"[31]

These three communiqués gradually constructed the extent and limits of the US

acceptance of the One-China's concept in the following six points: First, the US

One-China policy was initially meant to help settle or resolve the Taiwan status; second,

the US emphasized the process of peaceful resolution rather than the outcome

(unification or independence) of Taiwan's future; third, the US only "acknowledged" the

---

[28] The concept of the US One-China policy was not discussed in the Taiwan Relations Act (TRA) of 1979. See Shirley A. Kan, *China/Taiwan: Evolution of the "One China" Policy – Key Statements from Washington, Beijing*, *and Taipei*, Congressional Research Service Report for Congress (January 10, 2011), 8. http://www.fas.org/sgp/crs/row/RL30341.pdf

[29] For the Shanghai Communiqué, see http://www.taiwandocuments.org/communique01.htm

[30] For the Normalization Communiqué, see http://www.taiwandocuments.org/communique02.htm

[31] For the August 17 Communiqué, see http://www.taiwandocuments.org/communique03.htm

One-China position on both sides of the Taiwan Strait; fourth, the US did not "recognize"

the PRC's sovereignty over Taiwan; fifth, the US did not recognize Taiwan as a sovereign

country either; and finally, the US considered Taiwan's sovereign status to be

undetermined.   Although influenced by the PRC's One-China Principle, the concept of

the US One-China policy was then followed by most other countries, making "Taiwan the

most renowned example of an unrecognized state or an entity *sui generis*."[32]

C. The End of the Cold War and the Tiananmen Crackdown

Although internationally the original strategic purpose for US-PRC rapprochement

faded with the end of the Cold War in the late 1980s, the PRC's Tiananmen crackdown of

1989 dramatically presented the limits to domestic political change on the mainland.

Both incidents of the end of the Cold War and the Tiananmen crackdown, therefore, lay

the groundwork internationally for a reconsideration of the PRC's essential Communist

Party and authoritarian regime, consequently contributing to China's slowed integration

process into the outside world after the late 1980s.   However, also beginning in the late

1980s, Taiwan's political liberalization and democratization proposed a new basis for the

---

[32] Hsieh, 63.

ROC's legitimacy, which was rooted in Taiwan and altered the dynamics of the

One-China competition.

A new voice arose to push for changes in the One-China policy.[33]   Not only did

former Taiwan President Lee Teng-hui (1988-2000) re-characterize Cross-Strait relations

as "special state-to-state ties" in 1999, followed by former President Chen Shui-bian's

(2000-2008) "one country on each side" of the Strait in 2002, but also some US

Congressmen in 2004 even joined the debate by critically questioning the US's

One-China policy in a strong defense of democracy in Taiwan.[34]   All these moves were

perceived by Beijing as promoting Taiwan independence, causing an Anti-Secession Law

to be passed by the Chinese government in March 2005, the first time ever that China's

One-China Principle was officially upheld by a law.   The Anti-Secession Law, Article 2

claimed "[t]here is only one China in the world.   Both the mainland and Taiwan belong

to one China.   China's sovereignty and territorial integrity brook no division. . . .

Taiwan is part of China.   The state shall never allow the 'Taiwan independence'

secessionist forces to make Taiwan secede from China under any name or by any

means."[35]

---

[33] Kan, 1.
[34] Robert E. Andrew and Steve Chabot, "Two Congressmen Look at 'One China'," Heritage Foundation (February 6, 2004), http://www.heritage.org/research/lecture/two-congressmen-look-at-one-china
[35] The Tenth National People's Congress, "Full text of Anti-Secession Law," *People's Daily Online*, March 14, 2005, http://english.peopledaily.com.cn/200503/14/eng20050314_176746.html

D. The 2008 Olympic Games and Financial Crisis

Global attention, however, to some extent switched from China's hesitancy in

political reform to its rapid economic growth, reinvigorating Chinese integration into the

international community.   The 2008 Olympic Games held in Beijing was a milestone in

China's reputational recovery, which unexpectedly was prolonged by the financial crisis

later the same year.   A more integrated China with more stakes in global governance

leveraged its stronger bargaining power to influence Taiwan's China policy.   Taipei, in

2008, itself confronting a more difficult economic and political environment, revived its

previous vision of the One-China policy—the 1992 Consensus[36]—in order for Taiwan to

be compatible with a different global structure that admitted, even urged, China's deeper

participation in global political and financial governance.   Despite several remaining

disputes concerning the legitimacy of the 1992 Consensus in Taipei's politics,[37] the

Consensus, presented as the KMT's version of One-China, was created to protect the

---

[36] The 1992 Consensus was a conclusion reached by a meeting between Taipei's Strait Exchange
Foundation (SEF) and Beijing's Association for Relations Across the Taiwan Strait (ARATS) held in Hong
Kong, October 28-30, 1992.   These two quasi-official agents agreed to disagree on the meaning of "One
China," indicating "One China in two different interpretations," namely, "ROC" in Taipei and "PRC" in
Beijing.   Although, in later years, the two sides continued arguing the legislative existence of the
Consensus, in a March 26, 2008, phone call with former US President Bush, PRC President Hu Jintao
agreed to restore Beijing-Taipei consultation on the basis of the 1992 Consensus, with both sides
recognizing One China but agreeing to different definitions.   See Kan, 45.
[37] Taiwan's main opposition party, the DPP, adopted the Party Charter on Taiwan Independence and,
therefore, challenged any One-China policy, including the 1992 Consensus.

ROC Constitution,[38] which also rested on the underlying hypothesis of "One China."

The KMT asserted that recognition of the One-China vision would not damage the

ROC's perceived interests; on the contrary, that it was "imperative to support that

principle" under the ROC Constitution.[39]   The 1992 Consensus, resulting from

correspondence between Taipei and Beijing in 1992 in Hong Kong, had partly adopted

the One-China Principle, concluding that "both sides recognized that there is only one

China but they are entitled to have different verbal interpretations of its meaning."[40]

From the ROC's perspective, the 1992 Consensus agreed on the One-China vision but

disagreed with the "China" referred to, which was Taipei's ROC instead of Beijing's PRC.

That is, "One China with different interpretations," as expressed by Taiwan's current

One-China policy.

   To sum up, along with the PRC's integration process, the One-China Principle has

gradually concerned most international organizations and state actors, all of which have

their own One-China policies according to their different understandings.   Despite the

PRC's rigid and unequivocal One-China Principle, many agents' One-China policies have

continued to be vague on the sensitive question of One China.   At the same time, their

---

[38] The ROC Constitution, drafted by the KMT, was adopted on December 25, 1946, when the central government was still based in Mainland China.
[39] Ying-jeou Ma, "Taiwan's Approach to Cross-Strait Relations," Working Paper of the Aspen Institute (January 2003), 37, http://www.ciaonet.org/wps/may01/may01.pdf
[40] Ibid., 30.

ambiguous approach to interpretations of One China has continued to allow for

transformation of their One-China policies in accordance with PRC's rising power.

IV. Structural Power from a Rising China and the One-China Principle

Since 2008, the success of the Beijing Olympic Games and especially the global

financial crisis have had a widely perceived impact on global power structures.   As

Western hegemony appears to many to be declining due to sovereign debt and credit

problems, the leadership in Beijing grows more confident in dealing with the effects of

global financial turmoil at home, and some have suggested that a rising China ought to

play a more important role in building new financial governance structures globally.

Altman observes that China's unique capitalist-communist developing model, with its

relatively insulated financial system, has been almost unscathed in the crisis.[41]   If

measured only by foreign reserves—admittedly a rather unorthodox standard—China has

already become the world's wealthiest state.   These reserves not only facilitate Beijing's

short-term efforts to successfully stimulate domestic economic growth for easing global

turbulence in China but also empower China to propose new rules and institutions

globally for long-term political-economic architecture.   These new frameworks

---

[41] Roger C. Altman, "Globalization in Retreat: Further Geopolitical Consequences of the Financial Crisis," *Foreign Affairs* 88, no. 4 (July/August, 2009).

introduced by China for the development of global governance have systematically

pulled other agents' One-China policies towards the PRC's One-China version.   Three

categories borrowed from Stefano's idea of structural power, as mentioned above, can

explain this evolution.

A. Indirect Institutional Power and the One-China Principle

One explanation of structural power from Guzzini's idea is that a state must either

improve its relevant quantitative power resources or change the qualitative agenda setting

to redefine relevant power resources so as to establish a favorable international structure.

Therefore, the following discussion will focus on China's increasing power in the

financial institution-building process.[42]

First, China has the leading seat of voting power in the newly regional financial

governance architecture.   After the 1997-1998 Asian financial crisis, the countries of

East Asia shared a common need to promote regional financial cooperation to ameliorate

their financial problems.   In May 2000, the Association of Southeast Asian Nations Plus

Three (ASEAN+3 or APT) Finance Ministers' Meeting accordingly announced the Chiang

---

[42] China's mounting military strength could be discussed as well.   However, due to limited and non-transparent academic resources, this topic is mentioned rarely in the analyses.

Mai Initiative (CMI),[43] which included the multilateral Asian Monetary Fund (AMF) to better fend off a financial crisis.   In May 2008, after years of conversation, finance ministers from the APT countries agreed to establish a US$80 billion emergency fund; later, in February 2009, this fund was increased to a foreign exchange reserves pool worth US$120 billion.   This was a huge step in building the AMF, to which both China[44] and Japan contributed 32 percent, or US$38.4 billion each for the US$120 billion pool, and 16 percent, or US$19.2 billion, was contributed by South Korea, with the remaining 20 percent, or US$24 billion, picked up by the ten members of ASEAN.

This arrangement indicates how far China has come since the beginning of its charm offensive during the Asian crisis one decade ago.   China's rise and consequent eclipse of the Japanese influence on regional economic cooperation were simultaneously on display, and the US was not involved.   Compared to the other regional institutions China had joined earlier, like the Asia Pacific Economic Cooperation (APEC) and the Asian Development Bank (ADB), China's presence—as well as its potential voting weight as a ratio of that of other powers, especially the US and Japan—has increased from under half to near parity, according to the AMF arrangement.   The same story of

---

[43] See ASEAN, "The Joint Ministerial Statement of the ASEAN+3 Finance Ministers Meeting," May 6, 2000, Chiang Mai, Thailand,
http://citrus.c.u-tokyo.ac.jp/projects/ASEAN/ASEAN+3/+3AS20000506E%20Joint%20Statement%202nd%20AFM+3.htm
[44] US$34.2 billion came from the Chinese mainland and US$4.2 billion from Hong Kong, China.

China having an increasingly larger say also appears in global financial mechanisms,

especially in the World Bank (WB) and the International Monetary Fund (IMF).

In the WB, after its then President Robert Zoellick in 2008 appointed the first

Chinese economist Justin Yifu Lin as the senior vice-president and chief economist, the

Development Committee under the WB further approved the voting power reform plan in

April 2010, again recognizing China's rising economic power.   This reform shifted three

percent of the voting weight from developed countries to developing countries so that a

combined share of voting weight from the latter grew from 44 percent to 47 percent.

China, as a country from the developing camp, therefore increased voting power in the

WB from nearly three percent to more than four percent.   This move promoted China

from the sixth largest shareholder to the third largest, behind only the US and Japan.

Similar developments also happened in the IMF.   In November 2010, the IMF

approved a historic reform proposal to boost the voting power of large emerging

economies, elevating China above Germany, France, and Britain into the fund's third spot

behind the US and Japan.   According to the proposal, China's quota share in the IMF

rose from the previous 3.72% to 6.39%, with its voting rights increasing from 3.65% to

6.07%.   This reform also enabled China to be represented at the IMF's 24-member

executive board, which had previously been occupied only by the developed countries,

such as the US, Japan, Britain, France, and Germany.[45]   In July 2011, following China's

increasing influence in the fund, the IMF for the first time appointed a deputy managing

director from China.   This economist, Zhu Min, was the first Chinese to sit on the IMF's

board.   Along with the previous appointment of Justin Yifu Lin to the WB, these

positions not only reflected recognition of China's growing economic power in the world

but also established a trend of promoting Chinese voices to the highest echelons of the

Bretton Woods institutions, which had been dominated by the West and underpinned the

global economic and financial order since the end of World War II.

China's stronger economic power and higher international positions set strong

precedents by improving its voting weight, giving it stronger institutional power in the

regional and global financial governance institutions.   In the regional financial

governance structures in East Asia, the ADB, established in 1966, used to be the only

monetary construction designed to strengthen financial cooperation and to promote

financial mutual reliance and support for regional development and stability.   A

traditional construction of the ADB still allows Taiwan to retain its membership, partly

due to strong support from the US[46]—under a compromise name of "Taipei, China,"

---

[45] The IMF reform expanded its 24-member executive board's membership from five countries, including the US, Japan, Britain, France, and Germany, to ten countries with the addition of China, India, Brazil, Italy, and Russia.
[46] The ABD has a similarly weighted voting system, in which both the US and Japan hold the largest proportion of shares at 12.756 %, each dominating China's 6.429 %.

which never received any new loans from the Bank after losing its UN seat to the PRC in

1971.[47] However, a newly developing financial institution of the AMF demonstrates an

opposite scenario that allows even less room for Taiwan's participation.

Reflecting the CMI spirit, the AMF essentially operates on the basis of the regional

structure of the APT,[48] which increasingly has been a major platform for discussions of

the regional integration projects to be discussed later.   Given that China is an influential

member in the APT structure in terms of its growing capital size, Taiwan is not and will

not be allowed to join the APT because of its prerequisite of sovereignty for membership.

Neither will Taiwan be allowed to join the AMF, which is based on the APT structure.

This architecture clarifies the APT's One-China position, which accordingly has been

absorbed in the new Asian financial governance projects,[49] especially the AMF.

Meanwhile, although Taiwan keeps its membership in the ADB, its member name of

"Taipei, China" and its inability to receive any loans from the Bank still align with the

PRC's One-China version, in which Taiwan is subject to China, which ideally enjoys the

sole privilege of loaning to "its province of Taiwan."

---

[47] Although Taiwan has received no new loans since 1971, the year the PRC took over the Chinese seat at the UN, the ABD did not grant the PRC membership until 1986, "purportedly due to the increased financial burden this would entail on Bank resources, but also partly due to strong [US] congressional opposition to such a move."   See Robert Wihtol, *The Asian Development Bank and Rural Development: Policy and Practice* (New York: St. Martin's Press, 1988), 102.

[48] Phillip Y. Lipscy, "Japan's Asian Monetary Fund Proposal," *Stanford Journal of East Asian Affairs* 3, no. 1 (Spring 2003), 102, especially.

[49] Four primary issues, including monitoring capital flows, regional surveillance, swap networks, and training personnel, are conducted by the CMI-related projects and coordinated by the APT members.

On the other hand, both the WB and the IMF in the global economic and financial

realm show their consistency of upholding the UN standards, although US power was

behind these two Washington-based groups protecting Taiwan's membership until 1980,

almost a decade after Taiwan was expelled from the UN.[50]   Membership in both the WB

and IMF is based on being a UN member,[51] a prerequisite for joining other institutions

and projects within the two organizations.   Thus, the PRC becomes the sole government

representing "China," including Taiwan, and whenever Taiwan is referred to in WB or

IMF statements, it is by the name "Taiwan, Province of China."   Being continuingly

subject to the umbrella of the UN standards, attached to China's stronger voting power

and higher administrative positions, both the WB and IMF show no signs of adjusting the

PRC's favored One-China policy.   All these developments reveal that an emerging

structure is indirectly being formed by China's increasing institutional power that regards

Taiwan's sovereign status as subject to China so unilaterally and influentially that other

governance agents even take the knowledge sources from Beijing for granted.   The

incidents at the Venice Film Festival (when Taiwan's films were wrongly listed), as well

---

[50] Taiwan initially joined the WB and IMF as "China" in Washington, DC, on December 18, 1956, and had a share representing all of China prior to the PRC's joining and taking both seats in April 1980, just one year after the US established diplomatic relations with the PRC.   Since Taiwan was ejected, it has not applied to return.

[51] Kosovo is an exception in that its applications for the WB and IMF are accepted by the US, France, Germany, and the UK, although its application for UN membership is opposed by Russia and Serbia.

as others, can therefore be attributed to this structure, which will be analyzed further in

the next section.

B. Non-intentional Power and the One-China Principle

Non-intentional power refers to a state's dispositional property that increasingly

diffuses the global sources that non-intentionally or unconsciously contribute to the

function of global structures.   This unintended influence can be explained as an

expression of soft power and is useful to the study in terms of interdependence relations

and power operations.[52]   From this viewpoint, a brief review of China's accelerated

international trade process is necessary before a further analysis of its One-China

Principle applied in global governance.

As mentioned above, the APT is becoming the main infrastructure for many East

Asian regional integration projects, among which China's interest in bilateral free trade

agreements (FTAs) with the ASEAN, Japan, and Korea must be addressed to explain how

deeply the region has depended on China in the APT structure.   The analysis starts from

the trade interdependence between China and the ASEAN.   Signed in December 2004

and scheduled from July 2005, the China-ASEAN Free Trade Area (CAFTA) has been

---

[52] Baldwin, 204-205, especially.

fully operative since 2010.   According to a report from the ASEAN, the region covering

the CAFTA is a market with 1.7 billion consumers, a regional Gross Domestic Product

(GDP) of about US$2 trillion, and total trade of around US$1.23 trillion.[53]   In terms of

population size, the CAFTA becomes the biggest FTA in the world.   In fact, trade

between China and ASEAN has risen at a dramatic pace since 2000; the total

China-ASEAN trade has grown almost seven times from 2000 to 2010, as illustrated in

Table 3-2 below.   This index also shows the growing economic interdependence of

China with ASEAN.

In addition, CAFTA's Early Harvest Programme implemented in January 2004 and

the tariff reduction programme under the normal track of the Trade in Goods Agreement

begun in mid-2005 have also greatly propelled the growth of recent China-ASEAN total

trade.   Comparing other trading partners, Table 3-3 shows that the share of total ASEAN

trade with China has grown from 2.1% in 1993 to 11.6% in 2009, making China the

largest trading partner of ASEAN beyond the European Union (EU) (11.2%), Japan

(10.5%), and the US (9.7%).   It is also expected that the size of China-ASEAN total

trade will further grow with the complete operation of the CAFTA in 2010.

---

[53] See Raul L. Cordenillo, "The Economic Benefits to ASEAN of the ASEAN-China Free Trade Area
(ACFTA)," Article last modified January 18, 2005, http://www.asean.org/17310.htm

Table 3-2. China-ASEAN total trade during 2000-2008 (in US $ billions)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Trade	32.3	31.9	42.8	59.6	89.1	113.4	140.0	171.1	192.5	178.2	235.7
Growth		-1.2%	34.2%	39.3%	49.5%	27.3%	23.5%	22.2%	12.5%	-7.4%	32.3%

Source of Data: ASEAN Trade Database, various issues.

Table 3-3. Share of ASEAN trade with selected trade partner countries/regions

	ASEAN	CHINA	EU	JAPAN	USA	ROK	INDIA	Others
1993	19.20%	2.10%	14.70%	20.20%	17.60%	3.10%	0.70%	22.40%
2003	25.10%	7.20%	12.30%	13.80%	14.30%	4.10%	1.50%	21.70%
2008	26.80%	11.30%	11.80%	12.40%	10.60%	4.40%	2.80%	19.90%
2009	24.50%	11.60%	11.20%	10.50%	9.70%	4.90%	2.50%	25.10%
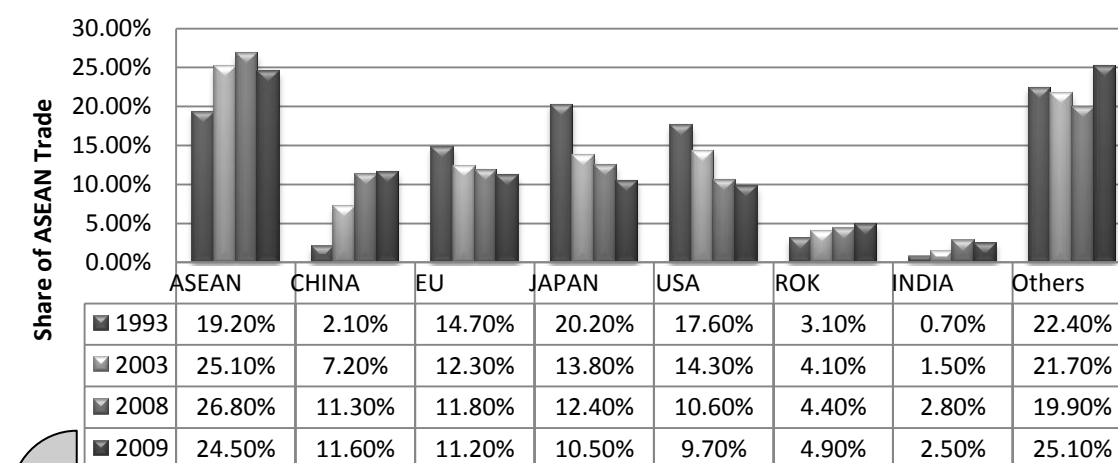
2009
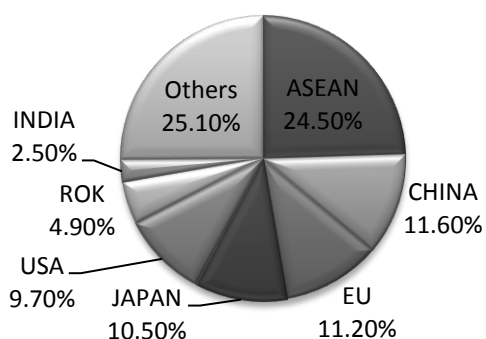
Source of Data: ASEAN Trade Database, various issues.

Another developing regional topic is China's recent involvement with Japan and

Korea in a trilateral FTA, which was based on a joint declaration made by the three

countries' leadership at the 2003 APT meeting in Bali, Indonesia.   They agreed to

conduct trilateral joint research to promote a closer future economic partnership among

the three countries.[54]   Thus, private-sector experts have started to study the possibility of

a three-way FTA.   Later, in October 2009, another follow-up agreement reached by the

three countries' trade ministers proposed to expand participation for joint research by

including governmental officials with the addition of the previous business and academic

representatives, for a study on this possibility.[55]   Since then, several research projects

have been conducted, and a study on the economic benefits and impacts of the possible

FTA is expected to be completed in 2012.

According to an interview with a Chinese researcher from the Chinese Academy of

Social Sciences, the FTA negotiations still need more mutual trust among the three

countries due to their complicated historical background, although visibly significant

moves have occurred thus far.   He also pointed out that, if reached, this FTA will include

a market of 1.5 billion consumers, representing nearly 90 percent of the APT's total

---

[54] For more information about the joint declaration, please see
http://www.mofa.go.jp/region/asia-paci/asean/conference/asean3/joint0310.html
[55] For more information about the joint study meetings, please see
http://www.mofat.go.kr/english/econtrade/fta/consideration/KCJ/index.jsp

economy and 20 percent of the global economy, and will develop into the third-largest

economic cooperation construction in the world, following the EU and the NAFTA, in

terms of its economic size.

If attention is shifted from the APT region to the whole world, China's construction

in the FTAs indicates its interests lie more with local geographic concerns.   Table 3-4

shows China's FTA networks, which include ten signed agreements and nine proposed

projects.   Of the 19 networks, however, more than half of them are located in the Asian

Pacific or South Asia regions, both of which are areas geographically related to China's

national security.   In this regard, these developing closer trade relationships

simultaneously introduce another issue of security.

Table 3-4. The free trade agreements of China

Country	FTA Partner	Region	Status
China	ASEAN	Asian Pacific	Signed
	New Zealand	Asian Pacific	Signed
	Singapore	Asian Pacific	Signed
	Hong Kong	Asian Pacific	Signed
	Macau	Asian Pacific	Signed
	Taiwan	Asian Pacific	Signed
	Australia	Asian Pacific	In negotiation
	Korea	Asian Pacific	In consideration
	Japan-Korea	Asian Pacific	In consideration
	Pakistan	South Asia	Signed
	India	South Asia	In consideration
	Gulf Cooperation Council	West Asia	In negotiation
	Chile	America	Signed
	Peru	America	Signed
	Costa Rica	America	Signed
	Iceland	Europe	In negotiation
	Norway	Europe	In negotiation
	Switzerland	Europe	In consideration
	Southern African Customs Union	Africa	In negotiation

Source of Data: China FTA Network.

Over years of reform and open policies, China has perceived its national interests as
having been increasingly well incubated through integration with regional and global
markets and by following the rules of international institutions.   In addition, the health
of China's relationship with boundary countries, especially in the Asian Pacific region
and South Asia, gives China an opportunity not only to play a more important role in the

game ruled by the traditional US-Japan alliance but also to aggressively institutionalize its own rules and interests through the economic integration process, in the FTA in particular.

It is clear that the arrangement of the FTAs, especially the signed CAFTA, has deepened China's relationship with its neighbors and systematically enhanced its influence on the region.   The gradual institutionalization of China's economic cooperation with countries in the Asian Pacific and South Asia indicates the convergence of China's perceived national interests with those of other nations' and the dilution of US strategic unilateralism in Asia.   Especially as the US encounters difficulty in dealing with the current economic and financial turmoil, which arose from the Western hemisphere, Asian countries are looking for regional approaches to relief.   Therefore, the mutual interests of China and its neighbors, initially built on trade benefits, have been expanded to other security concerns that draw more attention to Asian regional cooperation and integration to stabilize this current Western-based financial crisis.

Apparently, Beijing is also becoming more interested in building a regional security mechanism because the Chinese are aware that, without security cooperation, economic and political cooperation based solely on the FTAs can only go so far.[56]   Thus,

---

[56] Yunlin Zhang, "Guanyu Dongya Hezuo de Fazhan Qianjing (Prospect of East Asian Cooperation),"

institutionalizing any regional security projects has been recommended in consultations

and dialogues in several regional leader summits.   Consequently, recent developments

have seen China's call for an expansion of economic cooperation and dialogue on other

regional security issues by agreeing to work together with its neighbors, Japan in

particular, towards establishing an "East Asian Community (EAC)" that will bring about

the birth of the first regional security council.[57]   These arrangements have created a

friendlier environment through the FTAs' initiatives.[58]

In an interview, Dr. Eric Teo Chu Cheow from the Singapore Institute of

International Affairs indicates that the rise of China's influence and power in East Asia

has re-shaped this region into a new security environment that resembles the ancient

Chinese tributary system, effective in China's Ming (1368-1644 A.D.) and Qing

(1644-1911 A.D.) dynasties.   This tributary system is a hierarchical arrangement in

which China considers itself the central heart in the region and provides tangible favors to

its surrounding tributary states, which, in turn, pay their intangible respect and goodwill

to the Chinese emperor.[59]   Interpreting the current East Asian development, especially

---

Guoji Jingji Pinglun (International Economic Review; Beijing), March/April 2001, 21-24.

[57] Xinhua, "China Supports 'East Asian Community' Concept Mentioned by New Japanese PM," *People's Daily Online*, September 17, 2009, http://english.peopledaily.com.cn/90001/90776/90883/6760964.html

[58] David M. Lampton, *The Three Faces of Chinese Power: Might, Money, and Minds* (Berkeley, CA: University of California Press, 2008), 110-111 especially.

