

**An Inconvenient Truth for Taiwan:
Accelerating Integration of China with its One-China Principle
into Global Governance Mechanisms¹**

Scott Y. Lin²

(Doctoral Candidate, Division of Global Affairs, Rutgers University)

Abstract

Beijing's longstanding One-China Principle shows no signs of wavering and will continue to advance as China's participation in global governance mechanisms expands both in terms of organizations and intensity. One significant consequence of China's accelerating integration into the global community will almost certainly be a further constriction of Taiwan's "international space." Over the past thirty years, China has experienced a remarkable average annual GDP growth rate of over ten percent, and today it is the world's second largest economy with the world's largest foreign exchange reserves. While China has adopted an increasingly "open" posture vis-à-vis globalization and the world economy with notable success, it has become a more prominent and active member of international institutions. China has now joined the APEC, WTO, G-20, and ASEAN-Plus-Three and is pushing to increase its voting weight in the UN, World Bank, and IMF. As more doors open for China in global governance, more close for Taiwan. Heretofore, most of the pressure on Taiwan has been the acknowledgement by a growing number of states that Taiwan is an integral part of China. With China's more prominent role in global governance, that gradual state-to-state pattern threatens to become essentially an international consensus that (in Beijing's language) "resolves" Taiwan's status. This paper carefully reviews the evolution of power theory, the process of China's promotional position in the power structure, the advanced application of Beijing's One-China Principle in global governance, and its specific effects on Taiwan's participation in global governance mechanisms.

Key words: China; Taiwan; One-China Principle; global governance

¹ This paper is presented at the 2011 annual conference of the American Association for Chinese Studies (AACS).

² Scott Yi-Chun Lin's can be reached at: scottyichunlin@gmail.com

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 three 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 in gradually normalizing and institutionalizing Cross-Strait relations have borne fruit, 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.³

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* (色戒, *Se jie*) 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."

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 policy. 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

³ 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>

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 policy. 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 policy constrained Taiwan's international space. Leaked in May 2011, a 2005 WHO internal memorandum instructed that under the One-China policy, 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, a political brouhaha still questioned whether Taipei needed to appreciate Beijing's sponsorship that was seen as China's willingness to sponsor Taiwan to the IHR 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 paper 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 realist studies have already explained how and why countries use their power to survive 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 the globalization trend 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. Last, a realist analysis will aid not only in reconsidering the Taiwan issue but also in remeasuring the impact of a rising China on power theory in the era of globalization.

II. Theoretical Framework: Rethink about Power from the Neorealist School

For the theoretical framework, this paper 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. Therefore, the following theoretical survey particularly offers evidence for advanced discussion of power theory.

According to realism, the perspective of *international anarchy* is materially important in the pursuit of international orders and interrelationships, both of which then establish international systems.⁴ According to this perspective, political processes are instrumental in cultivating a background of power politics. Recognizing an anarchical society in international relations, Hedley Bull indicates common interests and values still exist when 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.”⁵ To ensure proper function of these common rules in the anarchical society, he then 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 goals in an international society.⁶ 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 also joins 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.”⁷ From this perspective, not only is 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 effect 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.”⁸ For Mearsheimer, although two forms of power—latent power and military power—are held by states, “[i]n

⁴ Hedley Bull, *The Anarchical Society: A Study of Order in World Politics* (New York: Columbia University Press, 1977), 8-10, especially.

⁵ *Ibid.*, 13.

⁶ *Ibid.*, 74.

⁷ Hans J. Morgenthau and Kenneth W. Thompson, *Politics Among Nations: The Struggle for Power and Peace* (New York: Knopf, 1985), 33.

⁸ John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W. W. Norton & Company, 2001), 55.

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.”⁹

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.¹⁰ This military-centric perspective to formulating state power, however, 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 outcomes of the post-Cold War global financial crises, climate change, and terrorist threats, a broader consideration of power, dependent on human relationships, is brought into the discussion of power theory.

Inspired by Kenneth Waltz's structural realism, also known as *neo-realism*, Stephen Krasner uses *meta-power* to explain power in international structures.¹¹ In an anarchical international system that addresses international structures, Waltz is the first scholar positing that a “set of constraining conditions” act “through socialization of the actors and through competition among them.”¹² 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.”¹³ 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 relation rather than from power possession, Baldwin writes that, in power relations, “societal norms function as primitive measuring rods that make indirect social exchange possible.”¹⁴ Therefore, societal norms must be considered in the analysis of power. In other words, 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.