[59] Analysis of China's own soft power resources and cultural attractiveness in history can also been seen at Sheng Ding (2008), *The Dragon's Hidden Wings: How China Rises with its Soft Power* (Lanham: Lexington Books), Chapter 4, 59-74, especially.

the CAFTA, in this manner, Eric concludes that China's better relations with its neighbors

shows the re-emergence of this tributary system, which ultimately will ensure China's

security.[60]

Several examples verify Eric's interpretation of China's tributary system. The

establishment of the CAFTA in southeastern Asia is now associated with the Shanghai

Co-operation Organization (SCO) in China's northwest; the arrangement of China's FTA

relationship with its southwest neighbors, like Pakistan and India; the intention of China

to set up a trilateral FTA with its two northeast neighbors, Japan and Korea; and China's

interest in FTAs with two western Pacific powers, Australia and New Zealand. In this

regional architecture, a multilateral safety cushion being constructed around China will

resemble the posited tributary system. This arrangement is also designed to compete

with potential US unilateralism in China's neighborhood. Once these regional structures

are institutionalized and favorable agreements reached, this Sino-oriented cooperation

and security regime may serve as a collective constraint on potential "trouble-makers."

---

[60] However, some of the studies on China's rise implicitly or explicitly address the degree to which China's rise may worry some of its neighbors. This issue is pertinent to the power-transition theory. See, especially, Alastair Iain Johnston, "Is China a Status Quo Power?" *International Security* 27, no. 4 (Spring 2003), 5-56; Alastair Iain Johnston, "Beijing's Security Behavior in the Asia-Pacific: Is China a Dissatisfied Power?" in *Rethinking Security in East Asia: Identity, Power, and Efficiency*, ed. J.J. Suh, Peter J. Katzenstein, and Allen Carlson, (Stanford, CA: Stanford University Press, 2004), 34-96; and Steve Chan, "Can't Get No Satisfaction? The Recognition of Revisionist States," *International Relations of the Asia-Pacific* 4, no. 2 (August 2004), 207-238.

Taiwan, from China's view, is one of those targets.[61]   Therefore, the FTA networks

represent the initial step not only in assuring China's regional security but also in

employing its strategy.

Moreover, learned from the IR theory debate, economic theories have been adopted

to explain the existence of structural power in terms of the market, which is understood as

constraints enforcing states to rationally calculate the costs and benefits of the

alternatives for survival under conditions of international anarchy.[62]   Using this analytic

approach, David Lampton argues that, during China's deeper integration process, Beijing

"has been converting its power as buyer, investor, and assistance provider and its position

as a key link in global production chains into a regional leadership role that it now

embraces, along with increasing power in international economic institutions."[63]   In

addition, he stresses that, because "Beijing has substantial clout stemming from its ability

to dictate major domestic procurement decisions in the context of fierce international

---

[61] Lijun, Sheng (2003), "China-ASEAN Free Trade Area: Origins, Developments and Strategic Motivations," *ISEAS Working Paper: International Politics & Security Issues Series*, no. 1, http://www.iseas.edu.sg/ipsi12003.pdf

[62] See Alexander Wendt, "Bridging the Theory/Meta-Theory Gap in International Relations," *Review of International Studies* 17, no. 4 (October 1991), 383-392; Martin Hollis and Steve Smith, "Beware of Gurus: Structure and Action in International Relations," *Review of International Studies* 17, no. 4 (October 1991), 399-403.   See also Alexander Wendt, "Levels of Analysis vs. Agents and Structures: Part III," *Review of International Studies* 18, no. 2 (April, 1992), 181-185; and Martin Hollis and Steve Smith, "Structure and Action: Further Comment," *Review of International Studies* 18, no. 2 (April 1992), 187-188.

[63] Lampton, 111.

business competition,"[64] the ability of the Chinese to impose economic coercion and sanctions shows significant evidence of its leverage in influencing foreign policies.

Therefore, with more awareness of China's growing economic and diplomatic power gained from the global attraction of China's domestic market (and the leverage Beijing enjoys), its FTA networks with the East Asian market, its importance in key regional and international regimes, its re-emerging Chinese tributary system, and its strategic role in global production chains, most global agents stay away from China's "internal affairs," the Taiwan issue in particular. This situation also explains why the Philippines government, as mentioned above, attempted to woo Beijing by adopting the PRC's One-China Principle to extradite the Taiwanese international racketeering suspects to China, instead of back to Taiwan.

Meanwhile, the recent row of China's increasingly assertive behavior over its claim to the South China Sea has alarmed several of the ASEAN countries and tarnished the image of China's peaceful rise. Taiwan, though stationing garrisons on two major islands of the South China Sea, still finds difficulty in taking advantage of these territorial disputes to promote Taiwan's status and participation equal to other stakeholders in projects to help resolve the disputes. In general, two approaches have been discussed

---

[64] Ibid., 66.

regarding the South China Sea issue: the ASEAN proposed multilateral forum that would

utilize the existing regional institutions and the Chinese preferred bilateral negotiations

among involved countries.   Some parties have also suggested inviting the presence of

the US military back into the ASEAN region for balancing against China.[65]   Among

these, Taiwan has less room to argue its "rights" in the territorial issue because most

regional institutions and stakeholders still consistently align with the PRC's One-China

Principle.   Ironically, the improved Cross-Strait ties appears to have convinced all

countries concerned, including the US, that Taipei is accepting the Principle and

collaborating with Beijing in asserting and defending "Chinese interests" in the South

China Sea.[66]

 Therefore, while Taipei shows interest in any FTA blocs or security proposals, most

countries or regions show their indifference or hesitance in the applications, except the

ones recognizing Taipei,[67] largely because the FTA and security relationships both

involve the temper of sovereignty.   China's leveraged resources from its better economic

power, international position, and historical background apparently induce others to

implicitly obey its One-China Principle, that is, to isolate Taiwan unless it submits to the

---

[65] Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies," *International Security* 32, no. 3 (Winter 2007/08), 113-157.

[66] "Row over South China Sea Places Taiwan in Tight Spot," *The China Post*, 24 November 2011, available at http://www.chinapost.com.tw/editorial/taiwan-issues/2011/11/24/323797/p2/Row-over.htm

[67] So far, only four FTAs include Taiwan with five of its diplomatic allies: Panama, Nicaragua, Guatemala, El Salvador, and Honduras.

Principle.   As a result, this Sino-oriented environment unintentionally causes Beijing's

One-China version to be acknowledged as an "international consensus" in most global

and regional economic and security interactions, even though different versions of the

One-China policy still exist in diplomatic statements.   All these arrangements

unintentionally and unconsciously culminate in a structure that admits only the PRC's

One-China vision.   In this structure, Taiwan's proposals for more international

participation, which challenge the One-China Principle, including building and joining

the FTAs and security regimes, as well as any other global supports for the movements,

are categorized as trouble-making that will essentially decrease global and regional

stability.[68]   China's advantageous power resources resulting from its position in these

internationally structural arrangements are analyzed in the following section.

C. Impersonal Power and the One-China Principle

Impersonal power, the last of the three notions of structural power, begins at the

level of global governance arrangements giving certain actors unique position or roles for

effectively maintaining governance functions.   This positional approach to power

---

[68] In a casual conversation after a symposium in 2005, a researcher from Singapore named both former President George W. Bush and Chen Shui-bian as trouble-makers because Chen took Bush's foolhardy pledge of doing "whatever it takes" to defend Taiwan as a security backstop, encouraging Chen to appeal for more international space.   That position, however, challenged Beijing's One-China vision, resulting in regional instability.

resources argues that an internationally given and established political order tends to

produce the naturalization of some powerful countries' own arbitrariness.   Given that the

inherent international order benefits some great powers, it is important to address how

China, as an influential power, manipulates conscious bias to affect outcomes in ways

advantageous to its One-China version and exercises smart power.

Realist IR theorists and some others frequently advance their belief in

balance-of-power.   According to Morgenthau and Thompson, "[t]he means employed to

maintain the equilibrium consist in allowing the different elements to pursue their

opposing tendencies up to the point where the tendency of one is not so strong as to

overcome the tendency of the others, but strong enough to prevent the others from

overcoming its own."[69]   The chief function of this principle, stemming from the logic of

how states survive in international anarchy and self-help systems, is not primarily

preserving international peace but stabilizing the established international system itself.

Thus, the stabilization process still requires war, resulting in the scenario in which "the

preservation of peace is a subordinate objective of the contrivance of balances of

power."[70]   A tendency towards a system that operates in favor of some great powers to

---

[69] Morgenthau and Thompson, 189.
[70] Bull, 107.

partition and absorb small ones is therefore expected.[71]   Some read the story of

European international history leading to the Concert of Europe in 1815 as showing the

effects of balance of power that significantly recognizes the evolution of relations among

great powers in the preservation of the international system itself.   Europe's practices in

balance of power, some still today suggest, systematically contribute to the promotion of

international order because the great powers have been learning to produce foreign

policies that work for the order instead of against it.[72]

Meanwhile, this international order in turn introduces structures conditioning the

states' behaviors in the system.   As a result, in a long-term process, the expectation of

the structure "is not that a balance, once achieved, will be maintained, but that a balance,

once disrupted, will be restored in one way or another."[73]   The consequence is largely

due to broader and deeper familiarity with the principle among the actors in a competitive

system in which more states are predicted to display characteristics common to their

competitors, especially in interactions among great powers.   That is, an international

structure is established during the practice of balance of power that leads the great powers

as well as the subordinate small states to "imitate each other and become socialized to

---

[71] Ibid., 107.
[72] Ibid., 202.
[73] Waltz, 128.

their system."[74]   China is not excluded from the structure, for the reason that it is a great

power acting for the UN Security Council, and it is also involved with the Kissinger

model, the G20 (the Group of Twenty) governance model, and the potential G2 (the

Group of Two) governance model, preserving the stability of the international system.

The UN Security Council is designed to maintain the balance of the great powers of

World War II and has endorsed the formation of the current international power structure.

According to Article 27 of the UN Charter, five countries (the Permanent Five or P5),

including China,[75] enjoy permanent membership in the UN Security Council, which

grants members of the P5 veto power to prevent the adoption of any substantive draft

resolution from the Council.   As the Chinese representative since its succession to the

ROC's seat in the UN in 1971, the PRC has cast its veto only six times, making it the

least frequent user of the veto among the P5.[76]   However, two of its vetoes were used for

condemnation of the target countries' diplomatic relationships with Taiwan, including the

veto in 1997 on ceasefire observers in Guatemala and the one in 1999 on an extension of

observers to the Republic of Macedonia.   Both Guatemala and Macedonia recognized

the ROC at the time of PRC's vetoes.   Thus, Beijing showed significant preference for

---

[74] Ibid., 128.
[75] Members in the P5 include China, France, Russia, the UK, and the US.
[76] During 1946-2008, Russia/the Soviet Union used its veto 124 times, the US 82 times, the UK 32 times, France 18 times, and China 7 times (once by the ROC and six times by the PRC).   See http://www.globalpolicy.org/component/content/article/102/32810.html

using its veto power on resolutions related to its One-China Principle.   This preference

also pointed to the PRC's resolve to use its veto power to oppose any moves towards

promoting Taiwan independence (that is, making one China, one Taiwan) or international

recognition of the ROC as another legitimate China (that is, two Chinas), both of which

were strongly against PRC's One-China Principle.

This great power structure also compelled China in the 1970s to join in a strategic

triangular game of great power balance and competition among Washington, Beijing, and

Moscow.   This structure has been called the Kissinger Model,[77] in which China was

appointed to play a strategic role in the great power concert, even though it always

disavowed its great power position and instead claimed to be from the Third World camp

in opposition to the other two superpowers.   However, this strategically international

order, largely propelled by Kissinger's realist belief in power-balance mechanics entirely

directed the international system towards "the creation of a 'structure of peace,' although

the peace which is upheld in the structure is that among the great powers, rather than the

peace of the world at large."[78]

---

[77] In the early 1970s, President Richard M. Nixon and his adviser, Henry A. Kissinger, found that international peace could be achieved by taking advantage of the US as a power broker in conflicts between Beijing and Moscow.   Kissinger's realist model of "triangular diplomacy" between the three great powers was believed to balance international power and secure world peace.

[78] Bull, 298.

Once the strategic game was launched among the great power concert, any

members, including China, could not "be wished away: whether there is peace or war,

security or insecurity in the world political system as a whole, is determined more by the

leading groups within these powers than it is by any others.   While the great powers

continue to be in this position, world order is better served by harmony among them than

by discord."[79]   As a result, moves towards negotiation and cooperation among the great

powers were also expected to serve the interests of the great powers themselves instead of

the interests of international society as a whole.   Thus, little room was offered for the

topics of democracy, human rights, economic development, and environmental justice.

Due to the dynamics of the great power concert, the US was also induced to abandon its

anti-communist ally, the ROC, and to recognize a communist enemy, the PRC, as

consequences of the Kissinger Model throughout the whole 1970s.   The PRC's

One-China Principle, therefore, was favorably considered, with little concern for

friendship and justice in the structure.

This principle of balance of power and its byproduct of a concert of powers also

introduce some global governance structures managed by the G-groups, especially the

G20 and potential G2.   Established in 1999, the G20, comprising twenty major

---

[79] Ibid., 298-299.

economies,[80] has become the main economic council, managing (or at least attempting to

manage) about 85 percent of the global economy.[81] China is also included in the group

and always expected to have a wider role in the governance structure due to its being,

today, the second largest economy with growing fiscal and foreign exchange surpluses.

Meanwhile, another governance structure, the G2, considering a special relationship

between today's two largest powers of the US and China, has been proposed according to

the theory of the great power concert. Despite rare governmental statements released

from officials of both powers, the proposal of the G2 has arisen primarily in US academic

circles, especially advocated by three former US national security advisors, Henry

Kissinger, Zbigniew Brzezinski, and Brent Scowcroft;[82] an influential US historian, Niall

Ferguson;[83] and two WB economists, Robert Zoellick and Justin Yifu Lin.[84]

These academics' opinions indicate that the stability of global affairs requires a

cooperative partnership between the two great powers; therefore, without a reliable G2

---

[80] Members in the G20 are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, the Republic of Korea, Turkey, the UK, and the US, plus the EU.

[81] Landon Thomas, Jr., and Julia Werdigier, "No Clear Accord on Stimulus by Top 20 Industrial Nations," *The New York Times*, March 14, 2009, http://www.nytimes.com/2009/03/15/business/15global.html

[82] Edward Wong, "Former Carter Adviser Calls for a 'G-2' between US and China," *The New York Times*, January 2, 2009, http://www.nytimes.com/2009/01/12/world/asia/12iht-beijing.3.19283773.html

[83] Niall Ferguson, "Niall Ferguson Says U.S.-China Cooperation is Critical to Global Economic Health," *The Washington Post*, November 17, 2008, http://www.washingtonpost.com/wp-dyn/content/article/2008/11/16/AR2008111601736.html

[84] Robert B. Zoellick and Justin Yifu Lin, "Recovery: A Job for China and the US," *The Washington Post*, March 6, 2009, http://www.washingtonpost.com/wp-dyn/content/article/2009/03/05/AR2009030502887.html

structure, efforts from all other global governance mechanisms, including the G20, will not be productive.   Issues subordinate to the promotion of a better G2 structure will be handled only to satisfy the two great powers' own interests so as to safeguard the larger interests of their relations: a structure of peace and stability.   The Taiwan issue, which always concerns China's core interests that have been a main obstacle to US-China relations, is expected to be resolved by this great power concert in accordance more with the promotion of special interests of the great powers than of Taiwan.   By following the balance-of-power doctrine, a tendency towards a great-power-governance structure that functions in favor of the preservation of the two great powers' interests is expected while Beijing's arbitrariness in its own One-China vision for the Taiwan issue is made acceptable by the governance structure.   This structure also explains why China had the ability to raise the WHO internal memorandum dispute over the Taiwan issue with only limited global objection, as mentioned above.

To summarize, the qualitative analytic process has demonstrated China's structural power is significantly promoted not only because of its growing hard and soft power but also because of its position in the great-power-governance structure.

V. Conclusion

By focusing on the three concepts of structural power, the theoretical survey facilitated analysis of the social relations between state actors and the structure of governance institutions.   The conclusion is that the operation of structural power lies both in the social relationships of the agents and in the systematic norms resulting from the consequences of these agents' interactions.   For state actors, while each is eager to build its own structural power capacity in the social relations of global governance, these interactions also drive social norms for agenda setting that privilege some specific great powers.   Thus, this dyadic analysis demonstrates that the social relations of global governance have fostered the great powers' actual capacity in a bargain; however, their increased capacity is also needed for the governance mechanisms to function well. Resources for the pursuit of structural power are not only gained by the great powers but also given by the governance structure.

The case of China's growth in structural power with the advance of its One-China Principle also pragmatically verifies the perspective of power reserved in global governance while suggesting Taiwan has been effectively marginalized diplomatically and economically.   It is better to recognize this shift as part of globalization than to ignore it.   How to accept it, however, is another question for those who study global affairs and will be discussed in the later chapters.

Chapter Four:

Pursuing the Path of Globalization—The Transformation of the Taiwanese Government and Society after World War II

I. A Review of Taiwan's State Apparatus after World War II

The evolution of the modern Taiwanese government can be traced to the end of the Second World War, before which Taiwan had been dominated by the Japanese colonial regime.   After Japan surrendered on August 15, 1945, Taiwan became booty of the War. Following the arrangement of the Cairo Declaration and the Potsdam Declaration drawn up by Allied leaders, Taiwan was retroceded to China, now under the Kuomintang (KMT) government, whose leader was Chiang Kai-shek.   Then, the Chinese Civil War, Korean War, and Vietnam War shaped the destiny of Taiwan within the bipolar Cold War structure.

Near the end of 1949, when Chiang Kai-shek fled from the Chinese mainland and arrived in Taiwan with his million mainlander followers and troops, most countries, including the US Truman administration, anticipated that Chiang's days were numbered as the Chinese Civil War was approaching its conclusion.   However, two following regional wars changed the course of history that was, at that time, expected to allow for

the Chiang regime's continuing viability in Taiwan.   The Korean War, beginning in June

1950, came as the first turning point in the region.   During this war, the KMT regime

was extended in Taiwan domestically and internationally.   This development was largely

attributed to the resumption of the US economic and diplomatic support, through which

the KMT state apparatus in Taiwan, *de facto*, as well as its statehood as China, *de jure*,

was sustained.   The second turning point came with the formal partition of Vietnam in

1954.   After that time, a signed security agreement, the US-ROC Mutual Defense Treaty,

institutionalized the US security commitment to protecting the KMT regime in Taiwan.

Consequently, "a new security demarcation in East Asia gave the KMT party a historic

chance to consolidate a one-party authoritarian regime on the new social soil of Taiwan."[1]

A. A One-party Authoritarian Regime during the 1950s to the 1970s

The KMT's re-organizational task was based on Chiang's proclamation of a general

state of siege in Taiwan in May 1949.   The implementation of martial law started to

broaden and deepen the KMT regime's command over Taiwan while the 1947 ROC

Constitution was suspended.[2]   This imposition then introduced the so-called Temporary

---

[1] Yun-han Chu and Jih-wen Lin, "Political Development in 20th-Century Taiwan: State-Building, Regime Transformation and the Construction of National Identity," *The China Quarterly* 165 (March, 2001), 113.
[2] The ROC 1947 Constitution could not be abolished, only suspended, because it legally supported the KMT's legitimacy internationally.   This document also embodied the KMT's One-China vision, namely the ROC in Taipei, which was recognized by most great powers until the 1970s.

Articles, which were enacted under the rubric of "During the Period of Mobilization and Combating Rebellion." All the mechanisms then formally ushered Taiwan into a permanent status of emergency. The scope of these political arrangements superseding the Constitution was gradually broadened with a series of special legislation during the 1950s to 1970s. Ultimately, these political arrangements provided the authoritarian regime with extensive emergency powers; invalidated the two-term limit on the presidency; suspended the re-election of the three national representative bodies—the National Assembly, the Legislative Yuan, and the Control Yuan— while extending the tenure of their incumbent members for life; and deferred the local elections for provincial and municipal heads indefinitely.

Meanwhile, at the grassroots level, elections for township head were steadily conducted by the KMT, including the county/city council and county/city magistrate in 1950 and the popular election for the Taiwan Provincial Assembly in 1954. These moves were designed to incorporate Taiwan's local elites into the process of KMT's party building and to provide the authoritarian system with a modicum of a democratic face. Two tactics ensured the KMT's authority during the elections. First, an old trick of "divide-and-rule" was employed by the KMT leadership, which controlled a limited popular electoral process. Second, the authoritarian regime was gradually creating its

own patron-client networks or mobilizing existing networks within each administrative

district below the provincial level.   As a result, at least two competing local factions

would be nurtured and kept by the party to strive not only for public offices and other

electoral offices in many quasi-state organizations, including farmers' associations and

irrigation associations, but also for a share of region-based economic rents in the

non-tradable goods sector, such as construction, infrastructure, and governmental services.

This arrangement systematically safeguarded both tangible and intangible resources

distributed by the party-directed local spoils system.[3]

From this structure, a mutual dependence between the local factions and the central

party was ripening.   Chu and Lin's analysis vividly articulated the reciprocal process:

> On the one hand, the smooth functioning of the vote-buying mechanism,
>
> irregular campaign practices, and the local spoils system depended on the
>
> indulgence of the various state regulatory and law-enforcement agencies,
>
> which were under the influence of the party.   On the other hand, the
>
> patron-client networks helped the party to extend its reach into local
>
> communities.   Also, the fierce competition among the factions crowded

---

[3] See Joseph Bosco, "Taiwan Factions: Guanxi, Patronage, and the State in Local Politics," *Ethnology* 31, no. 2 (April 1992), 157-183.

out opposition candidates in local elections.   On top of this, the central

leadership could claim the overall electoral victory delivered by disparate

local factions.[4]

To the end, the results of Taiwan's elections presented a picture of more than

two-thirds of the popular vote, as well as at least three-quarters of the elected positions,

being supportive of the KMT regime, especially at the level of county magistrate and

provincial assembly (see Table 4-1).   These patron-client networks thus efficiently

brought to bear the influence of both the KMT party and its affiliated local factions on

Taiwan's elections for more than three decades until Taiwan's nationwide

democratization in the late 1980s.

---

[4] Chu and Lin, 115.

Table 4-1. KMT shares of votes and seats in provincial assembly and county magistrate/city mayor election (1954-1994)

Year	Taiwan Provincial Assembly elections			County Magistrate/City Mayor elections		
	KMT's share of votes (%)	KMT's share of seats	Total seats	KMT's share of votes (%)	KMT's share of seats	Total seats
1954	68.8	48 (84.21%)	57 (100%)	71.8	19 (90.48%)	21 (100%)
1957	67.8	53 (80.30%)	66 (100%)	65.0	20 (95.24%)	21 (100%)
1960	65.4	58 (79.45%)	73 (100%)	72.0	19 (90.48%)	21 (100%)
1963	68.0	61 (82.43%)	74 (100%)	-	-	-
1964	-	-	-	73.1	17 (81.00%)	21 (100%)
1968	75.5	60 (84.51%)	71 (100%)	72.4	17 (85.00%)	20 (100%)
1972	68.9	58 (79.45%)	73 (100%)	78.6	20 (100.00%)	20 (100%)
1977	64.1	56 (72.73%)	77 (100%)	70.4	16 (80.00%)	20 (100%)
1981	70.3	59 (76.62%)	77 (100%)	59.4	15 (78.95%)	19 (100%)
1985	69.8	59 (76.62%)	77 (100%)	62.6	17 (81.00%)	21 (100%)
1989	64.0	55 (71.43%)	77 (100%)	56.1	14 (66.67%)	21 (100%)
1993	-	-	-	47.3	13 (61.90%)	21 (100%)
1994	51.0	48 (60.76%)	79 (100%)	-	-	-
Ave.	66.7	76.78%	-	66.2	82.74%	-

Source of Data: The Political System and Change Workshop, Department of Political Science, National Taiwan University

Furthermore, during the exercise of these patron-client networks, a structural

symbiosis existed between the KMT party and the state machine.   Three levels of the

state-building process demonstrated this symbiosis.   First, state and party were merged

as one through organizational sectors and personnel employees.   Second, mutual

dependence between the state and the party functioned in two main areas.   On the one

hand, the KMT party had an exclusive role in coordinating disparate arms of the state.

This mechanism was designed to uphold the ideological coherence of the state machine

through a political process of elite recruitment and training programs.   All appointments

and promotions to positions of senior governmental officials and military officers were

guided by this system.   On the other hand, access of social actors to the state machine

was also controlled by the KMT party, which heavily relied on the resources and coercive

power provided by the state machine.   Under this arrangement, KMT's institutional

prerogatives were efficiently preserved, and the KMT was able to quash any attempt to

form alternative power blocs.   The implementation of martial law also strengthened the

party's security authority's ability to suppress any kind of political and social stirring.

Thus, the KMT party had the privilege of controlling the organizations in Taiwan as an

intermediary.   This party even dominated the selection of leadership for all

state-sanctioned corporate organizations and the organizational links across different

social sectors.   In addition to the existing state-owned enterprises, a vast array of

party-owned businesses was also established and run by loyalist mainlanders, largely for

political and economic security reasons.

The third level in the state-building process was the legitimized symbiosis of the

KMT and the state machine, through which the one-party authoritarian regime legally

supported the function of the state system and vice versa.   This symbiosis was largely

attributed to the ideological belief in the One-China totem, which claimed that (1) there is

only one China, (2) Taiwan is part of China, and (3) the ROC government is the sole

legitimate government representing the whole of China.   Therefore, the KMT party

claimed an exclusive privilege to sustain the ROC regime domestically and

internationally.   This One-China formula justified not only a political system of

extra-constitutional legal arrangements and emergency decrees but also the revolutionary

mandate of the KMT party.   However, the failure in correspondence between the ROC's

de jure jurisdiction in China and its *de facto* one in Taiwan in this One-China vision

destined that vision to being transitory.   The émigré regime gradually lost its

legitimating support in its precarious claim to Chinese sovereignty.   For example,

Beijing also held the same claim according to the One-China Principle but, based on the

PRC regime,[5] was unceasingly challenging the ROC's sovereign status; as a result, the

ROC was forced to face its Chinese sovereign retrocession, especially in the international

field, as discussed in Chapter 3.

The initial historic background and international structure, as well as the

institutional arrangements of the one-party authoritarianism, positioned Taiwan for later

adaptation, evolution, and eventual transition.   First, during the 1950s to 1970s, the

ROC presented its updated historic mission for the structure.   The character of the ROC

regime in Taipei was essentially that of an émigré regime, making it highly susceptible to

pressure from international interactions, especially that of the US China policy.   These

international interactions caused regional strategic arrangements and developments in

East Asia that led to a number of critical junctures in the ROC regime's evolution.   The

establishment of the northeastern Asia security regime during the early 1950s was the

main force driving the shift of the KMT regime's claim to legitimacy from "recovering

the Chinese mainland" to "building the anti-communist bastion in Taiwan."   Later, the

1958 crisis in Kinmen and Matsu, two of the ROC's offshore islands close to the

mainland, caused Chiang Kai-shek to adapt by giving up any plan for waging military

---

[5] Because of this One-China vision, both the ROC in Taipei and the PRC in Beijing sought exclusive representation of all of China, including the Chinese mainland and the Taiwanese island, in the global community.

operations on the mainland, even though he succeeded in rejecting a demand from the US

government to abandon the two offshore islands.[6]   As a result, an updated historic

mission of the ROC regime in Taiwan was articulated by the KMT leadership as shifting

from an anti-communist crusade to ensuring Taiwan's self-defense, international status,

and economic prospect.

Second, the evolution of the ROC regime could also be perceived in its changing

claims to statehood.   The practicing functional sovereign state of the ROC in Taiwan has,

over time by itself, done more damage than anything else to the official One-China claim.