⁹ Ibid.

¹⁰ Ashley Tellis et al., *Measuring National Power in the Postindustrial Age: Analyst's Handbook* (Santa Monica, CA: RAND, 2000).

¹¹ See Stephen D. Krasner, *Structural Conflict: The Third World Against Global Liberalism* (Berkeley, CA: University of California Press, 1985).

¹² Kenneth N. Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979), 74.

¹³ Krasner, 14.

¹⁴ David A. Baldwin, *Paradoxes of Power* (New York: Basil Blackwell, 1989), 125.

Also departing from the perspective of social interactions, Stefano Guzzini advances the concepts of power and their implication in the establishment of international structures and the function of global governance. His ideas about structural power expand the neorealist conversation of the international system, in which power is reserved in terms of governance that explains the structures.¹⁵ 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.¹⁶ *Indirect institutional power* is based on a relational concept that explains power can be conceived in regimes' agenda setting, which simultaneously constructs normative structures. Thus, a state needs to improve its power in a given social relation by either quantitative improvement of the 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 unintended outcomes are largely attributed to an actor's personality or hegemony that is able to shape the security, trade, finance, production, and knowledge structures. Finally, *impersonal power* is not located at the level of states but conceived at the level of international agents. This type of power focuses on a positional concept that explains impersonal bias in global governance mechanisms that systematically give some advantages to certain states because of their special positions or roles in the system. These positional advantages allow the countries benefitting from them to build favorable links between epistemic bases and power resources, resulting in producing international structures.

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 more interdependent world politics.¹⁷ Nye later follows up on this research and attempts to define *power* as "the capacity to do things and in social situations to affect others to get the outcomes we want."¹⁸ 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 conceives of another form of power, *soft power*, to explain how a state behaves in the anarchic conditions of world politics. For Nye, "soft power is the

¹⁵ Stefano Guzzini, "Structural Power: The Limits of Neorealist Power Analysis," *International Organization* 47, no. 3 (Summer 1993), 443, especially.

¹⁶ *Ibid.*, 450, especially.

¹⁷ See Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence: World Politics Transition* (Boston, MA: Little, Brown, 1977), 18, especially.

¹⁸ Joseph S. Nye, Jr., *The Future of Power* (New York: PublicAffairs, 2011), 6.

ability to affect others through the co-optive means of framing the agenda, persuading, and eliciting positive attraction in order to obtain preferred outcomes.”¹⁹ Through this distinction of soft power from hard power, the idea of *smart power* is also created through Nye’s understanding of a state’s “ability to combine hard and soft power resources into effective strategies.”²⁰

Moreover, this delineation of power types by Nye is in line with Guzzini’s interpretation of the three different meanings of structural power mentioned above. Because hard power reflects tangible resources, such as military force or financial capital, its function in the international system requires that a state has to rely on its military and/or economic ability to change outcomes in a regime, thus being largely indirect institutional power. On the other hand, other intangible resources, in particular history, culture, knowledge, and legitimacy, belong to notions of soft power and are thus compatible with the meaning of non-intentional power, in which power is perceived in an action’s unconscious effects that unintentionally favor some countries. Finally, the concept of smart power includes the ability of a state to use hard and soft power in a given international social position, aligning with the meaning of impersonal power, which stresses taking systematic advantage of certain positions in the international system. As a result, the discussion of power in today’s post-Cold War global affairs and international structures becomes possible. Table 1 shows a comparative summary of these notions of power.

Table 1. Notions of Structural Power and Related Concepts to the State

	Structural power as the production of		
	<i>Indirect institutional effects</i>	<i>Unintended effects</i>	<i>Impersonally empowering effects</i>
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 <i>hard power</i> that promotes states’ bargaining positions in regimes	Emphasizes <i>soft power</i> that induces other actors’ cooperation	Uses <i>smart power</i> to take advantage of a given social position

¹⁹ Ibid., 21.

²⁰ Ibid., 23.

To sum up, from the perspective of a state's interaction with international relations, power can be concluded as a state's ability to define societal norms and achieve its purposes or goals in a given social situation. This power measurement takes into account the social interactions between state actors and international agents that introduce global governance mechanisms and systematically construct and mobilize international structures. Therefore, power resources are not only associated with the use of tangible force or money but also attached to intangible factors, especially interactions with institutions, ideas, values, culture, and legitimacy. Both types of power cooperate to shape underlying social structures, knowledge systems, and general environments in the international anarchy before the establishment of international orders. This social viewpoint enables power analysis describing the post-Cold War globalization system and facilitates a broader approach to apprehending concepts of power that involve agent power and impersonal governance in international social interactions. From a policy-oriented perspective, a state's power can be analyzed by measuring the congruence between the intention and outcome of a policy that moves from national bureaucracies and civic organizations, across national boundaries, and up to international regimes. Thus, this typology provides a concrete theoretical foundation for the analysis of the One-China Principle in recent international structures.