In the political field, in 1949, when the KMT regime moved the ROC capital from

Nanjing to Taipei, Taiwan was gradually endowed with a *de facto* sovereign status.   For

the societal field, growth in the ideological, economic, and political cleavages between

Taiwan and the mainland deepened the confusion of the local people in Taiwan, who

were already disenchanted with any ideas of Chinese reunification.   In addition, the

assimilation process of the Chinese mainlanders into the Taiwanese local society was

precipitated by the decades-long separation in the Cross-Strait relationship.   As a

consequence, unceasing war preparation against possible PRC aggressive attacks

nurtured a shared sense of destiny between the Chinese mainlanders and the native

---

[6] Harry Harding, *A Fragile Relationship* (Washington, DC: Brookings Institution Press, 1992), 32-33, especially.

Taiwanese, resulting in a common perception of alienation from mainland China.[7]   Chu

and Lin concluded that the ROC regime's evolution in statehood shifted from the

One-China vision to a focus on the island's security during these decades because "the

jurisdictional boundaries and legal order set by a *de facto* sovereign state quietly fostered

a popular aspiration for a separate statehood."   Therefore, in the long-term development,

"the KMT's nationalistic vision was in fact undermined by the intrinsic mismatch

between the *de jure* state structure and its actual practice of a sovereign state on

Taiwan."[8]

Finally, the transition is seen in the ROC regime's attempt to be rooted in Taiwan in

terms of legitimacy.   While Taiwan expanded its focus from its domestic evolution to an

international transformation, the growing international tendency to accept the PRC

regime as the Chinese representative rather than the ROC regime caused the initial crisis

of ROC's Chinese legitimacy and the demise of its associated one-party authoritarianism.

These developments eventually strongly influenced Taiwan to transition to democracy.

This democratization provided the regime legitimacy in terms of its tie with Taiwan.

From the early 1970s, the rapprochement between the US and the PRC undermined the

---

[7] Chia-lung Lin, "The Political Formation of Taiwanese Nationalism," in *Memories of the Future: National Identity Issues and the Search for a New Taiwan*, ed. Stephane Corcuff (Armonk, NY: M.E. Sharpe, 2002), 235-238 especially.
[8] Chu and Lin, 119.

Chiang administration.   Then, a series of diplomatic setbacks, especially the loss of the

UN seat to the PRC in 1971, further undermined the ROC's claim to its One-China vision.

Major allies then reversed their recognition of the ROC regime, including questioning,

throughout the 1970s, the legitimacy of the regime having representatives in most

international organizations.   In the 1980s, the detente in the Straits began to mitigate the

siege mentality among the Taiwanese society and eventually reduced the need to retain

martial law.   All these international shifts compelled the KMT party to respond to the

crisis by rebuilding a legitimate base in Taiwan through a democratization project that

gradually opened elections.   Opening elections for representative bodies in Taiwan was

institutionalized in 1972, implemented in 1980, and gradually expanded in 1989.   As a

result, projects to establish the ROC regime's legitimacy in Taiwan were proposed.

B. Democratization and Taiwanization after the late-1970s

In the late 1970s, a new post-war generation arose as the political opposition in

Taiwan.   Different from the previous independent candidates, most of whom were vocal

mainlander dissidents associated with the *Free China Journal*,[9] the new opposition

cohort focused on broader national reforms of the state machine, especially the

---

[9] See Mab Huang, *Intellectual Ferment for Political Reforms in Taiwan* (Ann Arbor, MI: Center of Chinese Studies, University of Michigan, 1976).

establishment of Taiwanese identity and a fully democratic regime in Taiwan.   The 1977

local elections signaled a major breakthrough in Taiwan's democratization movements, in

which a loosely organized group formed by non-KMT Taiwanese politicians, *Tangwai*

(黨外; literally, 'outside the party'), grew considerably in terms of votes and seats in both

the Provincial Assembly and county magistrate/city mayor elections.   During the

election season of 1977, a riot in Chungli, Taoyuan County, occurred as a result of

protesting the KMT local officials' vote rigging for the Taoyuan County magistrate.

This Chungli incident foreshadowed the beginning of the KMT authoritarian regime's

demise.   During the incident, an unexpected move on the part of the KMT leadership to

restrain the use of coercive measures not only gradually reduced the opposition's

psychological fear of the authoritarian regime but also encouraged the *Tangwai* group to

mobilize more aggressively.

Therefore, the 1977 election was important in generating a belief about the

vulnerability of the KMT regime while an alliance between most opposition candidates

was formed against the KMT regime.   These developments contributed to a deeper and

broader cooperation among the *Tangwai* leaders.   Although two years later, in December

1979, the Kaohsiung Incident (or the Formosa Incident) temporarily slowed the progress

of the opposition movement, the 1983 supplementary legislative election reorganized and

updated *Tangwai* into a quasi-party.   Forces of this quasi-party were strengthened by

numerous new social movements representing various groups from Taiwan's nonelite

society, including farmers, laborers, feminists, environmentalists, and activists for human

rights and consumer rights.   As a result, throughout the 1980s, the solid grip of the

authoritarian regime on the Taiwanese civil society was gradually loosened by these

social movements, which systematically offered a way for various social sectors within

the political opposition to develop further.[10]   These political and social developments

culminated in the formation of the Democratic Progressive Party (DPP) as a new

opposition party on September 28, 1986, in defiance of the official ban.

At the same time, the KMT was having difficulty dealing with its own internal

weakness.   Similar to many other authoritarian regimes that have suffered from

dysfunction when weak leaders have taken power, the KMT's power structure was

vulnerable during succession crises.   When power was gradually transitioned from

Chiang Kai-shek to his oldest son, Chiang Ching-kuo, beginning in the late 1960s, the

succession went relatively smoothly because Chiang Ching-kuo had been groomed by his

father for more than two decades.   However, given the different social background

---

[10] See Yun-han Chu, "Social Protests and Political Democratization in Taiwan," in *The Other Taiwan: 1945 to the Present*, ed. Murray A. Rubinstein (Armonk, NY: M.E. Sharpe, 1994), 99-113.

demanding more democratic reforms, the succession process from Chiang Ching-kuo to

Lee Teng-hui, a native Taiwanese, was filled with political tensions.

The demise of Chiang Ching-kuo in January 1988 accelerated the breakdown of the

one-party authoritarian norms. Although Lee Teng-hui was chosen to be a successor in

charge of political reform, a wedge between Lee's mainstream faction and the

mainlanders' non-mainstream faction within the KMT party increasingly undermined

Lee's authority.[11] The formation of these two competing factions could be attributed to

Lee's new foreign policy initiatives based on a slogan of "ROC on Taiwan," instead of

following the previous efforts to insist on the One-China vision with ROC being the

representative of China, a position still upheld by the non-mainstream faction. This

intra-party power struggle inadvertently hastened the trend of Taiwanization, including a

series of sociopolitical projects, such as abandoning the KMT's core commitment to

Chinese nationalism, expanding the scope of democratization, and accommodating

opposition parties on the issues of nation building and identity. Meanwhile, during

Lee's attempt to consolidate his power through the above sociopolitical reforms, the

burden of defending the orthodox lines—especially the ideological insistence on both the

---

[11] See Hung-mao Tien and Yun-han Chu, "Taiwan's Domestic Political Reforms, Institutional Change and Power Realignment," in *Taiwan in the Asia-Pacific in the 1990s*, ed. Gary Klintworth (Sydney: Allen & Unwin, 1994), 1-20.

One-China vision during a time when all major nations had shifted their diplomatic

relations to the PRC and a Chinese identity in the wake of a re-emergence of Taiwanese

identity—was strategically shifted to Lee's rivals in the non-mainstream faction.

At the same time, giant shifts in global affairs in the late-1980s, such as the end of

the Cold War, a wave of democratization, and acceleration of globalization, gave Lee and

his allies further reason to push for Taiwanization and enlarge the scope of the

institutional reforms, both of which effectively undermined the power base of Lee's rivals.

Examples of Lee's success are seen in the abolition of the Temporary Articles in May

1991 and the three phases of Lee's proposed amendments to the 1947 ROC Constitution

in the first half of the 1990s.   Through these political accomplishments, most of the

legal articles that safeguarded the influence of the non-mainstream faction but hindered

normalization of a Taiwanese representative democracy were removed.   As a result, the

December 1992 Legislative Yuan election, a full-scale election by the people of Taiwan,

brought about a new parliament representing Taiwan's local voices.   The 1992 election

also signaled the KMT's first attempt to surrender its governing position to its opposition

challengers through a democratic contest, thereby beginning to dilute the mainlanders'

dominance in Taiwanese politics.   Thus, the mainlander-dominant non-mainstream

faction began to be marginalized in the power center.[12]   On the other hand, Lee and his

allies were gradually taking full control of the state machine and building a dominant

influence of the party apparatus.   In the second half of the 1990s, Lee continued his

constitutional reform projects by changing the political system from parliamentarianism

to semi-presidentialism and by cultivating a shift in the national consciousness of people

in Taiwan from a Chinese identity to a Taiwanese one.

Lee's efforts in promoting the democratization of Taiwan began to lay a new

foundation for the legitimacy of the ROC government without violent internal

polarization and external military intervention while facing a new global structure and its

challenges.[13]   In the international arena, since 1993, Lee had encouraged the zeal for

Taiwan independence with a gradual abandonment of the One-China vision and an

alternative pursuit of *de jure* independence by initiating diplomatic endeavors to return to

the UN.   During the 1990s, a diplomatic formula of "the Republic of China on Taiwan,"

based on a Two-Chinas model was promoted, culminating in Lee's definition of the

Cross-Strait relationship as "special state-to-state" relations in July 1999.   Throughout

the 1990s, a nation-building plan was surging both domestically and internationally to

---

[12] See Hung-mao Tien and Yun-han Chu, "Building Democratic Institutions in Taiwan," *The China Quarterly* 148 (December 1996), 1103-32.
[13] See Yun-han Chu, "A Born-Again Dominant Party? The Transformation of the Kuomintang and Taiwan's Regime Transition," in *The Awkward Embrace: One-Party Domination and Democracy*, ed. Hermann Giliomee and Charles Simkins (Amsterdam: Harwood Academic, 1999), 61-96.

establish the sovereign status of the ROC on Taiwan.   Taiwan's emerging democratic

movements, therefore, offered a platform for political and social participation that built a

sense of collective consciousness among the people in Taiwan.   The ongoing public

involvements began to endow the geographic term of "Taiwan" with concepts of a

newborn political community and the ethnic term of "Taiwanese" with hues of citizenship

and nationhood.   Thus, the waves of indigenization and democratization have caused

Taiwanese politics and society to mirror each other, transforming the state mechanism

into a fundamental national state.

Since the end of the 1970s, this transformed state has been re-engineered, resulting

in a solid political foundation to guide Taiwan into the 2000s with the same political

projects of advancing the scope of democratization and the growth of Taiwanese

nationalism.   Examples can also been found in the former DPP government's policies to

define Taiwan-China relations as two states in 2002, to implement a referendum law

complementing the democratization architecture in 2003, to rename all state-owned

enterprises by replacing the name of "China" with "Taiwan" since 2004, and to abolish

the Guidelines for National Unification due to its extra-constitutional legal arrangement

in 2006.   Although these examples are categorized as a series of sociopolitical moves

towards Taiwan independence, they are still political projects of democratization and

Taiwanization that began in the late 1970s. These developments will be discussed in detail later.

In addition, those loud voices calling for democratization and Taiwanization not only lifted the martial law that had stringently prohibited Taiwan's civil and political right to communicate with China, but these voices also shattered Taipei's previous long-standing "Three Noes" policy—no contact, no negotiation, and no compromise—with Beijing. Prior to 1987, flows between Taiwan and China, including postal, transportation, and trade, were completely banned by the ROC government. Since the ROC government began in 1987 to allow humanitarian visits, especially for old KMT soldiers, to visit the mainland, the economical and demographic exchanges between the two sides have accelerated dramatically. Today, no one can identify how many Taiwanese are living in China, or how much money Taiwan has invested, but it is safe to say the numbers are huge and expanding. If the two biggest intermediaries—the Cayman Islands and the British Virgin Islands, through which much of Taiwan's investment has been funneled to China—are taken into account together with the investment data provided by Taiwan government statistics,[14] 30 percent of China's foreign direct investment in 2007 appears to have come from the Taiwanese. In 2010,

---

[14] For Taiwan government statistics (in Chinese), see
http://www.mac.gov.tw/lp.asp?ctNode=5722&CtUnit=3998&BaseDSD=7&mp=1

Taiwan was even China's 11th-largest export market and the 5th-largest source of imports,

whereas China has become Taiwan's number-one export market and number-two source

of imported goods.   The demographic flows also present the same surging trend, in

which, by the end of 2011, a total of more than 66 million visits have been made by

Taiwanese to China since Taiwan's open policy started in 1987, although most of the

visits were attributed to business trips that have limited effects on civilian-level

exchanges.[15]

As impressive as these numbers of the Cross-Strait flows are, the magnitude of

Taiwan's interactions with the rest of the global community presents a different story.

The following sections will illustrate Taiwan's development in terms of its international

status and further explain the growth of democratization and indigenization, which have

been fueled and galvanized by the trend of globalization, especially since the mid-1990s.

II. Taiwan's Recent International Status in the Global Community

The era of globalization has witnessed the growing significance of international and

transnational institutions and rules that operate interdependently with individual

sovereign-states.   These institutions and rules have formed new norms and

---

[15] Ibid.

decision-making structures that both enable and constrain the activities of states.

Mobilizing resources across national boundaries and forming supranational regulation

mechanisms, according to Sassen, has resulted in both decentralizing state capacity and

gradually weakening the autonomy of sovereign-states.[16]

Anthony Giddens, however, holds a different view,[17] arguing that international

organizations (IOs) themselves are more likely to be the embodiments of the

transnational rules of the game that have accompanied and enforced competing national

sovereignties.   Such transnational institutions as multinational corporations,

international monetary systems, or global trade regulations have not led to the decline of

nation-states but rather transformed nation-states to reinforce those states' prerogatives.

Moreover, as long as these prerogatives are reiterated, it can be expected that the

aspiration to achieve full nationhood and national autonomy will remain.   This appears

to be the case for Taiwan's bids for better international status in the global community, so

both the perspectives of the state and non-state sides can be appropriately explored.

A. From the State Side

---

[16] See Saskia Sassen, *Territory, Authority, Rights: From Medieval to Global Assemblages* (Princeton, NJ: Princeton University Press, 2006).

[17] See Anthony Giddens, *The Nation-State and Violence: Volume 2 of A Contemporary Critique of Historical Materialism* (Cambridge: Polity, 1985).

For the state of Taiwan, participation in international interactions is of particular

importance. In state-to-state interactions, since 1971, when the ROC lost its seat in the

UN to the PRC, Taiwan has been enduring a peculiar and increasing international

isolation (see Figure 4-1). In the global community, the number of countries in the

world with which the ROC has formal diplomatic ties has dropped dramatically, reaching

a low of 13% (22 countries) from 1978 to 1980, climbing back to barely 15% (30

countries) in the 1990s, and eventually declining again to just slightly more than 11% in

the 2000s. Consequently, in 2010, diplomatic ties are down to 23 countries. Most of

these are small countries in the Pacific, Africa, and Latin America.

On the other hand, in state-to-IO interactions, Taiwan has either lost its membership

or been barred from participation in most UN-related IOs, such as the UNESCO, UNDP,

the World Health Organization (WHO), the World Bank, IMF, and so on. In most

formal global or regional institutions, Taiwan has also been denied in participation or

been forced to use alternative titles due to political pressure from the PRC and its

One-China Principle. For example, "Chinese Taipei" is the name generally used by

Taiwan in its participation in IOs, with "Taiwan, ROC" used in some regional financial

institutions and "Separate Customs Territory of Taiwan, Penghu, Kinmen and Mastsu

(T.P.K.M.)" in the WTO (see Table 4-2). Despite the PRC's attempt to block Taiwan

from most IOs, their great number has allowed Taiwan to participate in some of them.

The Taiwanese government views involvement in these IOs as an opportunity to recover

some of its losses on the diplomatic front.   Therefore, it shows a desperate desire to

participate in all kinds of international and transnational institutions to show symbolically

its continuing sovereignty.

Meanwhile, among these endeavors, institutions of a non-governmental nature also

attract Taiwan's attention.   An official report published by the Taiwanese government

clarifies this strategy:

Although other nations generally have paid relatively less attention to

international non-governmental organizations (NGOs), our difficult

diplomatic situation represents a special condition. . . . We have to expand

our participation in NGOs with more practical, more aggressive, active,

innovative ideas and measures in order to win over friendships and to

contribute to the breakthrough of our diplomatic predicament.[18]

---

[18] Council on Research, Development and Evaluation, *A Study on Developing Relations between Our Nation and International NGOs* (Taipei, Taiwan: Executive Yuan, 2003), 2.

However, Taiwan's endeavors to expand its international space, including

participation in governmental and non-governmental organizations, have led to a surging

paradox globally.   "As the interactions between Taiwan and the global community

intensify, there is a rising awareness of Taiwan's awkward international position,

reflected in a collective anxiety concerning Taiwan's status in those international

organizations,"[19] especially concerning its application to the UN, the WHO, and the

regional projects under the ASEAN+3, as well as its freedom of action in the WTO,

APEC, Olympic Games, and many other international and transnational institutions.

B. From the Non-State Side

On the non-state side, Taiwanese nationalist discourses reflect the voice of "the

international orphan" due to its enforced isolation from the global community.   The

non-representation of Taiwan or misrepresentation of Taiwan as a part of the PRC in

international arrangements has led to a rising anxiety that Taiwan will be either gradually

marginalized in terms of international participation or will be "Hong-Kongilized" under

China's authority.   Even during non-governmental occasions, which are supposed to

have little concern with politics, for example, academic conferences and film festivals,

---

[19] Horng-luen Wang, "Rethinking the Global and the National: Reflections on National Imagination in Taiwan," *Theory, Culture & Society* 17, no. 4 (August 2000), 107.

delegations from Taiwan generally find themselves frustrated with its representation and

reception.   In most of these global occasions, nationality still contributes the most

convenient way to classify people from different areas or ethnic origins while statehood

serves as a primary principle of classification and representation.   For Taiwanese cases,

the government's complicated relationship with China always negatively affects its

awkward international status in global interactions.   The following example provides a

vivid picture.

International PEN is regarded as a non-political civil activity for globally promoting

social networking and intellectual cooperation among poets, playwrights, essayists,

editors, and novelists.   However, an incident at the annual meeting of International PEN

in 2006 signaled that politics and nationality are also involved.   During the event,

Taiwanese writers were not granted any opportunities to present their works, whereas

Chinese writers from the PRC were treated as guests of honor.   A Taiwanese writer,

Ying-tai Long, responded to the situation:

To the Westerners, China is that eastern country populated with one billion

people; contemporary Chinese literature is the literature about those

Chinese people who struggle with natural disasters and human foes by the

Yellow River and the Yangtze River; and Chinese writers are, of course,

those who come from that piece of land. . . . Now that Taiwan does not

represent China in terms of political status, its literature is naturally not

regarded as Chinese literature.[20]

The incident, as well as Long's response, indicates that, when looking for "Chinese

heritage," the global community is more interested in what are considered "genuine" or

"authentic" representations of China.   Accordingly, literature from Taiwan is regarded to

be little more than "a counterfeit" representation of "Chinese literature."   At the same

time, in the reality of global interactions, the absence of a category for Taiwan, whatever

it is intentionally or unintentionally, also reduces Taiwanese heritage to

non-representation or misrepresentation in the global community.   Long's description of

the treatment of Taiwan in the field of literature is indicative of a much greater problem.

In many other professional, academic, and entertainment fields, the same situation

prevails.   Such problems have spurred a continuing transformation process for the

Taiwanese state machine during the era of globalization.

---

[20] Ying-tai Long, *When in Europe* (Taipei, Taiwan: China Times Publish, 2006), 115.

C. Transformation of the State

Long's interpretation of the "counterfeit" Taiwan has vividly captured the

predicament in which not only Taiwan's people but also its government have been caught

in recent decades.   From Horng-luen Wang's perspective, this predicament consists of

two related problems.[21]   The first is that the official national title of Taiwan's

government, the ROC, has been prohibited in most global interactions.   This prohibition

can be attributed not only to a political reason but also to a societal concern of simply

avoiding confusion with the mainland's name of the People's Republic of China.

Second, the term "Taiwan" is still rarely used as a substitute for the ROC's formal title in

official representations.   The reasons for this situation are far more complicated.   From

the Taiwanese side, "China" used to be a collective totem because the ROC government

existing in Taiwan was, in fact, a historical legacy of China, preventing the government

from denying its Chinese root.   Moreover, the ROC government originally was a regime

in exile from China, and after decades governing Taiwan, the ROC governmental

mechanism legitimized its rule over Taiwan by claiming the island to be "part of China"

in its constitution.   As a result, its participation in the IOs is still largely limited to

including names related to "China" or "Chinese" in its application titles (see Table 4-2).

---

[21] Horng-luen Wang, "Rethinking the Global and the National," 108.

From the perspective of the PRC, simply allowing the ROC regime to adopt

"Taiwan" as its official title is also against China's perceived interests because doing so

would encourage the Taiwan independence movement.   The adoption of "Taiwan" as an

alternative title also implies the recognition of Taiwan's sovereignty, which obviously

challenges the PRC's One-China Principle that claims that Taiwan is an inalienable part

of the PRC's territory.   As a result, Taiwan is either non-represented or misrepresented

under a wrong title during global interactions for global governance, forcing an eager

government to transform itself to retain its capacity in globalization and regionalization.

As globalization has accelerated since the 1990s, Taiwan's anxiety about being

marginalized in the global village has been growing.   The anxiety itself may not

necessarily start from a political concern; however, how these issues can be resolved is

always politically charged.   Examples can be seen in an increase in so-called "global

problems and issues" that require international or transnational cooperation for "global

solutions," such as global human rights, humanitarian relief, antiterrorism, financial

supervision, environmental protection, and epidemic control.   Taiwan is excluded from

joining most international institutions related to the such global problems and issues, but

is, nonetheless, obliged to obey their regulations and even to make contributions.   In

March 2003, when severe acute respiratory syndrome (SARS) first spread to Taiwan from

southern China, the Taiwanese government immediately attempted to report the suspected

cases directly to the WHO, and other Taiwanese health authorities requested technical

assistance from the WHO.   However, the WHO delayed including the data from Taiwan

for several days due to its adherence to UN standards that misled its administrative

process, causing Taiwan to be labeled as a province of China.

Even worse, the WHO, after realizing that Taiwan was not a member, refused to

offer any assistance, such as providing Taiwan's scientists with the sample viruses needed

in their research on treatment and vaccines or dispatching any experts to advise Taiwan

on containment efforts.   Repeated letters and appeals from Taiwan's Ministry of Health,

medical experts, and other high-level governmental officials to Gro Harlem Brundtland,

former Director General of the WHO, went unanswered until May 2003.   During those

two months, however, when various governmental and non-governmental agencies in

Taiwan tried to appeal to the global community for help, they finally realized Taiwan was

unable to find appropriate channels to express itself, largely because the government had

been excluded from membership in most international and transnational health

organizations.

In the case of the WHO, Taiwan was excluded in 1972, just one year after losing its

seat in the UN.   Since 1997, Taiwan has sought observer status in the WHO, but very

little progress has been made. Under pressure from the PRC and its One-China

Principle, the WHO firmly followed the UN standards that insisted that membership must

be based on being a UN member, so Taiwan was ineligible to join because it was

regarded as merely a province of China. The WHO's decision has disappointed not only

Taiwan's government but also the Taiwanese people, especially medical professionals, so

the government was forced to change its appeal to prove its function and legitimacy in

the global community. The Taiwanese government argued that "health is now

considered a basic human right worldwide, and the prevention, treatment, and control of

epidemic disease is a global/universal issue that calls for international cooperation."

Therefore, "Taiwan's exclusion from the WHO due to its unrecognized nationhood is not

only unreasonable, but unfair to the people of Taiwan."[22]   As a result, after more than a

decade of application attempts using varying arguments, since 2009, Taiwan has been an

observer member of the WHO under the name of "Chinese Taipei," but its status strongly

relies on "Beijing's willingness" to sponsor Taipei on a "year-by-year" basis.

Nevertheless, the solution in this WHO case is difficult to adopt as a normal

approach for the Taiwanese government to join other IOs. In fact, the exclusion of

Taiwan from most IOs has fostered a sense of injustice, leading the government to rethink

---

[22] Horng-luen Wang, "Rethinking the Global and the National," 109.

other alternative approaches for retaining its legitimacy and sovereignty over Taiwan

while feeling rising anxiety due to globalization and regionalization. An extreme

example occurred in 2007, when the former pro-independent DPP government decided to

change its application by "joining" the UN under the name of "Taiwan" (a *de jure* Taiwan

independence move) rather than by "returning" to the UN under the name of "ROC" (a

Two-Chinas approach), which had been used as an application strategy since 1993.

That change focused the problem on three issues. First, the Taiwanese government has

started to overtly challenge any Chinese visions, including PRC's "One-China" vision

and KMT's previous "Two-Chinas" strategy. This challenge meant that, because the

ROC was no longer considered a representative of China, a distinctive nationhood under

the name of "Taiwan" was more appropriate for members in the global community to

recognize. Doing so would preserve Taiwan's legitimacy and sovereignty in spite of the

rising PRC and the trend of globalization. Second, the change in the application was

also due to globalization that allowed information to be easily accessed by members of

the global community who have begun to realize the difference between Chinese and

Taiwanese, thereby changing their perceptions. This acknowledgement also encouraged

both the Taiwanese government and people to pursue identity transformation from being

the Chinese representative to being Taiwanese. Finally, the transformation of Taiwan's

government using these global phenomena helped people in Taiwan to realize that it was

the PRC that stood in the way of Taiwan's contribution to and integration into the global

community.   Antipathy towards the Chinese government continues to surge, further

fueling the awareness of "the Taiwanese identity" as well as Taiwanese pursuit of a

virtual place in the global arena as an independent state.

III. Influence of Globalization on Taiwan's Society—the

Transformations of National Identity

From the late 1940s to the 1980s, national identity development was limited to the

first stage of identification: One-China totemism.[23]   Despite the opposition's ceaseless

efforts, national identity issues were seldom admitted as part of formal political agendas

due to the authoritarian KMT regime's domination.   The outcomes of this evolution

were predictable because, under the guideline of the One-China vision, the KMT regime

followed convention in upholding Chinese identity and Chinese reunification as

self-evident and unquestionable.   As a result, this taboo subject left no room for official

---

[23] Tsong-jyi Lin, "The Evolution of National Identity Issues in Democratizing Taiwan: An Investigation of the Elite-Mass Linkage," in *Memories of the Future: National Identity Issues and the Search for a New Taiwan*, ed. Stephane Corcuff (Armonk, NY: M.E. Sharpe, 2002), 126.

discussion of any alternatives, such as the issues of Taiwan independence or Taiwanese

identity.

However, this situation changed in the 1990s.   Because of the movements towards

democratization and Taiwanization, the KMT regime was forced to loosen its hold on

national affairs.   Accordingly, national identity issues went through several stages of

identification development, including initiation of Taiwanese identity, specification,

expansion, and finally entrance of the topic into Taiwan's society.[24]   These discussions

eventually emerged in Taiwan's official agenda.   The issues of Taiwanese identity were,

therefore, no longer unilaterally raised by the opposition.   Instead, discussions of

national identity became debatable topics attractive to various political forces, including

the KMT regime.   Consequently, many of the national identity discussions after 1990

influenced the direction of Taiwan's later domestic and foreign policies.   These

movements were further fuelled by an increasingly open society in Taiwan, which had

previously been forced to distinguish Taiwanese from other peoples for global social

interaction purposes.

---

[24] Ibid.

A. An Opening Society Shaping the Distinction between "Our People" and

   "Their People"

Beginning in the 1970s, since Taiwan lost its representation as China in the global

community, the strength of a state's international legal authority has been drastically

curtailed; however, national autonomy has not been lost as a consequence.   Quite the

contrary, the strong economic and trade relations displayed by Taiwan in its globalization

process have created an economic miracle that won international admiration as well as

caused domestic pride.   On the one hand, under extreme official diplomatic isolation,

Taiwan's government has created so-called "quasi-diplomatic relations" in an approach

that has allowed it to continue international ties and maintain relative autonomy in the

global arena.[25]   On the other hand, Taiwan's society in the context of globalization has

exhibited a high level of transnational movement of the population, creating globally

mobile objects and subjects.   Gellner asserted that, in the rise of a nationalism

movement, nation and nationalism are not subjects for discussion in a closed society

because people have no need to distinguish between "us" and "them."   However, once

the closed society has initiated contact with the outside world, the relationship becomes

---

[25] See Donald W. Klein, "The Political Economy of Taiwan's International Commercial Link," in *Taiwan: Beyond the Economic Miracle*, ed. Denis Fred Simon and Michael Y.M. Kau (Armonk, NY: M.E. Sharpe, 1992), 257-274.

the distinction between "you" and "me."   If this trend is compounded by the emergence

of other structural conditions, nationalism will result, and this society will logically be

considered a "nation."[26]

The transnational forces involved in globalization have catalyzed the issue of

choosing a national identity in Taiwan.   Coupled with the face-to-face contact between

Taiwan and the rest of the world (including mainland China), as well as the particular

international structural arrangements and differences, this issue has further deepened the

awareness and distinction of "us vs. them."   In facing globalization and conflicts under

international pressure, Taiwan's governmental institutions not only still exist but also

seek to create new means of garnering stronger support and displaying state capacity

through awareness of the "us vs. them" distinction.

In sum, Taiwan's status as a state has systematically been denied by the global

community since the 1970s while, paradoxically, under the trend of globalization,

Taiwan's society and economy have been closely knit into the global community.   This

contradiction results in a massive gap that has created room for growth and stimulus for

Taiwan's national identity issue.   While state autonomy still exists, even though the

framework of the ROC and its representation status for China are facing increasingly

---

[26] See Ernest Gellner, *Nations and Nationalism* (Ithaca, NY: Cornell University Press, 1983).

serious external crises and challenges, the national institutions still exert a certain degree

of influence towards winning more state capacity.[27]

Wang Horng-Luen used the transformation of international institutions to explain

the phenomenon of Taiwan's identity change.[28]   He indicated that the failure of the

ROC's regime caused Taiwan's nation-state status to suffer severe backlashes from the

global community and subsequently resulted in Taiwan's ambiguous "neither-nor"

nation-state status.   During the international structural changes in a more globalized

world after the end of the Cold War, the proclamation made by Taiwan's government that

it was the "Chinese Government" proved to be futile, leaving the global community hard

pressed to support this sort of recognition.   In other words, the global community placed

significance both on shaping one's self-identification and in gaining "identification by

others."[29]   What has caused the recognition of the people in Taiwan as being "Chinese"

to vanish was not only the emergence of Taiwanese local awareness but, more

importantly, the failure of the ROC regime in the global community.   This failure caused

the "Chinese" representation of Taiwan's government and the "Chinese" identity of the

---

[27] See Horng-luen Wang, "System's Connections, External Causes and Taiwan's National Question," *Taiwanese Sociology* 1 (June 2001), 183-239.
[28] See Horng-luen Wang, "Why Does Taiwan Get Itself into Trouble: The Globalization Trend and Taiwan's Need for National Character," in *Nationalism and Cross-Strait Relations*, ed. Chia-lung Lin and Yung-nien Cheng, (Taipei, Taiwan: New Naturalism, 2001), 267-301.
[29] See Peter L. Berger and Thomas Luckmann, *The Social Construction of Reality: A Treatise in the Sociology of Knowledge* (New York: Irvington Publishers, 1980).

people in Taiwan to lose "identification by others" in general, consequently undermining

the support of such recognition.   Under such circumstances, a state will naturally turn

towards a new sustainable identity so that its existing autonomy and legitimacy can be

preserved under prevailing conditions.

Hence, the political agenda was gradually shifted from the reunification principle to

the independence alternative.   At the same time, other related issues, such as Taiwanese

domestic welfare policies, Taiwanese China policies, Taiwanese foreign policies, and

Taiwan-China relations, were articulated and interwoven with each other to meet the

changing identification context.   As a result, the interrelated subissues of

Taiwanese/Chinese identities, unification/independence options, Taiwan-China relations,

and Taiwanese foreign policies evolved alongside the changing discussion of national

identity.[30]   Thus, the introduction of national identity discussions into Taiwan's political

agendas in the 1990s could be largely attributed to the dramatic transformation of the

KMT's official policies in response to an opening society in conjunction with internal and

external changes.   This development drove Taiwan's fundamental political, societal, and

economic reforms.   The KMT's transformed policies soon aroused global reactions,

---

[30] Tsong-jyi Lin, "The Evolution of National Identity Issues in Democratizing Taiwan: An Investigation of the Elite-Mass Linkage," 127.

which, in turn, required political leaders of different parties to take further action in

response to an increasingly more enlightened and engaged public.

Thus far, the entire process indicates that, throughout Taiwan's democratization and

Taiwanization, the gap between the elite and the masses, the government and society,

concerning national identity issues is diminishing.   Therefore, to win support from both

the global and domestic communities, the Taiwanese government has become more

sensitive to the voices of its people during the globalization era, especially since the

1990s.   The following discussion will delve into these issues in detail to explain fully

the effects of globalization dynamics on Taiwanese society.

B. Global Affairs and National Identity between 1992-2008

Stephen D. Krasner argued that a country's most powerful asset is not its people,

military force, or taxation but rather its judicial sovereignty empowering itself in the

global community.[31]   That is, other countries must be willing to approve its existence

and abandon their rights to exercise sovereignty over that territory.   Nevertheless, after

the failure of the ROC's regime in the global arena, Taiwan's government has gradually

lost this powerful asset and has formed a different kind of independent government entity,

---

[31] See Stephen D. Krasner, "Sovereignty: An Institutional Perspective," *Comparative Political Studies* 21, no. 1, (April 1988), 66-67.

outside the normal model of the global community. This is a peculiar case. Ernest

Renan mentioned that common suffering unites people, even more so than joy, providing

a solid foundation for the collective memory of a nation. Moreover, the existence of a

nation is similar to a "daily plebiscite," which is tested by time and space in the long term,

building up mental energy for the whole nation.[32]

Taiwan's circumstances are an example. The original identity of the people in

Taiwan being "Chinese," which was the foundation of a collective memory recognized by

the global community, was challenged after the 1970s. When being Chinese came to be

associated with the PRC, Taiwan's government—the ROC—started to search for a new

approach to international survival.[33] Given Taiwan's gradually eroding international

living space, news of its being rejected in the daily vetoes in the global community

flooded governmental institutions and civil society. The news reminded Taiwan's

governmental institutions and civil society that its current regime had a "collective

non-existence" in the global community. At the same time, as people were reminded of

the dire need to pursue a recognizable national identity, the government was pressured to

cultivate the capability of its institutions to seek external international living space while

---

[32] Ernest Renan, "What Is a Nation?" in *Nation and Narration*, ed. Homi K. Bhabha (New York: Routledge, 1990), 19, in particular.

[33] Solutions to defend the sovereignty of the "Republic of China" in Taiwan include the discussions of two Chinas in the mid-1990s, special state-to-state relations in the late 1990s, and the two states theory in 2002.

attaining domestic acceptance. Eventually, the collective suffering would enhance the awareness of what some might regard as a "destined collective community" and become an impetus for creating a new national identity.

Charles Tilly suggested that war is one situation through which a nation comes into existence.[34] He explained that, in war, people must centralize resources and power and must secure loyalty for leaders to take concerted actions. Hence, war creates not only a state but also a nation because it produces a sense of collective identity through the solidarity of the people against a common enemy. In Taiwan's case, the long-term saber rattling as well as diplomatic oppression coming from the Chinese government no doubt has a far-reaching impact conducive to the formation of the Taiwanese national identity. Statistical data in Figure 4-2 also show that, when the two sides are under heightened tensions and Taiwan faces diplomatic oppression that threatens the nation's autonomy, the people in Taiwan sense hostility from the other side and display a stronger Taiwanese identity and a weaker Chinese identity. This tendency also explains why Taiwan's demonstration of state capability has gradually shifted from winning the battle for

---

[34] See Charles Tilly and Leopold H. Haimson, eds., *Strikes, Wars, and Revolutions in an International Perspective: Strike Waves in the Late Nineteenth and Early Twentieth Centuries* (New York: Cambridge University Press, 1989).

Chinese representation to campaigning for Taiwanese representation as a strategy for its

return to the global arena.

In the Cross-Strait relations of the 1990s, first came the opening of civilian-level

visits and exchanges between Taiwan and China before the death of Chiang Ching-kuo,

followed by Lee Teng-hui announcing the end of the period of communist rebellion.

Both events indirectly conveyed Taiwan's governmental acknowledgement that the

mainland's PRC and Taiwan's ROC were two separate political entities and that neither

was subordinate to the other.　Based on this stance, Taiwan's governmental institutions

not only started the subsequent Cross-Strait interactions but also deepened the global

diplomatic contest.　The data in Figure 4-2 indicate that, in 1992,[35] right before

suspension of diplomatic relations between South Korea and Taiwan, the percentage of

interviewees who identified themselves as "Taiwanese" was rather low, below 20%.　In

1994, political interactions and diplomatic competition on both sides of the Strait became

quite frequent, especially after the first Cross-Strait Talk between Taiwan and China in

Singapore.　Then, the campaign of Taiwan's ruling and opposition parties to return to

the UN resulted in the PRC's hostile declaration in *The White Paper on Taiwan Issue* and

---

[35] In the early 1990s, Taiwan's democratization movements also became much more active.　Discussed in Chapter One, Taiwan's more liberal democratic society might be able to contribute to more diverse identities as well.

its international launch of more severe diplomatic oppression and isolation of Taiwan.

This move caused Taiwan's people to significantly downplay their Chinese identity, with

a marked upsurge in those claiming Taiwanese identity after 1994.

The Qiandao Lake Incident, which occurred in the middle of 1994, was another key

turning point.   During this incident, 24 Taiwanese tourists traveling in China were

robbed and murdered, and after a half-year investigation, China's People's Liberation

Army was suspected of being involved in the murder.   In addition, the evidence was

promptly destroyed by the Chinese authorities by burning the victims' bodies, an act that

infuriated people in Taiwan.   According to *The United Daily News*, 70% of the

respondents to a poll thought that this incident seriously hurt Taiwanese feelings towards

the mainland.[36]   Data in Figure 4-2 clearly show that, after this incident in 1994, the

people in Taiwan claiming Taiwanese identity dramatically increased compared to those

claiming Chinese identity.   The Qiandao Lake Incident had a significant impact on

people's national identity in Taiwan for two reasons.   First, after this incident, people in

Taiwan fully recognized the considerable differences in views about human rights and the

rule of law between the two territories.   Second, all people in Taiwan were considered to

be "Taiwanese" by the PRC's government and people, thus implying no distinction

---

[36] "The Chinese Authority Hurts Taiwan," *United Daily News* (Taipei, Taiwan), April 18th, 1994, 3rd ed.

between native Taiwanese and mainlanders living in Taiwan after 1949.   This view

placed the entire Taiwanese people in one collective community that shares in common

suffering.[37]

From 1995 to 1996, the sense of a "destined collective community" was even more

pronounced.   In June 1995, when former President Lee Teng-hui successfully broke

through the international barriers and visited the US to make public speeches, China's

government began making a series of diplomatic and military threats against Taiwan and

even tested missiles that were launched across the Taiwan Strait, attempting to affect the

outcome of Taiwan's first presidential election.   However, this move did not achieve

China's expected outcome.   In addition to Lee Teng-hui becoming the first popularly

elected president by winning 54% of the votes, the number of people claiming Taiwanese

identity rose sharply after 1996.

During the second presidential election in 2000, China conducted another series of

international public-opinion and propaganda attacks and intimidated Taiwan with war

threats if people voted to support the DPP's pro-independence candidate, Chen Shui-bian.

Nevertheless, such shared suffering not only reinforced people's awareness of "us vs.

---

[37] Chia-lung Lin, "Formation of Taiwan's Democratization and Nationalism," in *Nationalism and Cross-Strait Relations*, ed. Chia-lung Lin and Yung-nien Cheng (Taipei, Taiwan: New Naturalism, 2001), 242-243.

them," but also toughened Taiwan's state capacity to face external threats, especially in

reacting to China's rising presence in the global arena.   During its governing of Taiwan

in 2000-2008, the former ruling pro-independence DPP intentionally encouraged

Taiwanese identity, both directly and indirectly, through the state machinery, steadily

cultivating a Taiwanese identity in the people.   This nationwide movement, daily

inspired by the former DPP government and always severely threatened by the hostile

Chinese government, successfully consolidated the Taiwanese consciousness.   As a

result, in 2008, when Taiwan's fourth presidential election was conducted, even a

pro-unification China-originated KMT party was forced to explore its Taiwanization

theory and propaganda to compete with the DPP party during the election campaign.

Consequently, since 2008, when President Ma Ying-jeou and his KMT returned to power

in Taiwan, this trend towards the Taiwanese identity has surpassed the double-recognition

phenomenon of "both Taiwanese and Chinese."

C. Global Affairs and National Identity after 2008

This trend of a resurging Taiwanese identity after 2008 may surprise the Chinese

government, which has sought to influence Taiwanese opinion through several

conciliatory policies since 2008, but it does not conflict with the analytic assumption

above, which emphasizes that a more open society contributes to greater awareness of "us vs. them" to gain distinction in global social interactions.   It is true that, since 2008, tensions across the Taiwan Strait have been dramatically reduced, resulting from Beijing's willingness to resume its negotiation agenda with Taipei.   Until October 2011, the improved Cross-Strait relations have resulted in fifteen agreements, especially concerning direct Cross-Strait flights, the opening of Taiwan's tourist market to Chinese visitors, mutual judicial assistance, and a quasi-free-trade agreement of the ECFA (Economic Cooperation Framework Agreement).   Meanwhile, a closer Cross-Strait relationship has had an unexpected impact on Taiwan, both globally and domestically.

On the one hand, in the global arena, the image of better Cross-Strait relations was interpreted by the global community as Taipei accepting Beijing's One-China Principle and being a part of China, creating an international phenomenon of being comfortably neglectful of the authority of the Taiwanese government.   For example, also beginning in 2008, on the global market, increasingly more Taiwan-made intellectual products—especially films, music, and academic works—have been openly wrongly listed under labels indicating "Taiwan, China," "China's Taiwan," or "Taiwan, a Province of China."   Even worse, as discussed in Chapter Three, in February 2011, the Philippine government decided to extradite 14 Taiwanese suspects to China in accordance with its

understanding that the improved China-Taiwan relations meant the two governments had

agreed on the One-China Principle, resulting in signed agreements of mutual judicial

assistance and joint combating of crime on both sides of the Strait.   This development

caused the Philippine government to think that the Chinese government had the authority

to take into custody those 14 Taiwanese.   Ironically, improvement in relations between

the two sides of the Strait made Taipei incapable of action in these issues, causing a

stronger demand from Taiwan's society to better distinguish Taiwan from China and

Taiwanese from Chinese.

Yet, in the Taiwanese domestic field, broadened economic and societal ties between

citizens of Taiwan and China have allowed for more contact.   Thanks to the opening of

Taiwan to Chinese tourists in 2010, more than 1.63 million Chinese visited Taiwan, up

nearly 67% from a year earlier, making China the greatest source of visitors to the island,

according to an interview with Alice Chyoug-hwa Chen, a tourism bureau official in

Taipei.   However, although local business owners were pleased with the surge of

Chinese tourists' spending,[38] most local Taiwanese openly grumbled about the Chinese

visitors' improper behavior, such as speaking loudly in an indoor public place, having a

collective disdain for the single-file line, asking local strangers on the street about their

---

[38] In 2010, nearly USD $3 billion were poured into Taiwan's economy, an amount equal to 0.72 percent of Taiwan's gross domestic product.

incomes, having a tendency to smugly compare Beijing's modern buildings to Taipei's

dated landscape, and holding an arrogant belief that their big Renminbi money talks.

Before these open policies started in 2008, the Taiwanese local people, who had

little personal experience in meeting PRC Chinese, showed their antipathy against the

dictatorial Chinese government only, while keeping the image of being Chinese

associated with traditional Confucianism from a very civilized Middle Kingdom.

Therefore, the claim of a double-recognition, of being "both Taiwanese and Chinese,"

corresponded with a perception of currently being Taiwanese with the hope of learning

genuine Chinese civilization in the distant future.   Nevertheless, through increasing

opportunities for face-to-face contact and the local media's daily broadcast in Taiwan,

these negative impressions of the Chinese tourists and vivid images of "the authentic and

genuine Chinese," who should have been civilized, have upset the people who claimed

double-recognition of being "both Taiwanese and Chinese."   As a consequence of closer

interactions between the two societies, the disappointed Taiwanese local people quickly

abandoned their Chinese dream and, instead, openly expressed their stronger belief in the

pursuit of distinguishing themselves from the so-called "Chinese."   Figure 4-2 shows

the resurgence of claiming a "Taiwanese" identity after 2008 significantly gained from

the declining claims of being "Chinese" and "Both Taiwanese and Chinese."

Overall, the first presidential election with the Taiwan Strait missile crisis in 1995-1996, the second presidential election with a change of ruling party in 2000, the entrance to the WTO under the name of T.P.K.M. by the end of 2001, and the SARS incident in 2003 all created a kind of collective memory of suffering in Taiwan's people. The successful completion of direct presidential elections, joining the WTO under the name of T.P.K.M., and tackling global epidemic problems while under enemy threats not only made profound impressions on the minds of the people but, more importantly, greatly increased state autonomy and capability through the attainment of a national goal despite strong external pressure.   Moreover, when open policies deepened and broadened the contacts between the Taiwanese society and Chinese society after 2008, the concepts of "China" and "Chinese" were re-defined by the local people of Taiwan. Both the Taiwanese government and society have learned that their exclusive autonomy, capability, and civilization can and must be preserved with a better distinction between Taiwan and China, as well as Taiwanese and Chinese.

While confronting challenges in globalization and regionalization eroding the state autonomy and capability, Taiwan's government and society have been learning to transform themselves gradually to maintain Taiwan's existing legitimacy in global interactions.   Together with its changing society, Taiwan's government has firmly

established a new framework for debate on the issue of legitimacy in the global arena,

especially facing challenges from China and the Chinese.   To sum up, this tension

continues to influence the trend in national identity among Taiwan's people through

various global affairs, economic and societal policies, democratic activities, and

indigenization practices, all of which will be examined further in the next two chapters to

predict Taiwan's evolution in the globalization era.

Figure 4-1. The relationship between the ROC's diplomatic countries and the PRC's diplomatic countries (1950-2010)
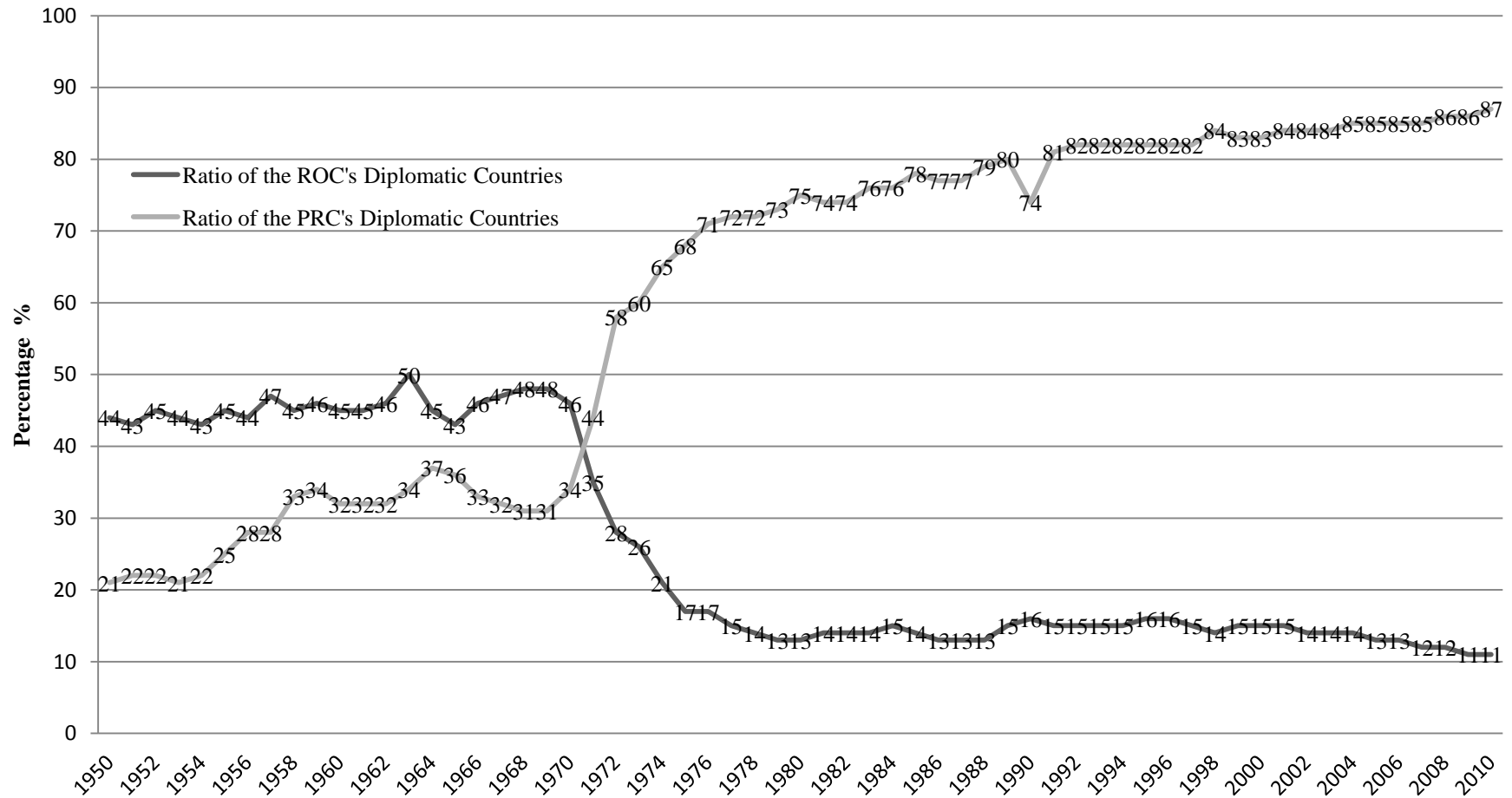
Source: Figure compiled by the author; data from the ROC Ministry of Foreign Affairs

Figure 4-2. The relationship between global affairs and national identity of people in Taiwan (1992-2011)
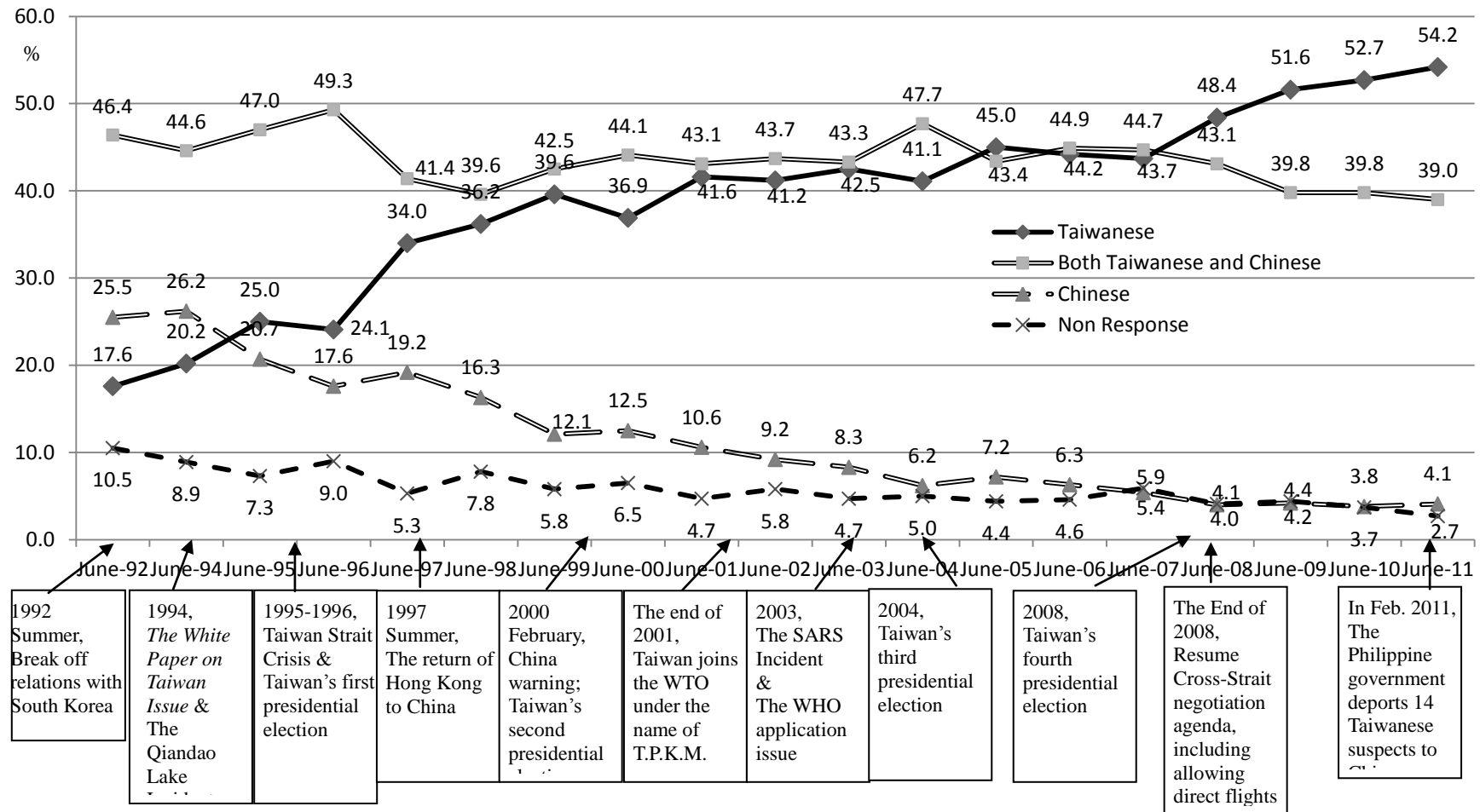
Table 4-2. Taiwan's participation in international organizations

International Organizations	Abbreviation	Participation Year	*Participation Title*	Participation Degree
Office International des Epizooties (World Organization for Animal Health)	OIE	1954/10/01	*Chinese Taipei*	Full Membership
Asian Productivity Organization	APO	1961/05/11	*Republic of China*	Full Membership
International Seed Testing Association	ISTA	1962	*Taiwan*	Full Membership
International Cotton Advisory Committee	ICAC	1963	*China (Taiwan)*	Full Membership
Asian Development Bank	ADB	1966/08/22	*Taipei, China*	Full Membership
Afro-Asian Rural Development Organization	AARDO	1968	*Republic of China*	Full Membership
Food and Fertilizer Technology Center for the Asian and Pacific Region	FFTC/ASPAC	1970/04/04	*Republic of China*	Full Membership
AVRDC-The World Vegetable Center	AVRDC	1971/05/22	*Republic of China*	Full Membership
International Organization of Securities Commissions	IOSCO	1987	*Chinese Taipei*	Full Membership
Asia-Pacific Economic Cooperation	APEC	1991	*Chinese Taipei*	Full Membership
South East Asian Central Banks	SEACEN	1992/01/24	*Central Bank of China, Taipei*	Full Membership
International Satellite System for Search and Rescue	Cospas-Sarsat	1992/06/04	*Taiwan, China*	Full Membership
Central American Bank for Economic Integration	CABEI	1992/11/10	*Republic of China*	Full Membership
Association for Science Cooperation in Asia	ASCA	1994	*Taiwan*	Full Membership
International Association of Insurance Supervisors	IAIS	1994	*Chinese Taipei*	Full Membership
Asia-Pacific Legal Metrology Forum	APLMF	1994/11	*Chinese Taipei*	Full Membership
Study Group on Asian Tax Administration and Research	SGATAR	1996/02	*Chinese Taipei*	Full Membership
Asia/Pacific Group on Money Laundering	APG	1997/02	*Taipei, China*	Full Membership

International Organizations	Abbreviation	Participation Year	*Participation Title*	Participation Degree
Association of Asian Election Authorities	AAEA	1998/02	*Taiwan, ROC*	Full Membership
Egmont Group of Financial Intelligence Units of the World	Egmont Group	1998/07	*Taiwan*	Full Membership
Asia-Pacific Association of Agricultural Research Institutions	APAARI	1999/04/07	*Chinese Taipei*	Full Membership
The International Competition Network	ICN	2001/01	*Fair Trade Commission (Taiwan)*	Full Membership
World Trade Organization	WTO	2002/01/01	*The Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu (SCTTPKM, Chinese Taipei)*	Full Membership
Interim Scientific Committee for Tuna and Tuna-like Species in the North Pacific Ocean	ISC	2002/01/30	*Chinese Taipei*	Full Membership
World Customs Organization (Technical Committee on Customs Valuation)	WCO	2002/01	*The Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu (SCTTPKM, Chinese Taipei)*	Full Membership
World Customs Organization (Technical committee on Rules of Origin)	WCO	2002/01	*The Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu (SCTTPKM, Chinese Taipei)*	Full Membership
Extended Commission for the Conservation of Southern Bluefin Tuna	CCSBT	2002	*Fishing Entity of Taiwan*	Full Membership

International Organizations	Abbreviation	Participation Year	*Participation Title*	Participation Degree
Advisory Centre on WTO Law	ACWL	2004/03/08	*The Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu (SCTTPKM, Chinese Taipei)*	Full Membership
Western and Central Pacific Fisheries Commission	WCPFC	2004/12/02	*Chinese Taipei*	Full Membership
Agency for International Trade Information and Cooperation	AITIC	2009/5/21	*The Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu (SCTTPKM, Chinese Taipei)*	Full Membership
Inter-American Tropical Tuna Commission	IATTC	2010/8/27	*Chinese Taipei*	Full Membership
European Bank for Reconstruction and Development	EBRD	1991	*Taipei China*	Observer Membership
Foro de Presidentes de Poderes Legislativos de Centroamerica y la Cuenca del Caribe	FOPREL	1991	*Republic of China*	Observer Membership
Inter-American Development Bank	IDB	1991	*Taipei China*	Observer Membership
Commission for the Conservation of Southern Bluefin Tuna	CCSBT	1994	*Fishing Entity of Taiwan*	Observer Membership
Food Aid Committee	FAC	1995	*Chinese Taipei*	Observer Membership
International Grains Council	IGC	1995	*Chinese Taipei*	Observer Membership

International Organizations	Abbreviation	Participation Year	*Participation Title*	Participation Degree
Central American Parliament	PARLACEN	1999	*Republic of China in Taiwan*	Observer Membership
Sistema de la Integración Centroamericana	SICA	2000	*Republic of China (Taiwan)*	Observer Membership
Organization for Economic Cooperation and Development (Competition Committee)	OECD	2002	*Dynamic Non-Member Economies*	Observer Membership
Kimberley Process	KP	2003	*Chinese Taipei*	Observer Membership
Organization for Economic Cooperation and Development (Steel Committee)	OECD	2005	*Dynamic Non-Member Economies*	Observer Membership
Conferencia de las Fuerzas Armadas Centroamericanas	CFAC	2005	*Republic of China, Taiwan*	Observer Membership
Organization for Economic Cooperation and Development (Fisheries Committee)	OECD	2006	*Dynamic Non-Member Economies*	Observer Membership
World Customs Organization (Revised Kyoto Convention Management Committee)	WCO	2006	*The Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu (SCTTPKM, Chinese Taipei)*	Observer Membership
World Health Assembly of the World Health Organization	WHA	2009	*Chinese Taipei*	Observer Membership
Global Biodiversity Information Facility	GBIF	2001	*Chinese Taipei*	Associate Membership

International Organizations	Abbreviation	Participation Year	*Participation Title*	Participation Degree
Conférence Générale des Poids et Mesures	CGPM	2002	*Chinese Taipei*	Associate Membership
International Council for Information Technology in Government Administration	ICA	2004	*Taiwan*	Associate Membership
International Organization of Legal Metrology	OIML	1997	*Chinese Taipei*	Corresponding Membership
International Commission for the Conservation of Atlantic Tunas	ICCAT	1972	*Chinese Taipei*	Cooperating Non-Membership

Source: Figure compiled by the author; data from the ROC Ministry of Foreign Affairs

Chapter Five:

The Impact of the Sino-Oriented Global/Regional Governance Structure on Taiwan's Transformation—Two Conventional Approaches to Forecasting Taiwan's Future Scenarios

I. Introduction

Since the end of the Cold War, globalization has been much wider and deeper, yielding an era of global contact and growth on a scale that had never been witnessed before. The study of globalization, therefore, became something of a fad in the 1990s, and the meaning of it, accordingly, began to take on a somewhat positive tone in the early 2000s. Two reasons explained its popularity. On the one hand, many rapidly growing emerging markets from the Third World were considered major winners of globalization in terms of successful economic performance. On the other hand, previous critics of globalization had started to appreciate global connectedness as a primary approach to tackling such global issues as climate change, infectious diseases, financial crisis, and poverty. Globalization continued to accelerate until 2008, when the debt-driven global economic crisis occurred. Since then, the process of globalization, at least in its

economic dimensions, has appeared to slow down and perhaps even to retreat.[1]   A

decline in global trade, capital flows, and immigration has been threatening the

capital-market-driven integration process.   Something of a backlash against

globalization seemed to be forming.

Indeed, globalization is now at an ominous stage, in which the global economic crisis

may well have important geopolitical consequences.   In the United States, it is obvious

that, after the worst economic slump since the Great Depression, the Obama administration

has been constrained to shift its focus to internal national issues, especially unemployment,

the banking industry, health care, and fiscal pressures—and this in the face of partisan

legislative gridlock.   In Europe, the Greek crisis is taken as a warning concerning

Europe's sovereign-debt problems in the euro zone, which is displaying its vulnerable

economies and difficulty in reining in deficits and boosting growth.   Japan is suffering in

an even worse state, especially after enduring a "lost decade" of economic stagnation in the

1990s and early 2000s that left the Japanese government unable to provide for further easy

credit for fueling both stock and real-estate speculation.

However, Altman discusses another episode of the globalization story:

---

[1] For example, Roger C. Altman, "Globalization in Retreat: Further Geopolitical Consequences of the Financial Crisis," *Foreign Affairs* 88, no. 4 (July/August 2009), available at http://www.foreignaffairs.com/articles/65153/roger-c-altman/globalization-in-retreat; Harold James, *The Creation and Destruction of Value: The Globalization Cycle* (Cambridge, MA: Harvard University Press, 2009); and Gideon Rachman*, Zero-Sum Future: American Power in an Age of Anxiety* (New York: Simon & Schuster, 2011).

Only China has prevailed.   China's growth did diminish but now may be

picking up again.   Recently, electricity consumption, freight shipments, and car

sales in China have all increased.   Its financial system is insulated and

relatively unleveraged—and has thus been largely unharmed.   This has allowed

China to direct a recent surge in lending for stimulus purposes.   Beijing's

unique capitalist-communist model appears to be helping China through this

crisis effectively.   And measured by its estimated $2.3 trillion in foreign

exchange reserves, no nation is wealthier.[2]

Although the geopolitical stories are still developing within different areas, China's

impressive relative insulation from the global economic recession has enabled it to make

strategic investments that other countries have not recently been able to make.   Especially

in East Asia, while facing the worst economic crisis since the Great Depression, the US and

other traditional powers are losing their long-time regional hegemony, and China is

gradually replacing them in their role of stabilizing the regional financial market.

Although these trends need to be proven over time, China is, indeed, playing an

increasingly important and active role in joint efforts to combat the financial crisis and to

---

[2] Altman, "Globalization in Retreat," available at
http://www.foreignaffairs.com/articles/65153/roger-c-altman/globalization-in-retreat.

boost cooperation in promoting the welfare of countries in East Asia.   These Sino-oriented

financial stabilization projects—such as the emphasis on the Chiang Mai Initiative, the

bilateral currency swap agreements with some ASEAN countries, the Investment

Agreement for China-ASEAN FTA, an investment fund for ASEAN countries'

infrastructure networks development, and the extension of loans to ASEAN countries—not

only reduce the effects of the financial turmoil on East Asia but also make China a credible

option for taking a lead role in East Asian regional economic integration.

Nevertheless, largely due to its complicated historical and political background with

China, Taiwan, while confronting the global financial crisis, remains a rather different state

in the globalization process.   Taiwan's eagerness to join the global and regional

integration programs mostly being strongly influenced, or even led, by China has prompted

the Taiwanese government to adapt to different trajectories of adjustment or

transformation.   From the traditional schools of predicting globalization development,

three different perspectives, as mentioned in Chapter One—skepticism, hyperglobalism,

and transformationalism—can be applied to analyze the responses of the Taiwanese

government.   There seem to be three possible scenarios: a national welfare state based

on skepticism, a competition state based on hyperglobalism, and a structural

competition-state based on transformationalism.   These scenarios are devised in terms of

the Sino-oriented global/regional governance structure.   The next two chapters are

dedicated to investigating these developments in terms of Taiwan's transformation for

global/regional integration processes.

II. Ordinary Scenarios of Taiwan Tied to a Sino-Oriented

Global/Regional Governance Structure

Different perspectives give rise to different scenarios.   The globalization schools

of skepticism, hyperglobalism, and transformationalism, respectively, project the

Taiwanese government as a national welfare state, competition state, and structural

competition-state in three different scenarios tied to global integration and cooperation.

The analyses follow two steps.   On the one hand, because both skepticism and

hyperglobalism belong to conventional analytic approaches and can be respectively

related to economic nationalism and liberalism, this chapter will review these two

traditional perspectives in terms of their normal scenarios.   On the other hand, as

discussed in Chapter One, the transformationalist school attempts to hybridize traditional

nationalism and liberalism and suggests postinternationalism as its reformed analytic

viewpoint, its unique and innovative prediction of Taiwan as a structural

competition-state will be presented alone in the next chapter.   The analyses to predict

the scenario outcomes will be explored in terms of key dynamics, states' roles, and

possible developments.

A. Economic Nationalism—A National Welfare State of Taiwan

The skeptics still view the state as the main actor in the trend of globalization, so

their perspective can be identified as economic nationalism (or mercantilism).

1. Key Dynamics

Economic nationalism emerged in the 17th and 18th centuries in theories related to

the relationship between economic activity and state capacity. The literature on

economic nationalism is vast and varied, but this school generally adhered to three central

propositions in terms of its key dynamics.[3] First, the classic economic nationalists

argued that state capacity and wealth were tightly connected. State capacity in the

Westphalian state system was derived in large part from wealth. In turn, wealth was

required to accumulate resources and power. Second, classic economic nationalists

contended that trade provided one way for states to acquire wealth from abroad.

However, doing so requires the state to achieve a positive balance of trade. In other

---

[3] Thomas Oatley, *International Political Economy: Interests and Institutions in the Global Economy* (New York: Pearson/Longman, 2008), 8.

words, wealth was produced while the state sold more goods to foreigners than it purchased from foreigners.   Third, classic economic nationalists asserted that some types of economic activities were more valuable than others.   In particular, economic nationalists were convinced that manufacturing activities should be promoted, whereas agriculture and other non-manufacturing activities should be discouraged.   Hence, the state must play a dominant role not only in the growth of national economy but also in the upgrade of national economic performance.

The economic nationalism of today applies the following three propositions when confronting contemporary globalization.[4]   First, economic strength is a critical component of state capacity.   Second, trade is to be appreciated for exports; hence, whenever possible, states should discourage imports.   Third, some forms of economic activities are more valuable than others.   Therefore, a state's current approach for development is to prioritize information-technology industries over mature manufacturing industries and to prioritize the latter over the production of agricultural and other primary commodities.

---

[4] Robert O'Brien and Marc Williams, *Global Political Economy: Evolution and Dynamics* (New York: Palgrave Macmillan, 2007), 17.

2. The State's Role

The emphasis on national wealth as a critical component of state capacity, the maintenance of a positive balance of trade, and the priority of certain types of economic activity for development make the economic nationalist view a world where the state should play a large role in determining how society's resources are allocated for the enhancement of national welfare. The market is only an uncoordinated process that is unable to allocate resources efficiently and will, therefore, damage economic development. Relying largely on the market results in an uncoordinated process that can cause inappropriate economic activity. Industries and technologies that may be desirable from the perspective of state capacity might be neglected, whereas industries that do little to strengthen the nation in the global arena may flourish. Consequently, the state might have difficulty maintaining a positive balance of trade, but it might also allow itself to become dependent on other countries for critical technologies, a situation that, in turn, will hurt its national wealth. Thus, the state must play a large role in its own economic development to ensure that resources in its territory are appropriately used. Sovereignty, in this case, is still preserved and ensures the state's pursuit of national welfare in the global arena.[5] In a sense, all the policies addressing globalization are

---

[5] Stephen D. Krasner, "Sovereignty: An Institutional Perspective," *Comparative Political Studies* 21, no. 1

used to channel resources towards those activities that promote and protect the national

interest and welfare and away from those that fail to do so.

3. Possible Developments — A National Welfare State Emphasizing Sovereignty while Protecting the National Welfare System

From the perspective of economic nationalism, the Taiwanese government should

adopt policies that retain its state capacity and national power as high priorities while

increasing its global profile incrementally.   The Taiwanese government cannot surrender

key areas of sovereignty to market forces and must, instead, develop its state capacity for

the protection of its sovereignty, for instance, by preventing or restricting population and

currency flows.   While states have encouraged certain trends, such as increased flows of

foreign investment and trade, the Taiwanese government must also display its capacity to

impose restrictions on these flows, especially those related to outward investments.

These policies also ensure the improvement of national welfare.   The possible

developments of economic nationalism can, therefore, be described as a national welfare

state that underlies a national welfare system that must be enjoyed exclusively by its

subjects and protected legally by sovereignty.   The vision of "Green Silicon Island"

(April 1988): 89-90.

(GSI), for instance, can be a product of the Taiwanese government in the scenario based on economic nationalism.

The vision of a GSI used to be a policy implemented by the former ruling DPP government.   Since the 1990s, largely due to accelerated globalization, the Taiwanese economy has been restructured by the rapid growth of the scientific, information technology, and service industries, as well as the relative decline of traditional agricultural and manufacturing industries.   Hence, the former Chen administration in 2000 announced a plan to develop Taiwan into a "Green Silicon Island" to maintain Taiwan's economic miracle and state capacity under the trend of globalization, thereby ensuring a balance between national economic developments, its access to a globalizing market, and sovereign conservation.[6]   The project is guided by three major notions: The need to promote a knowledge-based economy, to constitute a social welfare state based on a just society, and to maintain a sustainable development.   Together, these principles formed economic and political strategies to break through China's block on Taiwan's participation in international organizations.

Economically, the Taiwanese government has adopted policies not only to attract more foreign direct investment in the information-technology industry but also to restrict

---

[6] See "The Blueprint of Green Silicon Island," (in Chinese) available at http://www.cepd.gov.tw/ m1.aspx?sNo=0000174&key=&ex=%20&ic=

outward investment, particularly in China.   China, in the global arena, has been viewed

as a rising economic competitor and, more importantly, a political threat to Taiwanese

sovereignty.   As a result, Taiwan's China policies, economic openness, and integration

were considered under the condition of supporting national sovereignty and interests in

terms of the economic nationalist perspective.   This support could ensure the creation of

state revenues and the capacity for the development of national wealth, as well as the

sovereignty that sustained the national welfare system, thus necessitating government

intervention.   Even though the former Chen administration was under severe pressure

from the opposition, from Taiwan's entrepreneurs, and from other foreign multinational

corporations, the ongoing row over the implementation of three links—direct trade, air,

and shipping links with China—showed that the former Taiwanese government was very

reluctant to take any substantive step towards Beijing.   In other words, the DPP's

economic nationalist approach resulted in the ban on the "three links" with China because

these direct links would encourage Taiwanese-China-bound investment.   This

encouragement might also undermine the national wealth, governmental revenues, and

state capacity, all of which would eventually cause great damage to the foundation of

Taiwan's welfare system.

Politically, the maintenance of national sovereignty and independence in a period of

accelerated globalization was another priority under the plan of the GSI.   The idea to

maintain Taiwanese sovereignty was also based on the concept of a Taiwanese national

welfare state, which was a long process of awareness, organization, education, research,

and propaganda during the process of globalization.   This process was a result of the

fact that the ROC regime had too many Cold War hues that met with difficulties in

building a healthy national welfare state, especially in its confusing subject and territory.[7]

The GSI plan, as well as the DPP government, was based on the idea that Taiwan and

China were "two countries on each side (of the Taiwan Strait)," highlighting the

difference between its "one China, one Taiwan" approach and the KMT's "two-Chinas"

idea and PRC's "One-China" formula.   This approach also articulated the former Chen

administration's uncompromising statement on Taiwanese sovereignty as being not only

de facto but also *de jure*.   Therefore, to distinguish Taiwanese from Chinese for the

purpose of Taiwan's national welfare system and to resolve the historical mismatch

between the ROC's *de jure* jurisdiction (China) and its *de facto* one (Taiwan) for

clarifying the system's implementation area, the government's goals were to abolish the

ROC regime and to establish an independent Republic of Taiwan (ROT).   When it

---

[7] See Chen-wei Lin, "State Reformation and the Formation of a Newly Emerging Welfare State in Taiwan," *The Developing Economies* 42, no. 2 (June 2004): 176-197.

joined international organizations, for instance, the government hesitated to adopt certain

terms related to "China" or "Chinese" in its representative titles because these terms

would confuse the global community and might have less effectiveness for long-term

sustainability of Taiwan's national welfare system on a domestic level.   Thus, not only

has a national welfare state been developing, but the subject of the national welfare

system was also clarified.

In terms of national identity, a national welfare state based on economic nationalism

meant that the former DPP government would encourage the birth of a Taiwanese nation

that had a closed door in terms of any vision of China.[8]   The objective of economic

nationalism would then be to arouse greater Taiwanese national identity that marginalized

anything Chinese in favor of an emphasis on Taiwan's specific social security, political

system, and economic strength, as well as the multiethnic culture of the Taiwanese before

being acknowledged as a "normal" independent state known as ROT.   Fundamentally,

doing so required maintaining the operation of Taiwanese sovereignty to protect its

achievement as a national welfare state in the global community.   In other words,

economic nationalism was considered a necessary approach to assure the existence of the

---

[8] Gunter Schubert, "Taiwan's Political Parties and National Identity: The Rise of an Overarching Consensus," *Asian Survey* 44, no. 4 (July/August 2004): 551.

Taiwanese government's sovereignty that guaranteed the ongoing and independent

healthy operation of Taiwan's own national welfare system.

Even in the post-2008 era, when the DPP has become an opposition party, the

philosophy of building a national welfare state for facing challenges of globalization still

pervades this party's statements and speeches.   For example, in a seminar, Taiwan's

New Economic Development Strategies in the Globalization Era, in May 2010, which

was held as a part of the DPP effort to formulate its 10-year policy guidelines, Tsai

Ing-wen, the DPP's chairwoman, criticized the current government's economy-oriented

development route.[9]   She stressed that the KMT government cared much more about

short-term economic benefits and political effects by the economic integration policies

with China than about upgrading of Taiwan's industries, generation of job opportunities,

improvement of wealth distribution, and establishment of long-term social-care

transmission system and environmental protection networks.   Although the DPP's new

approach has shifted from a sovereignty-centered to an economic development of Taiwan,

no change has occurred in the party's fundamental principles, with the current language

still largely limited to the area of economic nationalism.

---

[9] See The China Post Staff, "Short-Term Benefits Erode Vitality: Tsai," *China Post*, 9 May 2010, available
http://www.chinapost.com.tw/taiwan/national/national-news/2010/05/09/255728/ Short-term-benefits.htm

In addition, largely due to China's rise as another economic nationalism country in a globalizing context, the economic nationalist developments of the Cross-Strait relations are perceived in zero-sum terms. In other words, the gain of one party necessitates a loss for another party. Therefore, the scenarios are perceived to be in conflicting structures tied to the future of globalization.

B. Neoliberalism—A Competition State of Taiwan

With increasing interactions in the development of globalization, the concepts of states have been re-defined. Neoliberals wish to minimize the role of governments and celebrate the coming of a single global market; therefore, a process of denationalization in globalization can be identified in this school's thinking. As a result, the future of Taiwan as a model of a competition state will be that of another Hong Kong, tied to the trend of the growing Sino-oriented global/regional governance structure.

1. Key Dynamics

The liberalism viewpoint was born in Britain during the 18th century to challenge the dominance of economic nationalism in state rules.[10] First, a strong line between

---

[10] Oatley, 8-9.

politics and economics was drawn by liberalists to support the argument that the main

purpose of economic activity was not to expand state capacity and wealth but rather to

benefit individuals.   Second, liberalism contended that the maintenance of trade

surpluses actually did not enrich states.   Instead, states would eventually benefit from

trade regardless of whether the balance of trade was positive or negative.   Finally, the

production of manufactured goods rather than primary commodities was unable to ensure

that states would be made wealthier.   Instead, from the liberalist perspective, states'

wealth could be efficiently accumulated by making products that they could produce at a

relatively low cost at home and trade for goods that could be produced at home only at a

relatively high cost.   From these viewpoints, states should make as little effort as

possible to influence their trade balance and to structure their economic activity because

the main dynamics were influenced by the markets rather than the state's wealth.

Government efforts to allocate resources would only diminish a nation's welfare.

2. The State's Roles

The liberal school favors a market-based system of resource allocation that stands

against a state-intervention argument as advocated by the economic nationalists.   With

top priority given to the welfare of individuals, liberals believe that societies will gain in

the most efficient way only when individuals are free to make their own decisions about

how to use the resources they possess.   As a result, instead of adopting the economic

nationalist thought in which the state plays a key role in guiding the allocation of

resources, liberals conclude that a market-based transaction system between voluntary

people should be developed for the allocation of resources.   Such transactions are

mutually beneficial as long as the activities are voluntary.   At the same time, the state

plays a limited role in the processes because what the system needs from the state is only

the function to establish clear rights concerning ownership of property and resources and

perhaps some support in the areas of infrastructure and education.   In particular, judicial

systems created and supervised by the state machine can enforce the rights and contracts

that transfer ownership from one individual to another.

Sovereignty, according to the liberalist discussions, can be explained as a gradual

denationalization.   These liberal arguments respect the power of the market and

conclude that the sovereign state will eventually surrender effective control to the

development of global markets.[11]   Therefore, the Taiwanese government may follow a

scenario of embracing the "Hong Kong Model" as a competition state.

---

[11] See the hyperglobalist perspective, *inter alia*, Kenichi Ohmae, *The End of the Nation State: The Rise of Regional Economics* (London: Harper Collins, 1995); and Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (Cambridge: Cambridge University Press, 1996).

3. Possible Developments—A Competition State Embracing the Hong Kong Model

Chinese leaders are hoping that China's smooth resumption of sovereignty over Hong Kong will have a positive effect in its long-standing goal of reunification with Taiwan. Indeed, they hope that Taiwan will eventually surrender its sovereignty to the Greater China market because the notion of Taiwanese sovereignty impedes Taiwan's further integration into regional and global markets. In other words, Taiwan surrendering its sovereignty will strongly benefit the improvement of its competitiveness in the global arena, creating what the hyperglobalists call a competition state. Therefore, today's Hong Kong will be tomorrow's Taiwan, in which the main mission of a state is shifted from protecting independence and sovereignty for providing social welfare to enhancing national competitiveness. This Hong Kong model can be explained as the formula of "one country, two systems," to use the former Chinese leader Deng Xiaoping's language.

Hong Kong as an administrative and economic entity under Chinese sovereignty adopted its unique political system as a non-sovereign state and a non-political entity.[12]

---

[12] Geping Rao and Zhenmin Wang, "Hong Kong's 'One Country, Two Systems' Experience under the

Since 1997, Hong Kong has become a part of China, known as the Special Administrative

Region of China (SARC), under Chinese authority.   Hong Kong's capitalist system is,

thus, treated as one of two systems within the boundaries of the whole PRC territory.

The statement of "one country" has precedence over the concept of "two systems."   The

concept of "one country" obviously indicates the host sovereign state—China.   Hence,

the phrase "one country" implies the traditional One-China Principle.   Only by obeying

the principle of "One China" can Hong Kong ensure that it enjoys access to the Chinese

and regional markets as well as its high degree of autonomy, with this arrangement

clearly subject to the central authority from Beijing.   Therefore, China's sovereignty is

specifically manifested in the regulations of the Basic Law of SARC.   This arrangement

also signifies China's ongoing development of its territory because no one except Beijing

can elevate Hong Kong's status, which must be retained as a non-sovereign state and

non-political entity under Chinese sovereignty, even though it has become a global center

for finance, trade, and shipping.   The compensation to placate Hong Kong's

dissatisfaction with its decreased political autonomy and the stimulation to propel Hong

Kong's further Sinicization are its franchise access to an expanding Chinese market,

---

Basic Law: Two Perspectives from Chinese Legal Scholars," *Journal of Contemporary China*, 16, no. 52, (August 2007): 342.

especially through the agreement of the Mainland and Hong Kong Closer Economic

Partnership Arrangement (CEPA).

CEPA is the first free-trade agreement signed by China and Hong Kong in June

2003.　With a building-block approach to the agreement, CEPA ensures that the two

trade partners work more closely to maintain a continual introduction of further

liberalization measures.　These liberalization adoptions, mainly covering areas such as

trade-in-goods, trade-in-services, and the Individual Visit Scheme, significantly expanded

Hong Kong's already close economic integration and cooperation with China.　For

example, CEPA provides both local and foreign companies established in Hong Kong an

exclusive window of opportunity to gain access legally to the growing Chinese market so

that Hong Kong can successfully serve as a springboard to integrate the Chinese market

within the global market.[13]

According to a study from the Hong Kong Administration on the initial impact of

CEPA[14] on the Hong Kong economy, Hong Kong's net additional capital investment for

trade-in-goods was increased by CEPA from HK$103 million (US$13.2 million) in 2005

to around HK$239 million (US$30.7 million) in 2007, one year prior to the global

---

[13] See "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)," available at
http://www.tid.gov.hk/english/cepa/cepa_overview.html
[14] The initiative phases of CEPA respectively refer to the CEPA put into effect in January 2004, the
Supplement to the CEPA in January 2005, and Supplement II to the CEPA in January 2006.

financial crisis occurring.   Meanwhile, until the beginning of 2008, 22,429 CEPA

certificates of origin had been issued, equal to over HK$8 billion (US$1 billion) worth of

tariff-free treatment of imports into the Chinese market.[15]   As for trade-in-services,

CEPA induced additional capital investment in 2004 at HK$1.0 billion (US$128.5

million), in 2005 at HK$4.5 billion (US$578.4 million), in 2006 at HK$4.8 billion

(US$617 million), in 2007 at HK$5.4 billion (US$692.3 million), and in 2008 at HK$7.5

billion (US$961.5 million), making the cumulative amount between 2004 and 2008 equal

to US$3 billion.[16]   As for the Individual Visit Scheme, by the end of 2006, 44 Chinese

cities had implemented the agreement, enabling Chinese residents to make more than

17.2 million trips to Hong Kong.   This number accounted for 39.4% of all 43.6 million

trips made by Chinese visitors to Hong Kong, increased from 28% in 2004.   In addition,

Chinese visitors under the Scheme have contributed additional tourist spending of HK$

22.7 billion (around US$3 billion) between 2004 and 2006, mostly to Hong Kong's retail

sector, hotels, and restaurants.   The study also showed that about 35,000 new jobs had

---

[15] See "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)—Impact on the Hong Kong Economy," Legislative Council Panel on Commerce and Industry, Paper No. CB(1)1849/06-07(04), 2, available at http://www.legco.gov.hk/yr06-07/english/panels/ci/papers/ ci0612cb1-1849-4-e.pdf

[16] For data in 2004 and 2005, see "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)," Paper No. CB(1)1259/04-05(03), 2; for data in 2006, see "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)," Paper No. CB(1)1849/06-07(04), 3; for data in 2007 and 2008, see "2010 Update of CEPA's Impact on the Hong Kong economy (Trade in Services)," Trade and Industry Department, available at http://www.tid.gov.hk/english/cepa/statistics/files/trade_in_services.pdf

been created in Hong Kong between 2004 and 2006.[17]   Hong Kong's GDP had reverted

from -0.7% in the second quarter of 2003 to 4.0% in the third quarter of 2003 and 4.8%

in the fourth quarter of 2003.   It further increased to an annual growth of 8.6% in 2004,

7.5% in 2005, 6.9% in 2006, and 6.3% in 2007, prior to the financial crisis in 2008.

Although these rebounds might not be entirely attributable to CEPA, it played a key

factor in boosting confidence in Hong Kong's economy to start an early recovery.   As a

result, Hong Kong's "One Country, Two Systems" model not only serves as a

competition state but also as a non-sovereign and non-political entity that benefits a good

deal from China's continuing process of economic liberalization and growing market.

Moreover, today's current economic development in the Western Taiwan Strait

areas, particularly concerning the Fujian provinces, also manifests China's increased

desire to adopt Hong Kong's liberalist model to Taiwan.   Officially launched in May

2009, the Western Taiwan Strait Economic Zone can be seen as a liberal economic policy

arising from Beijing's intention to de-politicize Taiwan's international status.   By

offering economic benefits to Taiwan for franchise access to the Western Taiwan Strait

market with a population of nearly 80 million consumers, more than three times larger

than Taiwan's population, China's new approach is to totally integrate the Greater China

---

[17] See "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)," Paper No.
CB(1)1849/06-07(04), 3-4

market with Taiwan's economic resources via a comprehensive interface.   It is important

to note that Beijing's current rapprochement is largely limited to the adoption of

economic liberalism and the area of economic cooperation, which are considered the

substructure for long-term spillover effects on Taiwan's social and cultural integration

with the PRC.   Consequently and ideally, the economic, social, and cultural foundations

will eventually contribute to the political reunification of Taiwan and China.[18]

From the viewpoint of liberalism, a healthy competition state, as shown in the Hong

Kong model, proves the potent force of the market.   In this instance, a state without

sovereignty can perhaps have greater flexibility in the pursuit of national competitiveness

under continued globalization.   For liberals, the question of how to maintain Taiwanese

sovereignty and to enhance the government's state autonomy has been replaced by how

to improve national competitiveness by integrating appropriately the domestic market

with the regional market and, further, with the global market.   That is, Taiwan's national

independence, absolute sovereignty, national interest, and even national identity will be

gradually surrendered to the emergence of a large Greater China market.   The scenario

of the Taiwanese government, from the perspective of the liberals, is a healthy

competition state that imitates Hong Kong in embracing the Chinese market without the

---

[18] Yijiang Ding , "Beijing's New Approach and the Rapprochement in the Taiwan Strait," *Asian Affairs: An American View* 36, no. 4 (November 2009): 179-199.

operation of sovereignty.   The lesson of national identity will be, much as it is today in

Hong Kong, how to be Chinese rather than how to cultivate the concept of what it means

to be Taiwanese.   These developments also indicate that market relations will lead to

positive outcomes for all so that the Cross-Strait relations will be essentially cooperative.

In other words, the future developments of liberalism will be positive-sum.

III. Conclusion

By focusing on the two conventional schools of skepticism and hyperglobalism, the

discussions of Taiwan's scenarios of globalization have shown that both economic

nationalism and liberalism underlie Taiwan's recent pressure to re-conceptualize the

state's role in terms of its engagement in the globalization process.   As a result, Taiwan's

state machine in the globalization era has reconstructed the concepts of sovereignty,

statehood, nationhood, and national identity.   In addition, the international great powers

obviously possess relatively greater capacity to influence the directions of globalization,

especially since 2008, with China's increasingly influential role in the rebuilding

processes of the global/regional governance structure.   During this development, Taiwan

is raising an urgent question as to whether the academic field needs to re-conceptualize

the relationships among the process of globalization, the reforming structure of

global/regional governance, the evolution of power politics, and the transformation of state sovereignty and capacity.

The next chapter will draw upon the postinternationalism school that hybridizes viewpoints from economic nationalism and liberalism to forecast Taiwan's development as a structural competition-state in the context of future globalization.

Chapter Six:

Taiwan Becoming a Structural Competition-State—A

Postinternational Approach to Forecasting Taiwan's Future

I. Introduction

The transformationalism school advocates an evolutionary path from an

"international" thinking process to a "postinternational" one.[1]   The following sections in

this chapter discuss this approach and apply it to the case of Taiwan.   The conclusion

will argue that Taiwan's becoming a structural competition-state for globalization is not

an entirely "new" phenomenon, but rather has been a longer-term process in which

Taiwan's situation has been gradually transformed by the rising volume of cross-border

activities.

II. A Structural Competition-State—Postinternational Perspective on a

State at the Semiperiphery Zone

---

[1]   See James N. Rosenau, "Global Changes and Theoretical Challenges: Toward a Postinternational Politics for the 1990s," in *Global Changes and Theoretical Challenges: Approaches to World Politics for the 1990s,* ed. Ernst-Otto Czempiel and James N. Rosenau (Lexington, MA: Lexington Books, 1989), 1-20.

From the postinternational viewpoint, as the operations of states become more porous due to advanced technology and expanding global actors, states are forced to adapt to a set of globalizing conditions.

A. Key Dynamics

The term postinternationalism was coined by James N. Rosenau in the early 1990s:

> The very notion of "international relations" seems obsolete in the face of an apparent trend in which more and more of the interactions that sustain world politics unfold without the direct involvement of nations or states. Postinternational politics is an appropriate designation because it clearly suggests a decline of long-standing patterns without at the same time indicating where the changes may be leading. It suggests flux and transitions even as it implies the presence and functioning of stable structures. It reminds us that "international" matters may no longer be the dominant dimension of global life, or at least that other dimensions have emerged to challenge or offset the interactions of nation-states.[2]

Since Rosenau's introduction of the concept, there have obviously been a number of important developments in contemporary global life. The first dynamic was the end of

---

[2] Rosenau, *Turbulence*, 6.

the Cold War and its bipolar structure.   Attention to some extent shifted from military

security to economic welfare and accelerated economic globalization.   Second, states'

territorially-based regulatory autonomy has slowly given way to more governance at

global and regional levels through international governmental organizations (IGOs) and

regimes.   Third, there has been increased involvement of non-state actors, including

multinational corporations (MNCs), international nongovernmental organizations

(INGOs), and even individuals.   Under such conditions, postinternational theory has

seemed to "provide a better 'fit' with observable reality and a more accurate guide to

changing political patterns and attendant norms."[3]

B. The State's Role

According to postinternational thinking, the state still "retains a pivotal role in

creating and maintaining governance in the global system because of the centrality of the

connection between law and political authority."[4]   Nevertheless, analytic attention needs

to be focused on the changing structures and processes of governance mechanisms that

mean not only

---

[3] Ferguson and Mansbach, 4.
[4] Robert O'Brien and Marc Williams, *Global Political Economy: Evolution and Dynamics* (New York: Palgrave Macmillan, 2007), 389.

the formal institutions and organizations through which the rules and norms

governing world order are (or are not) made and sustained—the institutions of

state, intergovernmental cooperation and so on—but also all those

organizations and pressure groups—from MNCs, transnational social

movements to the plethora of non-governmental organizations—which pursue

goals and objectives which have a bearing on transnational rule and authority

systems.[5]

Jessop observes:

Even as states cede their claim to formal judicial sovereignty in the face of

growing complexity and interdependence among different functional systems

and seek to enhance their political capacities by participating in public-private

partnerships and/or delegating public responsibilities to private institutions and

actors, they are also becoming more involved in organizing and steering the

self-organization of partnerships, networks, and governance regimes.[6]

In other words, the state does not shrink or disappear, but transforms itself to adapt

to new conditions in the changing governance structures.   Some scholars also describe

---

[5] David Held, Anthony McGrew, David Goldblatt, and Jonathan Perraton, *Global Transformations: Politics, Economics, and Culture* (Stanford, CA: Stanford University Press, 1999), 50.
[6] Bob Jessop, "The Future of the State in an Era of Globalization," *International Political and Society* 9, no. 3 (2003), 40.

the state's role as having shifted from providing welfare for its citizens to equipping the

population with more competitiveness abilities and skills.[7]   States are thus encouraged

to open their domestic markets; cooperate with IGOs, like the World Bank, IMF, and

WTO; join regional trade blocs; and advance bilateral free-trade relationships.   These

not only increase the number of negotiated agreements and facilitate their

institutionalization and implementation but also increase states' competiveness and, via

wider institutions, extend their potential regulatory power.

　　However, not all states enjoy the same capacity to influence global governance;

therefore, some protectionism dictated by economic nationalism is expected.   Clearly,

the most developed and wealthy states carry the most significant weight in discussions of

global governance because they are able to cast their vetoes to deny unfavorable

arrangements or coerce other governance actors to follow particular sets of policies.[8]

Moreover, the 2008 financial crisis has demonstrated that developing countries with

larger domestic and controlled markets have been more resilient during turbulent times.

China is a good example in that it enjoys a greater say in global governance because of

the larger sizes of its population, capital, and natural resources relative to other countries,

[7] See Ramesh Mishra , *Globalization and the Welfare State* (Cheltenham: Edward Elgar, 1999), and Philip G. Cerny, "Political Globalization and the Competition State," in *The Political Economy of the Changing Global Order*, ed. Richard Stubbs and Geoffrey R. D. Underhill (New York: Oxford University Press, 2006), 376-386.
[8] O'Brien and Williams, 390.

as mentioned in Chapter Three. States, IGOs, MNCs, and INGOs tread more carefully

when they deal with China than with lesser states. For example, it is much easier to

exert pressure on a developed country such as Australia and Canada to not to engage in

protectionism than on the developing but large country of China.

While most states are transforming themselves to meet conditions of global

governance, those adaptations tend to differ insofar as states occupy different positions in

the core-semiperiphery-periphery zonal structure of the global state system. "The core

zone includes strong states that promote accumulation to further enhance their position,

while the peripheral zone is the domain of weak states. The semiperipheral zone is an

intermediate category."[9] Great powers, such as the US and China, belong to the core

zone, whereas countries in what used to be termed the "Third World" comprise the

peripheral zone. Other middle powers, such as Taiwan, have a history of being

subjected to the influences of powerful core states, which have historically dominated

over the global and/or regional governance structures. Nevertheless, these middle

powers are fashioning policies aimed at achieving more political autonomy and capacity,

a healthier economy, greater competitiveness, and improved status in global governance

---

[9] Satoshi Ikeda, "Zonal Structure and the Trajectories of Canada, Mexico, Australia, and Norway under Neo-liberal Globalization," in *Governing under Stress: Middle Powers and the Challenge of Globalization,* ed. Marjorie Griffin Cohen and Stephen Clarkson (New York: Zed Books, 2004), 264.

structures.   These middle powers as semi-peripheral states are focused "not just on the situation of dependency but also on how to overcome it,"[10] and indeed "enjoy a certain measure of power that allows them a more autonomous relationship with the core" in the global and regional governance structures.[11]

In states' quest for more autonomy and status, sovereignty can be help or a hindrance.   For some states, sovereignty means little more than "the fancy titles of dispossessed royalty: it guarantees admission to the club but will not necessarily help pay the dues or keep away creditors."[12]   Yet "sovereignty continues to have a role to play in global politics because of the absence of an effective substitute."[13]   A postinternational perspective tends to emphasize its pragmatic function of helping to structure trans-border relationships in a more interdependent global life rather than its traditional function of mutual recognition or nonintervention.

The following analysis will apply the concept of the structural competition-state, discussed in Chapter Two, to weigh Taiwan's postinternational transformation.

---

[10] Marjorie Griffin Cohen and Stephen Clarkson, "Introduction: States under Siege," in *Governing under Stress: Middle Powers and the Challenge of Globalization,* ed. Marjorie Griffin Cohen and Stephen Clarkson (New York: Zed Books, 2004), 4.
[11] Ibid.
[12] Ferguson and Mansbach, 33.
[13] Ibid., 120.

III. Possible Postinternational Development of Taiwan — A Structural Competition-State by Relaunching the Asian-Pacific Regional Operations Center Project

Postinternationalists frequently stress that globalization both historically and today has involved both integration and fragmentation.   Taiwan's history has been intertwined with global trade expansion since the Age of Exploration.   Taiwan was not always an integral part of China but an important geographic pivot, ruled by great powers intent on expanding their regional trade networks.   In other words, it was a peripheral vassal-territory strategically controlled by the core suzerain states to help protect their trade with China and Japan.   The Portuguese and Spaniards discovered Taiwan Island first in 1593 but did not establish a colony until 1626 on the northern coast of Taiwan. They were competing with the Dutch, who found Taiwan later but set up their permanent colony base on the southern coast of Taiwan in 1624, under the aegis of the Dutch East India Company.   Not until 1642, two years after Spain and Portugal were separated again, did the Dutch force Spaniards from Taiwan back to Manila, take over all their goods and property in Taiwan, and gain control of the triangular trade among Taiwan, China, and Japan.   Then, a regional pirate heir who had a Chinese-Japanese mixed-race background, Cheng Ch'eng-kung, drove out the Dutch in 1662 and ruled Taiwan through

a series of sinicization policies, such as opening the Confucian temples and schools,

encouraging Chinese literati immigrants, and introducing Mahayana Buddhism to Taiwan.

At the same time, the Cheng regime expanded Taiwan's maritime trade with Japan, the

Netherlands, England, the Philippines, and China to ensure its economic survival and

security.[14]

By 1683, when the Cheng regime surrendered to the Chinese government, Taiwan

had been well sinicized and was ready to be a vassal part of the Chinese Empire, although

the island had developed as an independent sovereign state under the Cheng family for 21

years.   However, the land-oriented Chinese Empire was not much interested in keeping

Taiwan, which was important only for expanding maritime trade.   The Chinese

government initially made Taiwan a prefecture of Fukien Province and later ceded it to

Japan after China lost the first Sino-Japanese War of 1894-95.   Taiwan became a colony

again, but governed by Japan for 50 years, and maintained itself as a regional

transportation hub, especially during World War II, to protect Japan's international trade

networks.   This arrangement also enmeshed people in Taiwan with Japanese

state-sponsored cultural programs from "desinicization" at the early stage of colonial rule

to "Japanization" at the end of the War.   After the War, Taiwan was restored to China,

---

[14] Chien-Chao Hung, *A History of Taiwan* (Gambalunga, Rimini, Italy: IL Cerchio Iniziative Editoriali, 2000), 84-99.

but it soon was involved with the Chinese Civil War and the Cold War, both of which

structured the island as a Chinese-bound independent state under the so-called

"One-China" vision, discussed in Chapters 3 and 4.   Taiwan's people experienced a

"re-sinicization" cultural program implemented by the China-originated KMT regime.

This brief review of Taiwan's history reveals two facts.   First, Taiwan's

modernization and nationalization are based on the great powers' arrangements, which

systematically mapped Taiwan's position on the global and regional communication

routes.   Second, the Taiwanese governments were not always independent states, nor

was Taiwan always a Chinese vassal territory.   Its role as a bridge between the powers of

the West and the East affected the authority of the Taiwanese government.   It is

important now to emphasize that, on the one hand, Taiwan was never a core state in

global life but always at the periphery, subject to the authority of great powers.   On the

other hand, its pivotal position between the West and the East provided the island with

abundant assets to maintain a competitive position and significant autonomy.   This

dissertation suggests that Taiwan's future as a structural competition-state may prove to

be more than a little like its history.

A. Willing to be a Global Agent Functioning for Global Governance Missions

As a semi-peripheral state facing postinternational challenges from globalization, Taiwan is forced to transform itself for integration into regional and global governance institutions—especially the free-trade blocs in regional markets of the Greater China regions (Mainland China, Hong Kong, Macau, and Taiwan) and the ASEAN (the Association of Southeast Asian Nations) —and institutions like the WTO and the UN. This integration process is interpreted by Taiwan on a domestic level as a keen desire to expand Taiwan's global participation to affirm its own independent statehood.   However, even though the government enthusiastically displays its qualifications to contribute to global and regional cooperation and integration, its willingness to contribute still has to be acknowledged and then permitted by global core powers, especially the US and China. As a solution, Hong Kong's model seems to put excessive emphasis on integration with China, and the DPP's national welfare state model over-privileges fragmentation.   These two models are thus increasingly regarded as impractical for Taiwan to implement, while becoming a structural competition-state may appear to be better-suited to Taiwan's semi-peripheral status in global politics. Taiwan's former strategic project, the APROC, is a good example of Taiwanese responses to prevailing circumstances and possible future options.

The Taiwanese government launched the APROC project in 1993 as a means of maintaining political and economic vitality and perpetuating the national image of the "Taiwan Miracle."   At the time, the ROC government was still operating in Taiwan as "ROC on Taiwan."   According to the official blueprint drawn up by the Taiwanese government, the goals of the APROC were to build Taiwan into a center in the Asia-Pacific region in six areas: manufacturing, sea transportation, airport transportation, finance, telecommunications, and media.[15]   Meeting these goals would have required Taiwan to accept standards and regulations from global governance mechanisms and to integrate them into Taiwan's domestic policy and law making, infrastructure, and institutions.

In addition, the Taiwanese government had deliberately sought to engage with global communities, largely through global economic exchange, in which interlocking trade and investment relationships with other governance actors acted as an alternative or replacement for formal diplomatic relationships, sometimes via the agency of MNCs. To a certain extent, Taiwan accelerated the pace of its engagement in globalization through a state machine specifically re-defined to link with global governance in fields such as trade, finance, communication, transportation networks, advancement of energy

---

[15] See "The Asia-Pacific Regional Operations Center (APROC)," available at http://park.org/Taiwan/ Government/Theme/Asia_Pacific_Rigional/apc02.htm

and production security, sustainable development, disease control, and livable

environments. The full APROC project required the Taiwanese state apparatus to

subject itself to the authority of global governance institutions, while the state's own

authority and legitimacy were systematically supported by its participation in and

accomplishment of the global governance assignments.

Although the APROC project was suspended in 2000 because of increasing political

and economic conflicts in Cross-Strait relations, which pressured Taiwan to adopt

economic nationalism, the project's essential nature to be an agent functioning for global

governance missions has now been retrieved by the current Taiwanese government.

Today, responsive in part to Taiwan's internally developing nationalism, the Ma

administration is attempting to leverage improved Cross-Strait relations to expand

Taiwan's international space to satisfy structural conditions. For example, Ma's foreign

policy of "viable diplomacy (huo lu wai jiao; 活路外交)," based on a belief in

"diplomatic truce (wai jiao xiu bing; 外交休兵)" and a pledge of "three noes (no

unification, no declaration of independence, and no war)," successfully stopped a

zero-sum game of international recognition between Taiwan and China and has

maintained Taiwan's diplomatic relations with 23 countries since Ma's first inauguration

in 2008.

Another shifting policy is Taiwan's strategy for affiliating with IOs.   Since 2008,

the Ma administration has decided not to apply for membership in the UN,[16] but instead

has fought for participation in UN-affiliated bodies, especially the World Health

Organization (WHO), the United Nations Framework Convention on Climate Change

(UNFCCC), and the International Civil Aviation Organization (ICAO).   The idea is to

win friends by functioning well in the global governance mechanisms, rather than

stressing its sovereignty.   In two different interviews, both Dr. Vincent W. Wang, a

Taiwan Studies researcher from University of Richmond, USA, and Dr. Bih-jaw Lin, the

former Deputy Secretary-General for the National Security Council and the Presidential

Office of the ROC, coincidentally addressed this development of Taiwan's shift from

sovereign state-centrality to functional competence in global governance. In this

connection, discussed below, the Taiwanese government has revived the APROC project.

B. Being a Collaborator with Shared Sovereignty and Responsibility

As a semi-peripheral state, Taiwan has prepared itself to become an agent for global

governance by implementing governance treaties at the domestic level.   Global

---

[16] Taiwan had bid for UN membership since 1993 although different approaches were adopted between 1993-2006 through its application to "return" to the UN under the name of ROC and in 2007 by "joining" the UN under the name of Taiwan.

governance simultaneously operates both at the domestic and global levels, attempting to

address global problems partly by disseminating and distilling information, and

interlocking domestic rules and regulations with international ones.   Within such

interactions, "states are able to distribute the costs of governance associated with a

collective problem to all the participating states."[17]   These mechanisms "are not only

useful in enforcing agreements; they also increase the costs of non-participation and

enhance the credibility of commitments."[18]   There is a dual advantage in participation,

both the benefits that flow from collaboration and avoidance of the damages that being

marginalized might entail, especially for Taiwan.   When Taiwan formally participates in

global collaboration, not only does it join with other governance actors to address

common problems, but also its own behavior and operation are, in effect, curbed by them.

Collaboration in governance is about both controlling and being controlled.

Consequently, Taiwan incurs sovereignty costs in state transformation while gaining

status as an influence in global governance.

In fact, as a response to increasing regional collaboration and integration

agreements based on the preferential trading arrangements (PTAs) in East Asia and the

Asia-Pacific, the current Ma administration has renewed proposals of the APROC as

---

[17] Srini Sitaraman, *State Participation in International Treaty Regimes* (Burlington, VT: Ashgate, 2009), 1
[18] Ibid., 1-2.

Taiwan's transformation model.   It is seeking to embed the island in a web of regional

collaboration projects that will gradually nudge Taiwan to perform as a collaborator

supporting the ratified treaties, thereby improving Taiwan's global position and

competitiveness.   During its introduction in the mid-1990s, the APROC plan was

essentially a globalization product instituted in the hopes of resolving questions of

Taiwanese sovereignty and access to global and regional collaboration projects,

especially the Asia-Pacific Economic Cooperation (APEC), the Association of Southeast

Asian Nations Plus Three (ASEAN+3 or APT), and the Trans-Pacific Partnership (TPP).

Today, under a reformed APROC scheme, while some political and economic

negotiations still debate the name of the Taiwanese government, the government accepts

varied and flexible names from its historical experiences, including the ROC, Chinese

Taipei, T.P.K.M., Taiwan, and so on, to integrate further with global governance,

participate in useful projects, and enhance its status on a practical basis.   Hence, as

Krasner would express it, while pursuing collaboration, the Taiwanese government

focuses more on the maintenance of domestic sovereignty (authority within the state) and

interdependent sovereignty (ability to regulate cross-border flows), rather than

international legal sovereignty (based on mutual recognition) and Westphalian

sovereignty (the traditional principle of non-interference).[19]   In this respect, "[t]he

various kinds of sovereignty do not necessarily covary" as a result of regional and global

collaboration practices, which actually allow states to extend their influence over a wider

range of policies and programs.[20]

Moreover, this collaboration approach is based on a belief that Taiwan's national

security and future well-being as an *interdependent* state, either under the name of ROC

(advocated by the KMT party) or Taiwan (preferred by the DPP party), hinge to a great

extent on its embeddedness in the global economy.   Thus, globalization has become part

of a consensus shared by both the ruling and opposition parties.[21]   Given the traditional

security concern of persistent military threat from China and, more recently, the

nontraditional threats to security stemming from nonsovereign actors and other malign

influences—such as terrorists, corporate scandals, financial crisis, contagious diseases,

and natural disasters—Taiwan has become even more invested in global collaborative

agendas.[22]   As a semi-peripheral state, Taiwan's compromise of some parts of its

sovereignty for more collaboration will help ensure the country's survival over the longer

---

[19] Stephen D. Krasner, *Power, the State, and Sovereignty* (Abingdon: Routledge, 2009), 184-197.
[20] Ibid., 180.
[21] Horng-luen Wang, "Rethinking the Global and the National," *Theory, Culture & Society* 17, no. 4 (August 2000): 105.
[22] Generally speaking, the KMT camp believes Taiwan's access to the pro-China governance mechanisms is its first and preliminary step to ensure Taiwan's next regionalization and globalization progress, whereas the DPP camp takes the opposite approach of engaging with other governance institutions first, before the pro-China ones.

term.   In sum, somewhat paradoxically, collaboration and liberalization are widely seen

as the best strategies to maintain Taiwan's semi-sovereign status in the context of the

APROC project and the propaganda of "ROC on Taiwan."

C. Emphasizing Competitiveness in Interaction with Other States

Another advantage of collaboration, for a semi-peripheral state, is that it may

strengthen its bargaining power to negotiate with powerful core states.   Examples can be

found in Singapore's global position and negotiation capacity being promoted by its

participation in the ASEAN and Hong Kong's closer relationship with the Greater China

markets.   For the case of Taiwan, the move of reviving the APROC is an attempt not

only to find a compromise between Taiwan's sovereignty concerns and its access to

regional collaboration projects but also to improve Taiwan's national competitiveness.

The questions as to how to update the concepts of this plan and to put them into effect are

now being discussed again by the current ruling KMT party, even though increasing

threats are still coming from China.   It is clear that the current Ma administration is

seeking to make the improvement of Cross-Strait relations the first priority in

re-launching the project.   These liberal policies, especially scheduled charter flights

directly flying between Taiwan and China and the opening of Taiwan to Chinese tourists,

as well as agreements on a memorandum on financial supervisory cooperation and on an

ECFA (Economic Cooperation Framework Agreement) for trade agreements with China,

are considered key measures in linking Taiwan with the Chinese governance areas.

Through these moves, Taiwan is attempting to take advantage of the spillover effects of

its improved and closer relationship with China to display its unique competitive

advantage in global governance networks.   At the same time, Taiwan's interests will

both directly and indirectly benefit from its closer involvement in the Chinese market,

which has institutionalized its integration projects with the regional and global markets.[23]

For example, thanks to formalization of the ECFA in September 2010, which increased

Taiwan's bargaining power in trade negotiations, Taiwan's main trading partners, such as

the US, Japan, Singapore, and the EU, are more interested in negotiating bilateral free

trade agreements with Taiwan.[24]   Through this scheme, Taiwan will not be easily

marginalized and neglected during the interactions of regional integration processes in

East Asia and the Asia-Pacific, especially the APT and TPP.   Under this

competitive-oriented arrangement, the initial APROC spirit of interdependence can be

established as well.

---

[23] Taiwan's recent closer developments with China have raised another discussion about whether Taiwan is moving towards Finlandization.   See Bruce Gilley, "Not So Dire Straits: How the Finlandization of Taiwan Benefits U.S. Security," *Foreign Affairs* 89, no. 1 (January 2010), 44-60.

[24] US Taiwan Free Trade Agreement, "Business Leader Urges U.S. To Relaunch Taiwan TIFA To Balance China," March 24, 2010, available at http://www.us-taiwanfta.org/

In a public interview conducted by CNN's chief international correspondent,

Christiane Amanpour, President Ma commented on the current disputes over his China

policy, which has been blamed for making China the panacea for Taiwan's economic and

security problems.   He indicated that those open policies to China, especially concerning

the ECFA policy, "will be very beneficial to Taiwan not only to increase export but to

attract more foreign direct investment from abroad."[25]   In President Ma's view, the

overall aim of signing the financial memorandum and the ECFA with China is "to help

people with doing business and to enhance Taiwan's competitiveness."[26]   Furthermore,

in a meeting with Michael E. Porter, a Harvard Business School professor and US leading

authority in corporate strategy, President Ma re-emphasized the signing of a

wide-reaching trade pact with China and indicated that the ECFA, in particular, would

help upgrade Taiwan's national competitiveness through participation in East Asia's

regional economic integration.   According to Ma, these strategies simply concluded

Taiwan's unique globalization approach "with Taiwanese characteristics."[27]

---

[25] "CNN's Amanpour: Interview with Taiwan's President," *CNN*, 30 April 2010, available at http://archives.cnn.com/TRANSCRIPTS/1004/30/ampr.01.html

[26] "President's Report: The Cross-Strait Economic Agreement," (in Chinese) available at http://www.president.gov.tw/php-bin/prez/shownews.php4?issueDate=&issueYY=99&issueMM=2&issueDD=9&title=&content=&_section=3&_pieceLen=50&_orderBy=issueDate%2Crid&_desc=1&_recNo=0

[27] "Taiwan Looks forward to Enhanced Competitiveness: President," *The China Post*, 8 April 2010, available at http://www.chinapost.com.tw/taiwan/t-business/2010/04/08/251749/Taiwan-looks.htm

This policy-making process manifests Taiwan's shifting priority from building a national welfare state into addressing national competitive advantages in terms of globalization.   At the domestic level, the government lowered the estate and gift taxes from the previous level of up to 50% to a fixed rate of 10% in 2009 (while Japan's rose to 70%, Korea's to 55%, and China's, Singapore's and Hong Kong's were at 0%).   It also reduced the corporate income tax rate from 20% to 17% in 2010 (with Japan's at 30%, China's at 25%, Korea's at 22%, Singapore's at 17%, and Hong Kong's at 16.5%) to encourage more MNCs to establish their Asian regional headquarters in Taiwan.

At the regional level in East Asia, after the launch of direct Cross-Strait flights in 2008, scheduled routes of Cross-Strait direct flights in December 2011 have been surging to 558 per week, covering 41 cities in China.   As though to testify to the postinternational assertion of the declining significance of territory, the Taiwanese government formed the "Northeast Asia Golden Aviation Circle."   Under the plan, Taipei City's Songshan Airport, previously merely a domestic airport and military airbase, has been transformed to serve as a regional business airport in Northeast Asia, forging direct links between Taipei and airports in Shanghai as of June 2010, Tokyo as of October 2010, and Seoul as of March 2012.   This revolution in the Taiwanese aviation industry is expected to make Taiwan the flight hub of Northeast Asia, eventually solidify the status

of Taiwan in the region and boost Taiwan's national competitive advantage regarding

global transportation routes.

At the global level, this competitive-oriented thinking further led the Ma

administration to postpone Taiwan's previous bid for membership in the UN; instead, its

appeals turned to bids for participation in any IGOs that could help increase Taiwan's

national competitiveness.   As mentioned, the current goal is to join the WHO, UNFCCC,

and ICAO, mainly to manage effectively global cross-border nontraditional security

concerns that have become principle threats to national competitiveness.   Moreover, for

the postinternationalists that emphasize individuals, the resources of national

competitiveness are not primarily built on mutual recognition between states but lie in

facilitating cross-border flows.   Taiwan is encouraged to implement a more viable

diplomatic approach mainly to regulate transnational flows efficiently.   This approach

also succeeded Taiwan's previous traditional diplomatic approach of merely winning

diplomatic recognition in global politics.   Efforts by the Ma administration since 2008

have produced a postinternational result in which ROC passport holders were granted

visa-free trips to 124 countries around the world in December 2011, increased from 54 in

March 2008.   Taiwan has also recently been nominated to the US Visa Waiver Program

and is expected to be officially granted the US visa-free privilege in the second half of

2012 at the earliest.   All these changing policies have significantly upgraded Taiwanese

global competitiveness, both for Taiwanese national businesses and individual

entrepreneurs.

According to the *World Competitiveness Yearbook* by the International Institute for

Management Development (IMD), Taiwan continues its ascent in national

competitiveness from 18th place in 2007, 13rd in 2008, 23rd in 2009, 8th in 2010, and 6th

in 2011.   Because Hong Kong and Singapore are perennially ranked as the most

competitive states measured by the IMD, a Taiwanese governmental newspaper noted

that Taiwan should imitate them because "Taiwan is a small, open economy" and, more

importantly, "maintaining a high level of competitiveness is a crucial factor in long-term

national development.   A lasting, unbeatable edge is a must" tied to Taiwan's future

ambitions in a significantly globalized world.[28]

D. Containing Historical Spatiotemporal Memories in the Diverse Relationships

with Other Governance Actors

Although the state is often considered to be almost a natural phenomenon, in fact

the modern state system emerged no earlier than 17th century in Europe and the concept

---

[28] "Harnessing Resiliency to Boost Taiwan's Competitiveness," *Taiwan Today*, 27 May 2011, available at http://www.taiwantoday.tw/ct.asp?xitem=165727&CtNode=426

the nation-state is best associated with the rise of nationalism as an ideology in the 19th

century.   Being that as it may, today the nation-state is typically associated with both a

territory and a people, albeit sometimes (as in the United States) a rather diverse

population.   Ferguson and Mansbach observe that, as fission and fusion in a

postinternational era continue to have their effects on the state both spatially and

temporally, "the search for new identities and the revival of old ones that can provide

coherent collective norms intensify."[29]   Thus, "[o]ld identities and loyalties rarely vanish

completely in the course of conflict but instead lie dormant, ready to be resurrected or

reconstructed,"[30] resulting in multiple identities and loyalties of individuals that are all

supposedly "contained" within what often prove to be rather artificial sovereign

boundaries.   The path of Taiwan under the influence of increasing globalization offers a

case in point.

    As already mentioned, since the Age of Exploration, Taiwan has attracted various

cultural groups, including the Dutch, Spaniards, Han Chinese, and Japanese.   With the

inclusion of the Taiwanese aborigines, who had resided in Taiwan since before the Age of

Exploration, each of the resident peoples brought with them their own cultural traits,

languages, customs, beliefs, values, technical abilities, economic types, and political

---

[29] Ferguson and Mansbach, 22.
[30] Ibid., 24.

systems.   Today, Han Chinese account for about 97 percent of the population on the

island while less than 2 percent are aborigines.   Within the Han Chinese group, about 87

percent are Hoklo (71.4%) and Hakka (15.3%), whose ancestors migrated from China to

Taiwan long before the KMT regime's coming in 1945.   The remaining 13 percent are

Mainlanders, including those who relocated to Taiwan from China after 1945 and their

offspring born in Taiwan.

A recent social phenomenon even has been a growing number of foreign nationals

residing in Taiwan who have given rise to a fifth ethnic group, the New Immigrants.

This new migrant group arrived as recently as 20 years ago, when the Cold War structure

collapsed.   New immigrants come from even more diverse countries and cultural

backgrounds, and their population, though less than 2 percent of Taiwan's total

population in 2010, has been increasing more rapidly than earlier arrivers.   In 2004,

nearly 13.3% of the Taiwanese babies were born to New Immigrant families, compared

with only 6% in 1998, a more than 100% increase in 6 years.   Their diverse national

identities and family stories further shape the ongoing transformation of Taiwan's state.

Therefore, like most states affected by globalization, the given geographic space of

Taiwan has also undergone a series of changes in its human landscape as successive

peoples of varying cultural traits immigrated.   A broader historical review, consist with

postinternationalism, reveals that Taiwan has been transformed from an imagined

Taiwanese nation on Taiwan Island into a nation learning to harmonize the spatiotemporal

memories of different immigrant groups within the same territory.

However, claims of being "Chinese" and "Both Taiwanese and Chinese" will not be

easily eradicated largely because the Han Chinese influence still dominates Taiwan's

society, even though both claims have recently been gradually declining.   More

importantly, because the intention of a reformed APROC project is to motivate Taiwan's

integration with East Asia and the Asia-Pacific, many more immigrants moving from

regional areas to Taiwan are expected.   Thus, identities in Taiwan will become even

more diverse and may reshape Taiwan's Han Chinese-oriented society as part of Taiwan's

globalization path.   In addition, during the regional integration process, authority and

loyalty invented or resurrected by the regional governance institutions that Taiwan

participates in will also serve as the bases of self-identity.   These new identities and

revived old identities make the singular "Taiwanese" citizenship and nationality

insufficient to define who a citizen is and where her or his loyalties lie, and those

allegiances may lie far down the identity hierarchy of Taiwan's people.   More multiple

national identities are expected in Taiwan's globalization practices as a consequence.

Moreover, at the state level, although the concept of the ROC government in Taiwan is completely different from the one it established in mainland China in 1912, its governing history has been stored in Taiwan's experience since 1945. These Chinese-bound politics and society, therefore, will hardly be removed, not only due to the given international structure discussed in Chapter Three but also because its state features still have a heavy Chinese-bound influence. This situation also contributes to a postinternational phenomenon in which both Taiwan and the global community find a "comfort zone" in "Chinese Taipei" or "ROC on Taiwan" for Taiwan's participation name in global and regional governance, especially when the name of "Taiwan" has been formally banned by China.

These postinternational conditions are mixed with the dynamics of globalization that take into account the hybridizing phenomena of liberalism and nationalism. They not only stress the national competitiveness emphasized by liberalism but also attend to Taiwan's nationalist desire to integrate itself into the global community. This atmosphere both urges and constrains possible developments of the state machine's transformation, and the consequences tied to Taiwan's future of globalization will be a reflection of a structural competition-state with a multilevel national identity based on the Taiwanese identity. At the same time, while postinternationalism views the

developments of Taiwan's globalization as essentially cooperative in nature due to its

more flexible approaches, these phenomena will still be in tension with cooperation and

embeddedness.

IV. Conclusion

By recognizing states still have a major role to play in global politics,

postinternationalists assert that both concepts of sovereignty and features of nation and

state are transformed to fit hybridized phenomena in global governance, deepening and

broadening interdependent relationships between governance actors. Moreover, within

the governance interactions, because the powerful core states are more able to take

advantage of globalization as a means of increasing their influence, the semi-peripheral

state of Taiwan continues to search for acceptable approaches to adapting to these new

conditions. As a result, concepts of a structural competition-state forged by

postinternational thinking feature Taiwan's recent transformation process that leads the

government to revive its APROC project. Under this project, not only is the

improvement of Taiwan's national competitiveness addressed for further integration but

Taiwan's nationalist desire is also expanded from building a Taiwanese nation-state to

managing the increasing cross-border flows, especially goods, humans, loyalties, and

memories, which, however reciprocal, contribute to fragmentation.   The case of Taiwan

could, therefore, conclude by predicting the sequential transformation of the Taiwanese

state and its external relationships in future years.

Part III

Conclusion

Chapter Seven:

Conclusions and Recommendations for Future Research

I. Taiwan's Globalization Practices under China's Shadow

During the Cold War, developments in the international system, as well as

redirections in the policies of great powers in the region, generated the most important

impetus for change, resulting in evolution and transformation of the ROC regime,

especially the process of democratization.   However, after the 1990s, the unintended

consequences during the period of accelerated globalization had a profound impact on

Taiwan's modern state building.   Rather than moving towards the end of the nation-state,

globalization increasingly triggered adoption of the Taiwanization policy in the state, as

well as fueled awareness of the Taiwanese identity in the society.   Consolidation and

indigenization with the purpose of being a sovereign nation-state guided the

transformation that laid the material and structural foundation for the development of

nationalist aspirations while shaping the comprehension of the incumbent elite.

Propelled by accelerated globalization, these dynamics helped Taiwan find better

coherence between the state and native society, both of which committed all investments

to a Taiwanization nation-building project.   In addition, the increasing importance of

international organizations and transnational institutions has given people in Taiwan

stronger aspirations to pursue recognized statehood or recognition as a nation-state

because Taiwan's exclusion from these organizations and institutions in global

communities has fostered a sense of injustice and collective anxiety about being an

"orphan" in the context of global politics.   The consequences were several: The process

of Taiwan's globalization blurred the artificial divide between the local (Taiwan Province)

and national (the ROC regime) politics, redefined the political terrain on which the

mainland and native elites engaged with one another, compelled the state to redefine the

scope of citizenship in closer accord with the *de facto* territoriality, subtly undermined the

official One-China claim, and fostered awareness of Taiwanese identity and popular

aspiration for independent statehood.

Meanwhile, Taiwan's position as a semi-peripheral state in global politics and its

complicated historical and political background with China have imposed fundamental

constraints on the island's globalization trajectory.   In fact, in the face of the worst

economic crisis since the Great Depression, several analysts have indicated that China is

gradually catching up with the role of the US and other previous core states in stabilizing

global financial markets, especially in Europe and East Asia.   These surging Sino-oriented

financial stabilization projects and arrangements significantly demonstrate China's rising

structural power in global and regional governance.   They not only reduce the effects of

the financial turmoil on the global economy but also make China a credible option for

taking a lead role in both global and regional economic integration institutions.   This

character of recent globalization highlights the increasing Sino-oriented forces that both

force and attract Taiwan into China's orbit.

Indeed, the pressure of Taiwan's eagerness to join global and regional governance in

light of China's rising influence has led Taiwan to adopt different stances.   Three

different schools regarding globalization developments—skepticism, hyperglobalism,

and transformationalism—suggest three possible scenarios for Taiwan, especially in

responding to China's rising structural power in global politics.   They are a national

welfare state based on skepticism, a competition state based on hyperglobalism, and a

structural competition-state based on transformationalism.   These three possible

developments are reviewed below.

First, from a skeptical perspective, Taiwan becomes a national welfare state.   An

anomaly in terms of its ambiguous international status, Taiwan's case is so idiosyncratic

as to defy generalization.   Taiwan seems to contradict common speculations that

globalization will eventually lead to the waning significance of nation-states and/or

nationalism.   However, by virtue of being an anomaly, Taiwan sheds new light on the

theoretical interpretation of the skeptics, who assert states' growing importance with more rules from governance mechanisms and with active promotion of globalization.   In Taiwan's case, certain forms of globalization have been seen as dynamics that strengthen aspirations to pursue statehood and nationhood.   While associated with its economic nationalist policies, especially the GSI plan, Taiwan will be led to a "Taiwanization" national welfare state with greater Taiwanese national identity in favor of an emphasis on Republic of Taiwan's state building to protect its national welfare system in the global community.   Unfortunately, this developing project will inevitably have a head-on collision with another economic nationalism—that of China—, putting the security and well-being of the people in Taiwan at grave risk.

Second, hyperglobalists might well project another scenario as part of Taiwan's globalization: a pure competition state.   In fact, China is using its large rising structural power to recover its national glory, especially after its impressive stability during the current global economic recession.   Ironically, during China's globalizing process, from the hyperglobalist perspective, Hong Kong was seen as a template for managing the new dangers and opportunities of globalization.   This Hong Kong model—the formula of "one country, two systems"—allows Hong Kong as a non-sovereign state and non-political entity to enjoy every global market, especially the Greater China market.

Therefore, from the liberalist speculations about globalization, the market holds potent

and positive forces that encourage a competition state to develop.   A state pursuing

competitiveness instead of protecting sovereignty can benefit more from the global

market because its flexibility fits the new phenomena of globalization.   In this regard,

Taiwan's pursuit of independence, sovereignty, national interest, and the Taiwanese

national identity is out of date in the era of globalization.   Eventually, the argument goes,

those dated notions will be surrendered to the Greater China market because they hinder

Taiwan from further regional and global integration.   In sum, liberals see a Taiwan tied

to the future of globalization like another Hong Kong: a competition state embracing the

Greater China market without the operation of sovereignty and re-learning how to be

Chinese rather than cultivating a Taiwanese identity.

    Finally, the transformational school's postinternational viewpoint would seem to

forecast Taiwan's development into a structural competition-state tied to future

globalization.   By recognizing the importance of individuals, history, and sociology,

postinternationalists believe that some notions of sovereignty must be preserved and

transformed to adapt to the hybridized features of the globalizing epoch in which states

have deeper interdependent relations.   States not only must improve their own national

competitiveness for further integration but also need to manage the dynamics of

fragmentation created by globalization.   The result is a structural competition-state.   In

Taiwan's case, its APROC project is typical of a structural competition-state and may be

the only practical way to maintain Taiwan's further globalization and regionalization.

Taiwan's unceasing investment in a globalizing agenda can assure its status quo and

enhance its security and competitiveness, even while facing a growing political and

economic threat from China.   Due to the interdependence inherent in globalization, if

Taiwan were to be damaged, to protect their own national interests, other core powers

would intervene to resolve global collaboration and market failures.   Paradoxically, this

transformed liberalization, hybridized with nationalism, is proposed as the best strategy

for preserving Taiwan's current nation-like or quasi-nation status quo.   While adopting

the name of "Chinese Taipei" and the propaganda of "ROC on Taiwan" under the

APROC project, Taiwan's compromise of its sovereignty to become a structural

competition-state will usher in a future of globalization with a multilevel national identity

based on the Taiwanese identity.   However, although the forecast is that Taiwan's

globalization practices are likely to be more collaborative and flexible, there obviously

still remains a good deal of uncertainty concerning Taiwan's future.

In the recent presidential and parliamentary elections that Taiwan held on January

14, 2012, President Ma won with nearly 52% of the vote, and his KMT continued to hold

the legislature.   There are three notable features of this result that support the forecast of

Taiwan's becoming a structural competition state.   First, the opposition DPP party,

standing by the policy of economic nationalism that upheld building Taiwan as an

independent national welfare state, received only about 46% of the vote.   Their policy

was therefore apparently regarded as too being conventional or having insufficient

content to face the challenges of globalization and China's rise.   Second, the issue of

improving Taiwan's national competitiveness has replaced the traditional considerations

of protecting Taiwan's national sovereignty.   Finally, Taiwan's semi-peripheral status

has been reoriented not only to serve the Taiwanese nationalist constituencies but also to

satisfy the structure of global governance that privileges some specific great powers.

During the election, while Beijing and Washington did not publicly endorse President Ma,

it was an open secret that both China and the US preferred Ma's pragmatic approach (the

1992 Consensus) to Cross-Strait relations, even though the Consensus was domestically

criticized for its lack of legitimacy and transparency.   The two great powers' influence

concerning the range and scope of Taiwan's business ties and their willingness to sponsor

Taiwan's limited entry into global governance were therefore seen as a crucial factor in

the election.

In addition, unsurprisingly, Ma's re-election has also further accelerated Cross-Strait negotiations in the post-2012 election period.   On March 22, 2012, President Ma sent former KMT chairman, Wu Poh-hsiung, to meet with Chinese President Hu Jintao in Beijing at the annual forum between the KMT and CCP, during which Wu raised a proposal of defining Cross-Strait relations as "one country, two areas (Taiwan Area and Mainland Area)."   Although this definition was nothing new, the move, in fact, was the first time that Ma made the concept "official" to his Chinese counterpart and signaled a continuous construction work of the interpretation of "One-China."   As President Ma in the election campaign had publicly announced that Taiwan was prepared to sign a peace treaty with China within the next decade, local media and scholars had speculated that this political gesture was intended to pave the way for the One-China framework for both sides to turn on Cross-Strait political negotiations.[1]   The interpretation of "One-China" will therefore continue to pivot to Cross-Strait's future, as well as to Taiwan's transformation projects to attain globalization.

---

[1] See http://www.agile-news.com/news-1152261-The-media-said-one-country-two-or-Taiwan-to-promote-cross-strait-political-negotiations-signals.html

Identifying these critical issues in the debate creates an intellectual foundation for

thinking about how a semi-peripheral state will respond to the trend of globalization.

The three scenarios discussed above are summarized in Table 7-1.

Table 7-1. Scenarios of the Taiwanese government tied to the future of globalization

Tendencies of Globalization	Skepticism	Hyperglobalism	Transformationalism
Embarkation	Economic nationalism	Neoliberalism	Postinternationalism, hybridizing thinking of nationalism and liberalism
Typification of state type for Taiwan	National welfare state	Pure competition state	Structural competition-state
Main political supports in the Taiwanese case	The DPP party	The PRC government	The KMT party
Possible developments of Taiwan	Focusing on enhancement of social welfare by addressing the importance of Taiwan's sovereignty	Embracing the Hong Kong model through emphasizing the improvement in national competitiveness	Re-operating the plan of the APROC that hybridizes the philosophy of economic nationalism and neo-liberalism
Possible developments of Cross-Strait relations	Moving towards "One China, One Taiwan" by building an independent Republic of Taiwan	Moving towards "One Country, Two Systems" by accepting PRC's One-China Principle	Moving towards "Two Chinas" by competing for the interpretation of One-China
Tendencies of national identity in Taiwan	Towards exclusively the Taiwanese identity	Increasingly towards the Chinese identity	Multilevel identity based on the Taiwanese identity
Possibility	Weak	Weak	Strong

Source: Created by the author

II. Theoretical Findings and Recommendations for Future Research

The case of Taiwan's remarkable transformation provides compelling evidence for the need for scholars and policy-makers to re-conceptualize the relationships among the process of globalization, the evolution of power politics, and the transformation of state sovereignty and capacity.   The semi-peripheral state of Taiwan has undergone substantial redefinition and adaptation.   Both globalization and power politics have strongly re-emphasized and re-shaped Taiwan's practice of sovereignty, statehood, nationhood, and national identity.   Power politics is involved because the core powers have more authority and capacity to influence the directions of globalization, as demonstrated by China's stronger say in the reform projects in the IMF and World Bank globally and in the economic integration and cooperation processes in East Asia regionally.

Finally, this dissertation also highlights an intellectual gap between the theories of globalization and case studies of state typification that explain states' various responses to different conditions of globalization.   The gap owes largely to privileging nationalism over liberalism, or vice versa, rather than systematically exploring what is often the wide range for adaptations available to particular states.   Postinternationalists have made their

first attempts at closing or at least narrowing this gap, but many other analysts need to

join in the quest for better understanding and explanation.

Bibliography

Abramowitz, Morton, and Stephen Bosworth. 2003. "Adjusting to the New Asia." *Foreign Affairs* 82, no. 4 (July/August): 119-131.

Altman, Roger C. 2009. "Globalization in Retreat: Further Geopolitical Consequences of the Financial Crisis." *Foreign Affairs* 88, no. 4 (July/August): 2-7. Available at http://web.ebscohost.com/ehost/detail?vid=4&hid=102&sid=66245727-a9f7-44d4-9e9b-4e0e596b120f%40sessionmgr111&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#db=buh&AN=42117459.

Andrew, Robert E., and Steve Chabot. 2004. "Two Congressmen Look at 'One China.'" *Heritage Foundation*. Article last modified February 6. Available at http://www.heritage.org/research/lecture/two-congressmen-look-at-one-china.

Anthony, Giddens. 1985. *The Nation-State and Violence: Volume 2 of A Contemporary Critique of Historical Materialism*. Cambridge: Polity.

Aoki, Masahiko, Hyung-ki Kim, and Masahiro Okuno-Fujiwara, eds. 1996. *The Role of Government in East Asian Economic Development*. NY: Oxford University Press Inc.

ASEAN. 2000. "The Joint Ministerial Statement of the ASEAN+3 Finance Ministers Meeting." Article last modified May 6. Available at http://citrus.c.u-tokyo.ac.jp/projects/ASEAN/ASEAN+3/+3AS20000506E%20Joint%20Statement%202nd%20AFM+3.htm.

Baldwin, David A. 1989. *Paradoxes of Power.* New York: Basil Blackwell.

Berger, Peter L. and Thomas Luckmann. 1980. *The Social Construction of Reality: A Treatise in the Sociology of Knowledge*. New York: Irvington Publishers.

Bosco, Joseph. 1992. "Taiwan Factions: Guanxi, Patronage, and the State in Local Politics." *Ethnology* 31, no. 2 (April): 157-183.

Brand, Ulrich. 2005. "Order and Regulation: Global Governance as a Hegemonic Discourse of International Relations?" *Review of International Political Economy* 12, no. 1 (February): 155-176.

Bull, Hedley. 1977. *The Anarchical Society: A Study of Order in World Politics.* New York: Columbia University Press.

Bustelo, Pablo. 1998. "Trade Integration in the Chinese Economic Area and Its Implications for Taiwan: A View from Southern Europe." In *European and Asia-Pacific Integration: Political, Security, and Economic Perspectives*, edited by Y.-M. Shaw, 85-97. Taipei: IIR. IIR English Series, No. 50.

Castells, Manuel. 2010. "The New Public Sphere: Global Civil Society, Communication Networks, and Global Governance." In *Globalization: The Greatest Hits, A Global Studies Reader*, edited by Manfred B. Steger, 259-276. Boulder, CO: Paradigm Publishers.

Cerny, Philip G. 2000. "Globalization and the Changing Logic of Collective Action." In *International Political Economy: Perspectives on Global Power and Wealth*, edited by Jeffry A. Frieden and David A. Lake, 446-460. Belmont, CA: Wadsworth/Thompson Learning.

Cerny, Philip G. 2003. "Globalization and Other Stories: Paradigmatic Selection in International Politics." In *Globalization in the Twenty-First Century: Convergence or Divergence?* edited by Axel Hülsemeyer, 51-66. London: Palgrave.

Cerny, Philip G. 2003. "What is Next for the State?" In *Globalization: Theory and Practice*, edited by Eleonore Kofman and Gillian Youngs, 207-222. New York: Continuum.

Cerny, Philip G. 2006. "Political Globalization and the Competition State." In *The Political Economy of the Changing Global Order*, edited by Richard Stubbs and Geoffrey R.D. Underhill, 376-386. New York: Oxford University Press.

Cerny, Philip G. 2006. "Restructuring the State in a Globalizing World: Capital Accumulation, Tangled Hierarchies and the Search from a New Spatio-Temporal Fix." *Review of International Political Economy* 13, no. 4 (October): 680-696.

Chang, Ya-chung (張亞中). 2002. *Kai fang zheng zhi shi chang: Quan qiu zhi li Taiwan* (開放政治市場:全球治理台灣, Open Political Market: Leasing Taiwan). Taipei: LinKing Publishing Company.

Chan, Steve. 2004. "Can't Get No Satisfaction? The Recognition of Revisionist States." *International Relations of the Asia-Pacific* 4, no. 2 (August): 207-238.

Chen, Edward I. H. 2009. "An Overall Approach or An Incremental Approach to Participating in IGOs." Paper presented at the Annual Conference of the ROC International Studies Association (May 1). Chia-yi County, Taiwan.

Chinese Government's Official Web Portal. 2005. "The One-China Principle and the Taiwan Issue (2000)." Article last modified July 27. Available at http://www.gov.cn/english/official/2005-07/27/content_17613.htm

Chu, Yun-han. 1994. "Social Protests and Political Democratization in Taiwan." In *The Other Taiwan: 1945 to the Present*, edited by Murray A. Rubinstein, 99-113. Armonk, NY: M.E. Sharpe.

Chu, Yun-han. 1999. "A Born-Again Dominant Party? The Transformation of the Kuomintang and Taiwan's Regime Transition." In *The Awkward Embrace: One-Party Domination and Democracy*, edited by Hermann Giliomee and Charles Simkins, 61-96. Amsterdam: Harwood Academic Publishers.

Chu, Yun-han and Jih-wen Lin. 2001. "Political Development in 20th-Century Taiwan: State-Building, Regime Transformation and the Construction of National Identity." *The China Quarterly*, no. 165 (March): 102-129.

Chu, Yun-han and Pei-shan Lee. 2003. "Globalization and Economic Governance in Taiwan." In *Growth and Governance in Asia: Development, Diversity, and Democratization in the Post-Crisis Era*, edited by Yoichiro Sato, 49-57. Honolulu: Asia-Pacific Center for Security Studies.

Chu, Yun-han. 2004. "Taiwan's National Identity Politics and the Prospect of Cross-Strait Relations." *Asian Survey* 44, no. 4 (July/August): 484-512.

CNN. 2010. "CNN's Amanpour: Interview with Taiwan's President." *CNN*, May 2. Available at http://archives.cnn.com/TRANSCRIPTS/1004/30/ampr.01.html

Cohen, Marjorie Griffin and Stephen Clarkson. 2004. "Introduction: States under Siege." In *Governing under Stress: Middle Powers and the Challenge of Globalization*, edited by Marjorie Griffin Cohen and Stephen Clarkson, 1-11. New York: Zed Books Ltd.

Cordenillo, Raul L. 2005. "The Economic Benefits to ASEAN of the ASEAN-China Free Trade Area (ACFTA)." Article last modified January 18. Available at http://www.asean.org/17310.htm.

Council for Economic Planning and Development. 2007. "The Blueprint of Green Silicon Island." (in Chinese). Available at http://www.cepd.gov.tw/ m1.aspx?sNo=0000174&key=&ex=%20&ic

Council on Research, Development and Evaluation. 2003. *A Study on Developing Relations between our Nation and International NGOs*. Taipei, Taiwan: Executive Yuan, Taiwan.

Dent, Christopher M. 2003. "Taiwan's Foreign Economic Policy: The 'Liberalization Plus' Approach of an Evolving Developmental State." *Modern Asian Studies* 37, no. 2 (May): 461-483.

Dicken, Peter. 2007. *Global Shift: Mapping the Changing Contours of the World Economy*. New York: the Guilford Press.

Ding, Sheng. 2008. *The Dragon's Hidden Wings: How China Rises with its Soft Power*. Lanham: Lexington Books.

Ding, Yijiang. 2009. "Beijing's New Approach and the Rapprochement in the Taiwan Strait." *Asian Affairs: An American View* 36, no. 4 (November): 179-199.

Dingwerth, Klaus and Philipp Pattberg. 2006. "Global Governance as a Perspective on World Politics." *Global Governance* 12, no. 2 (April-June): 185-203.

Evans, Peter B., Dietrich Rueschemeyer, and Theda Skocpol, eds. 1985. *Bringing the State Back In*. NY: Cambridge University Press.

Ferguson, Niall. 2008. "Niall Ferguson Says U.S.-China Cooperation is Critical to Global Economic Health." *The Washington Post*, Nov. 17. Available at http://www.washingtonpost.com/wp-dyn/content/article/2008/11/16/AR2008111601736.html.

Ferguson, Yale H. and Richard W. Mansbach. 2004. *Remapping Global Politics: History's Revenge and Future Shock*, Cambridge: Cambridge University Press.

Ferguson, Yale H. and Richard W. Mansbach. 2007. "Postinternationalism and IR Theory." *Millennium: Journal of International Studies* 35, no. 3 (September): 529-549.

Gellner, Ernest. 1983. *Nations and Nationalism*. Ithaca, NY: Cornell University Press.

Gilley, Bruce. 2010. "Not So Dire Straits: How the Finlandization of Taiwan Benefits U.S. Security." *Foreign Affairs* 89, no. 1 (January): 44-60.

Goh, Evelyn. 2007/08. "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies." *International Security* 32, no. 3 (Winter): 113-157.

Gritsch, Maria. 2005. "The Nation-State and Economic Globalization: Soft Geo-politics and Increased State Autonomy?" *Review of International Political Economy* 12, no. 1 (February): 1-25.

Guzzini, Stefano. 1993. "Structural Power: The Limits of Neorealist Power Analysis." *International Organization* 47, no. 3 (Summer): 443-478.

Harding, Harry. 1992. *A Fragile Relationship*. Washington, DC: Brookings Institution Press.

Held, David, Anthony McGrew, David Goldblatt, and Jonathan Perraton. 1999. *Global Transformations: Politics, Economics, and Culture*. Cambridge: Polity Press.

Hewson, Martin and Timothy J. Sinclair. 1999. "The Emergence of Global Governance Theory." In *Approaches to Global Governance Theory*, edited by Martin Hewson and Timothy J. Sinclair, 3-22. Albany: State University of New York Press.

Hirst, Paul and Grahame Thompson .1996. *Globalization in Question: The International Economy and the Possibilities of Governance*. Cambridge, MA: Blackwell Publishers.

Hirst, Paul and Grahame Thompson. 1995. "Globalization and the Future of the Nation State." *Economy and Society* 24, no. 3 (August): 408-442.

Hirst, Paul, and Grahame Thompson. 1996. *Globalization in Question: The International Economy and the Possibilities of Governance*. Cambridge, MA: Blackwell Publishers.

Hollis, Martin, and Steve Smith. 1992. "Structure and Action: Further Comment." *Review of International Studies* 18, no. 2 (April): 187-188.

Hollis, Martin, and Steve Smith. 1994. "Beware of Gurus: Structure and Action in International Relations." *Review of International Studies* 17, no. 4 (October): 399-403.

Hong Kong Trade and Industry Department. 2008. "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)." Available at http://www.tid.gov.hk/english/cepa/cepa_overview.html

Hong Kong Trade and Industry Department. 2010. "2010 Update of CEPA's Impact on the Hong Kong economy (Trade in Services)." Available at http://www.tid.gov.hk/english/cepa/statistics/files/trade_in_services.pdf

Hsieh, Pasha L. 2009. "The Taiwan Question and the One-China Policy: Legal Challenges with Renewed Momentum." *Research Collection School of Law Paper* 13: 59-81. Available at http://ink.library.smu.edu.sg/sol_research/13.

Huang, Mab. 1976. *Intellectual Ferment for Political Reforms in Taiwan*. Ann Arbor, MI: Center of Chinese Studies, University of Michigan.

Hung, Chien-Chao. 2000. *A History of Taiwan*, Gambalunga, Rimini, Italy: IL Cerchio Iniziative Editoriali.

Ikeda, Satoshi. 2004. "Zonal Structure and the Trajectories of Canada, Mexico, Australia, and Norway under Neo-liberal Globalization." In *Governing under Stress: Middle Powers and the Challenge of Globalization*, edited by Marjorie Griffin Cohen and Stephen Clarkson, 263-290. New York: Zed Books Ltd.

James, Harold. 2009. *The Creation and Destruction of Value: The Globalization Cycle*. Cambridge, MA: Harvard University Press.

Jessop, Bob. 2003. "The Future of the State in an Era of Globalization." *International Political and Society* 9, no. 3 (2003): 30-46.

Johnston, Alastair Iain. 2003. "Is China a Status Quo Power?" *International Security* 27, no. 4 (Spring): 5-56.

Johnston, Alastair Iain. 2004. "Beijing's Security Behavior in the Asia-Pacific: Is China a Dissatisfied Power?" In *Rethinking Security in East Asia: Identity, Power, and Efficiency*, edited by J.J. Suh, Peter J. Katzenstein, and Allen Carlson, 34-96. Stanford, CA: Stanford University Press.

Kan, Shirley A. 2011. "China/Taiwan: Evolution of the "One China" Policy – Key Statements from Washington, Beijing, and Taipei." *Congressional Research Service Report for Congress* (January 10). Available at http://www.fas.org/sgp/crs/row/RL30341.pdf.

Keohane, Robert O. 1984. *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton: Princeton University Press.

Keohane, Robert O. and Joseph S. Nye Jr. 2000. "Globalization: What's New? What's Not? (And so What?)." *Foreign Policy*, no. 118 (Spring): 104-119.

Keohane, Robert O., and Joseph S. Nye, Jr. 1977. *Power and Interdependence: World Politics Transition.* Boston, MA: Little, Brown.

Klein, Donald W. 1992. "The Political Economy of Taiwan's International Commercial Link." In *Taiwan: Beyond the Economic Miracle*, edited by Denis Fred Simon and Michael Y.M. Kau, 257-274. Armonk, NY: M.E. Sharpe.

Krasner, Stephen D. 1985. *Structural Conflict: The Third World Against Global Liberalism.* Berkeley, CA: University of California Press.

Krasner, Stephen D. 1988. "Sovereignty: An Institutional Perspective." *Comparative Political Studies* 21, no. 1 (April): 66-94.

Krasner, Stephen D. 2009. *Power, the State, and Sovereignty: Essays and International Relations*. Abingdon and New York: Routledge.

Kuo, Shirley W. Y. 1999. "Government Policy in the Taiwanese Development Process: the Past 50 Years." In *Taiwan's Development Experience: Lessons on Roles of Government and Market*, edited by Erik Thorbecke and Henry Wan, 43-93. Boston: Kluwer Academic Publishers.

Lampton, David M. 2008. *The Three Faces of Chinese Power: Might, Money, and Minds*. Berkeley, CA: University of California Press.

Langhorne, Richard. 2001. *The Coming of Globalization: Its Evolution and Contemporary Consequences*. NY: Palgrave Macmillan.

Laxer, Gordon. 2004. "Preface." In *Governing under Stress: Middle Powers and the Challenge of Globalization*, edited by Marjorie Griffin Cohen and Stephen Clarkson, X-XX. New York: Zed Books Ltd.

Legislative Council Panel on Commerce and Industry. 2005. "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) – Impact on the Hong Kong Economy." Paper No. CB(1)1259/04-05(03). Available at http://www.legco.gov.hk/yr04-05/english/panels/ci/papers/ci0419cb1-1259-3e.pdf

Legislative Council Panel on Commerce and Industry. 2006. "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) – Impact on the Hong Kong

Economy." Paper No. CB(1)1849/06-07(04). Available at http://www.legco.gov.hk/yr06-07/english/panels/ci/papers/ci0612cb1-1849-4-e.pdf

Liew, Leong H. 2000. "A Political Economy Analysis of Taiwan-Mainland Economic Relations."' In *Uncertain Future: Taiwan-Hong Kong-China Relations After Hongs Kong's Return to Chinese Sovereignty*, edited by C. L. Chiou and Leong H. Liew, 150-178. Aldershot: Ashgate.

Liew, Leong H. 2004. "Reaching out to Taiwan, Keeping in Xinjiang: The Impact of Marketization and Globalization on National Integration." In *Nationalism, Democracy and National Integration in China*, edited by Leong H. Liew and Shaoguang Wang, 196-218. London: Routledge Curzon.

Lijun, Sheng. 2003. "China-ASEAN Free Trade Area: Origins, Developments and Strategic Motivations." *ISEAS Working Paper: International Politics & Security Issues Series*, no. 1. Available at http://www.iseas.edu.sg/ipsi12003.pdf.

Lin, Chen-wei. 2004. "State Reformation and the Formation of a Newly Emerging Welfare State in Taiwan." *The Developing Economies* 42, no. 2 (June): 176-197.

Lin, Chia-lung. 2001. "Formation of Taiwan's Democratization and Nationalism." In *Nationalism and Cross-Strait Relations*, edited by Chia-lung Lin and Yung-nien Cheng, 217-266. Taipei: New Naturalism.

Lin, Chia-lung. 2002. "The Political Formation of Taiwanese Nationalism." In *Memories of the Future: National Identity Issues and the Search for a New Taiwan*, edited by Stephane Corcuff, 219-241. Armonk, NY: M.E. Sharpe.

Lin, Tsong-jyi. 2002. "The Evolution of National Identity Issues in Democratizing Taiwan: An Investigation of the Elite-Mass Linkage." In *Memories of the Future: National Identity Issues and the Search for a New Taiwan*, edited by Stephane Corcuff, 219-241. Armonk, NY: M.E. Sharpe.

Lipscy, Phillip Y. 2003. "Japan's Asian Monetary Fund Proposal." *Stanford Journal of East Asian Affairs* 3, no. 1, (Spring): 93-104.

Long, Ying-tai. 2006. *When in Europe*, Taipei, Taiwan: China Times Publish.

Lundestad, Geir. 2004. "Why Does Globalization Encourage Fragmentation?" *International Politics* 41, no. 2 (June): 265-276.

Ma, Ying-jeou. 2003. "Taiwan's Approach to Cross-Strait Relations." *Working Paper of the Aspen Institute*, 29-37. Article last modified January. Available at http://www.ciaonet.org/wps/may01/may01.pdf.

Mathis, James H. and Jagdish N. Bhagwati. 2003. *Regional Trade Agreements in the GATT-WTO: Article XXIV and the Internal Trade Requirement*. The Hague : T.M.C. Asser Press.

McQueen, Humphrey. 2003. *The Essence of Capitalism: The Origins of Our Future*. Tonawanda, NY: Black Rose Books.

Mearsheimer, John J. 2001. *The Tragedy of Great Power Politics.* New York: W. W. Norton & Company.

Mishra, Ramesh. 1999. *Globalization and the Welfare State*, Cheltenham: Edward Elgar.

Morgenthau, Hans J., and Kenneth W. Thompson. 1985. *Politics Among Nations: The Struggle for Power and Peace.* New York: Alfred A. Knopf, Inc..

Nye, Joseph S., Jr. 2011. *The Future of Power.* New York: PublicAffairs.

O'Brien, Robert and Marc Williams. 2007. *Global Political Economy: Evolution and Dynamics*. New York: Palgrave Macmillan Ltd.

Oatley, Thomas. 2008. *International Political Economy: Interests and Institutions in the Global Economy*. NY: Pearson/Longman.

Ohmae, Kenichi. 1995. *The End of the Nation State: the Rise of Regional Economics*. London: Harper Collins.

Panitch, Leo and Sam Gindin. 2004. "Global Capitalism and American Empire." In *The New Imperial Challenge. The Socialist Register*, edited by Leo Panitch and Colin Leys, 1-62. New York: Monthly Review Press.

Petras, James and Henry Veltmeyer. 2001. *Globalization Unmasked: Imperialism in the 21st Century*. New York: Zed Books.

Porter, Michael. 1990. *The Competitive Advantage of Nations*. London: Macmillan.

Rachman, Gideon. 2011. *Zero-Sum Future: American Power in an Age of Anxiety*. New York: Simon & Schuster.

Rao, Geping, and Zhenmin Wang. 2007. "Hong Kong's 'One Country, Two Systems' Experience under the Basic Law: Two Perspectives from Chinese Legal Scholars." *Journal of Contemporary China*, Vol. 16, Issue 52 (August): 341-358.

Renan, Ernest. 1990. "What Is A Nation?" In *Nation and Narration*, edited by Homi K. Bhabha, 8-22. New York: Routledge.

Rosenau, James N. 1989. "Global Changes and Theoretical Challenges: Toward a Postinternational Politics for the 1990s," in Ernst-Otto Czempiel and James N. Rosenau (eds.), *Global Changes and Theoretical Challenges: Approaches to World Politics for the 1990s* (Lexington, MA: Lexington Books, 1989), 1-20.

Rosenau, James N. 1990. *Turbulence in World Politics: A Theory of Change and Continuity*, Princeton, NJ: Princeton University Press.

Rosenau, James N. and Ernst-Otto Czempiel. eds. 1992. *Governance without Government: Order and Change in World Politics*. New York: Cambridge University Press.

Rosenau, James N. 1996. "The Dynamics of Globalization: Toward an Operational Formulation." *Security Dialogue* 27, no. 3 (September): 247-262.

Rosenau, James N. 1997. *Along the Domestic-Foreign Frontier: Exploring Governance in a Turbulent World*, Cambridge: Cambridge University Press.

Rosenau, James N. 2003. *Distant Proximities: Dynamics beyond Globalization*, Princeton: Princeton University Press.

Sassen, Saskia. 2006. *Territory, Authority, Rights: From Medieval to Global Assemblages*. Princeton: Princeton University Press.

Scholte, Jan Aart. 2005. *Globalization: A Critical Introduction*. London: Palgrave.

Schubert, Gunter. 2004. "Taiwan's Political Parties and National Identity: The Rise of an Overarching Consensus." *Asian Survey* 44, no. 4 (July/August): 534-554.

Sitaraman, Srini. 2009. *State Participation in International Treaty Regimes*, Burlington, VT: Ashgate Publishing Company.

Steger, Manfred B. 2005. *Globalism: Market Ideology Meets Terrorism*. Maryland: Rowman & Littlefield Publishers, Inc, 2nd ed.

Stiglitz, Joseph E. 2003. *The Roaring Nineties: A New History of the World's Most Prosperous Decade*. NY: W. W. Norton & Company.

Stiglitz, Joseph E., and Shahid Yusuf. eds. 2001. *Rethinking the East Asia Miracle*. NY: Oxford University Press Inc.

Strange, Susan. 1996. *The Retreat of the State: The Diffusion of Power in the World Economy*. Cambridge: Cambridge University Press.

Sutter, Robert. 2011. "Why Taiwan's Freedom of Action Continues to Erode." *PacNet#30*. Article last modified May 26.
http://csis.org/publication/pacnet-30-why-taiwans-freedom-action-continues-erode.

Taiwan Today. 2009. "Government Sees Need for Cross-Strait Economic Deal." *Taiwan Today*, March 6. Available at http://taiwantoday.tw/ct.asp?xItem=49103&CtNode=450

Taiwan Today. 2011. "Harnessing Resiliency to Boost Taiwan's Competitiveness." *Taiwan Today*, May 27. Available at
http://www.taiwantoday.tw/ct.asp?xitem=165727&CtNode=426

Tellis, Ashley, Janice Bially, Christopher Layne, Melissa McPherson, and Jerry Solinger. 2000. *Measuring National Power in the Postindustrial Age: Analyst's Handbook.* Santa Monica, CA: RAND.

The China Post News. 2010. "Taiwan Looks forward to Enhanced Competitiveness: President." *The China Post*, April 8. Available at http://www.chinapost.com.tw/taiwan/t-business/2010/04/08/251749/Taiwan-looks.htm

The China Post News. 2010. "Short-Term Benefits Erode Vitality: Tsai." *The China Post*, May 9. Available at http://www.chinapost.com.tw/taiwan/national/national-news/2010/05/09/255728/Short-term-benefits.htm

The China Post News. 2011. "Row over South China Sea Places Taiwan in Tight Spot." *The China Post*, November 24. Available at http://www.chinapost.com.tw/editorial/taiwan-issues/2011/11/24/323797/p2/Row-over.htm

The Office of the President of Republic of China. 2010. "President's Report: the Cross-Strait Economic Agreement." Available at http://www.president.gov.tw/php-bin/prez/shownews.php4?issueDate=&issueYY=99&issueMM=2&issueDD=9&title=&content=&_section=3&_pieceLen=50&_orderBy=issueDate%2Crid&_desc=1&_recNo=0

The Tenth National People's Congress. 2005. "Full Text of Anti-Secession Law." *People's Daily Online*, March 14. Available at http://english.peopledaily.com.cn/200503/14/eng20050314_176746.html.

Thomas, Landon, Jr., and Julia Werdigier. 2009. "No Clear Accord on Stimulus by Top 20 Industrial Nations." *The New York Times*, March 14. Available at http://www.nytimes.com/2009/03/15/business/15global.html.

Tien, Hung-mao and Yun-han Chu. 1994. "Taiwan's Domestic Political Reforms, Institutional Change and Power Realignment." In *Taiwan in the Asia-Pacific in the 1990s*, edited by Gary Klintworth, 1-20. Sydney: Allen & Unwin.

Tien, Hung-mao and Yun-han Chu. 1996. "Building Democratic Institutions in Taiwan." *The China Quarterly*, no. 148 (December), 1103-32.

Tilly, Charles and Leopold H. Haimson, eds. 1989. *Strikes, Wars, and Revolutions in an International Perspective: Strike Waves in the Late Nineteenth and Early Twentieth Centuries*. New York: Cambridge University Press.

Tucker, Nancy. 2002. "If Taiwan Chooses unification, Should the United States Care?" *Washington Quarterly* 25, no. 3 (Summer): 15-28.

United Daily News. 1994. "The Chinese Authority Hurts Taiwan," *United Daily News*, Taipei, Taiwan. April 18th, 3rd ed.

United Nations General Assembly. 1971. "Restoration of the Lawful Rights of the People's Republic of China in the United Nations." *Resolution 2758*, Session 26, Page 2, October 25. Available at http://www.undemocracy.com/A-RES-2758%28XXVI%29/page_1/rect_485,223_914,684.

US Taiwan Free Trade Agreement. 2010. "Business Leader Urges U.S. to Relaunch Taiwan TIFA to Balance China." March 24. Available at http://www.us-taiwanfta.org/

Waltz, Kenneth N. 1979. *Theory of International Politics*. New York: McGraw-Hill.

Wang, Horng-luen (汪宏倫). 2001. "Taiwan wei he yao zi zhao ma fan? Quan qiu hua qu shi yu Taiwan di guo ge xuqiu." (台灣為何要自找麻煩？全球化趨勢與台灣的國格需求, Why Does Taiwan Get Itself into Trouble: The Globalization Trend and Taiwan's Need for National Character). In *Min zu zhu yi yu liang an guan xi* (民族主義與兩岸關係, Nationalism and Cross-strait Relations), edited by Jia-lung Lin and Yung-nien Cheng, 267-302. Taipei: New Naturalism.

Wang, Horng-luen. 2000. "Rethinking the Global and the National." *Theory, Culture & Society* 17, no. 4 (August): 93-117.

Wang, Horng-luen. 2001. "System's Connections, External Causes and Taiwan's National Question." *Taiwanese Sociology*, Issue 1 (June): 183-239.

Wang, Horng-luen. 2001. "Why Does Taiwan Get Itself into Trouble: The Globalization Trend and Taiwan's Need for National Character." In *Nationalism and Cross-Strait Relations*, edited by Chia-lung Lin and Yung-nien Cheng, 267-301. Taipei: New Naturalism.

Wang, Jenn-hwan (王振寰). 1996. *Shui tong zhi Taiwan: Zhuan xing zhong de guo jia ji qi yu quan li jie gou* (誰統治台灣：轉型中的國家機器與權力結構, Who Governs Taiwan? The State Machine and Power Structure in the Transitional Taiwan), Taipei: Ju Liu Book Company.

Wang, Vincent W. 2009. "A Modus Vivendi for Taiwan's 'International Space' Under the Ma Administration? A Functional-Competence Model for Taiwan's Participation in International Organizations." Paper presented at the Conference of "Taipei, Beijing, and the Overseas Chinese/Compatriots in the Context of International/Global Governance, Regimes, and Globalization" (March 14-15). Taipei, Taiwan.

Weiss, Linda, and John M. Hobson. 1997. *States and Economic Development: A Comparative Historical Analysis*. Cambridge, MA: Blackwell Publishers Inc.

Weiss, Linda. 1998. *The Myth of the Powerless State: Governing the Economy in a Global Era*. Cambridge: Polity Press.

Weiss, Linda. 2003. "Is the State Being 'Transformed' by Globalization?" In *States in the Global Economy: Bringing Domestic Institutions Back in*, edited by Linda Weiss, 293-317. New York: Cambridge University Press.

Wendt, Alexander. 1991. "Bridging the Theory/Meta-Theory Gap in International Relations." *Review of International Studies* 17, no. 4: 383-392.

Wendt, Alexander. 1992. "Levels of Analysis vs. Agents and Structures: Part III." *Review of International Studies* 18, no. 2 (April): 181-185.

Wihtol, Robert. 1988. *The Asian Development Bank and Rural Development: Policy and Practice.* New York: St. Martin's Press.

Wong, Edward. 2009. "Former Carter Adviser Calls for a 'G-2' between US and China." *The New York Times*, Jan. 2. Available at http://www.nytimes.com/2009/01/12/world/asia/12iht-beijing.3.19283773.html

Xinhua. 2009. "China Supports 'East Asian Community' Concept Mentioned by New Japanese PM." *People's Daily Online*, Sept. 17. Available at http://english.peopledaily.com.cn/90001/90776/90883/6760964.html.

Young, Oran R. ed. 1997. *Global Governance: Drawing Insights from the Environmental Experience*. Cambridge MA: MIT Press.

Zhang, Yunlin. 2001. "Guanyu Dongya Hezuo de Fazhan Qianjing (Prospect of East Asian Cooperation)." *Guoji Jingji Pinglun* (*International Economic Review*) 2001, no. 2 (March/April): 21-24.

Zoellick, Robert B., and Justin Yifu Lin. 2009. "Recovery: A Job for China and the US." *The Washington Post*, March 6. Available at http://www.washingtonpost.com/wp-dyn/content/article/2009/03/05/AR2009030502887.html

Curriculum Vitae

Yi-Chun Lin   Ph.D.

Current Status in 2012

Division of Global Affairs, Rutgers University
Doctor & Teaching Assistant

Chinese (Taiwan) Yearbook of International Law and Affairs
Editor

Journal of Global Change and Governance
Senior Editor

Academic Background

Rutgers University	
Division of Global Affairs; *Doctor of Philosophy*; GPA: 3.92	Sep. 2008-May 2012
Dissertation:	
The Transformation of Taiwan into a Structural Competition-State Facing China's Integration into the Global Community	
Committee:	
Yale H. Ferguson (Chair), Carlos Seiglie, Richard Langhorne, Leslie Kennedy	
Rutgers University	Sep. 2006-May 2008
Division of Global Affairs; *Master of Arts*; GPA: 3.88	
National Chengchi University (NCCU, Taipei, Taiwan)	Sep. 2001-June 2004
Graduate Institute of East Asian Studies; *Master of Arts*; GPA: 4.00	
National Chengchi University (NCCU, Taipei, Taiwan)	Sep. 1995-June 1999
Department of Ethnology; *Bachelor of Arts*; GPA: 3.58	

Areas of Interests

Globalization, Global Governance, Global Political Economy, Regional Governance Architecture,
Integration in East Asia and the Asia-Pacific, China Studies, Cross-Strait Studies

Professional Conference Participation

"China's One-China Principle and Taiwan's Participation in Global Governance." Paper presented at the 2012 annual conference of the International Studies Association (ISA), San Diego, CA	April 2012
"Does Dependent Variables Matter?" Paper presented at the 2012 annual conference of the International Studies Association (ISA), San Diego, CA	April 2012
"Rethinking about Dependent Variables in the Peace-Conflict Model: A Comparison of the Conflict Index between the Interstate Dyadic Events Data and Militarized Disputes Data." Paper presented at the 2011 Peace Science Society Annual Meeting, Los Angeles, CA	Oct. 2011
"An Inconvenient Truth for Taiwan: Accelerating Integration of China with Its One-China Principle into the Global Governance Mechanisms." Paper presented at the 2011 annual conference of the American Association for Chinese Studies (AACS) at the U-Penn, Pennsylvania, Philadelphia	Oct. 2011

"The Transformation of Taiwan from a Sovereign-Centric State to a Structural Competition-State." Paper presented at the 2010 annual conference of the American Association for Chinese Studies (AACS), Winston-Salem, North Carolina	Oct. 2010
"Theories of Globalization and Taiwan's Policy-making Scenarios in Facing a China-led Economic Integration Process in East Asia." Paper presented at the annual conference of the International Studies Association (ISA), New Orleans, Louisiana	Feb. 2010
"Scenarios of Taiwan Facing a China-led Economic Integration Process in East Asia after the Financial Turmoil–An Analysis from the Globalization Schools." Paper presented at the 2009 annual conference of the American Association for Chinese Studies (AACS), Orlando, Florida	Oct. 2009

Major Academic Honors

Received Rutgers's Dissertation Fellowship Award	2011
Received the Taiwanese government scholarship from the Ministry of Education for two years	2011-2012