III. Historical Background of the One-China Principle

As indicated above, power analysis must take into account the societal background that essentially evolves from a system's history. Therefore, to analyze carefully the impact of China's rising power and its One-China Principle in the international structure, it is necessary to review the 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 1945,²¹ legally took over Taiwan from a surrendered Japanese government and officially restored Taiwan to the Chinese territory.²² 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

²¹ 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."

²² The Japanese government surrendered to the representative of the ROC government in Taiwan on October 25, 1945.

Chinese mainland and founded the PRC.²³ 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 informed the two governments' foreign policies but also caused other political entities to establish diplomatic relations with only the ROC or only the PRC. Since then, the One-China Principle was established, subsequently moving Cross-Strait relations into a "stage of a vague legal nature – neither international nor domestic."²⁴ According to the process of PRC's integration with the global community, four periods span the advances of the One-China Principle.

A. Battle for Chinese Representation in the UN

Since the establishment of the PRC in 1949, attempts by the Soviet Union alliance to replace the ROC with the PRC in the UN had been consistently blocked by the United States (US) alliance until 1971, when 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-shek²⁵ were expelled "from the place which they unlawfully occup[ied] at the United Nations and in all the organizations related to it."²⁶ This UN Resolution adopting the One-China Principle was considered to be the UN's One-China policy or the UN standards, 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.²⁷ On the other hand, while the ROC lost its recognition as a legal government in the UN, most other non-UN-related international institutions²⁸ also followed the UN standards that questioned the ROC's qualification as a

²³ The PRC government was established October 1st, 1949, after a three-year civil war (1947-1949) with the KMT party.

²⁴ 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

²⁵ 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.

²⁶ 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

²⁷ 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.

²⁸ 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

legal state and, accordingly, downgraded the ROC's status or disqualified its representatives in the institutions. These developments advanced understanding of the One-China Principle from the domestic level of a civil war to the international level of competition for Chinese representation, resulting in the birth of the One-China policy widely adopted by global governance agents.

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.²⁹ Among these, the PRC's rapprochement with the US, which had always sustained the ROC since World War II, dramatically lifted the PRC to "a concert of great powers," which drove the world towards a "structure of peace"³⁰ and systematically constructed the knowledge system of the One-China Principle.

Following Nixon's secret talks with the PRC leadership in Beijing in 1972, the US 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 One-China policy, including the Shanghai Communiqué of 1972, the Normalization Communiqué of 1979, and the August 17 Communiqué (on arms sales) of 1982.³¹ 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

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 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."

²⁹ 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.

³⁰ Bull, 298.

³¹ 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>

themselves.”³² The Normalization Communiqué reaffirmed the US acknowledgement of “the Chinese position that there is but one China and Taiwan is part of China.”³³ 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.’”³⁴

These three communiqués gradually constructed the knowledge system of One-China’s concept in the following six points: First, the US One-China policy was initially meant to 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 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*.”³⁵

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 were, therefore, considered to cultivate international soil 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 ROC’s legitimacy, which was rooted in Taiwan and altered the dynamics of the One-China competition.

As a result, a new voice was arising to push for changes in the One-China policy.³⁶ 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 some US Congressmen in 2004 even joined the debate by critically questioning the One-China

³² For the Shanghai Communiqué, see <http://www.taiwandocuments.org/communique01.htm>

³³ For the Normalization Communiqué, see <http://www.taiwandocuments.org/communique02.htm>

³⁴ For the August 17 Communiqué, see <http://www.taiwandocuments.org/communique03.htm>

³⁵ Hsieh, 63.

³⁶ Kan, 1.

policy in a strong defense of democracy in Taiwan.³⁷ 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."³⁸ As Beijing's long-standing One-China Principle was codified by formal legislative action, the PRC's policy version of the One-China Principle was ultimately articulated literally.

D. The 2008 Olympic Games and Financial Crisis

Global attention, however, gradually switched from China's hesitancy in political reform to its rapid economic growth, reinvigorating the Chinese integration into the world. The 2008 Olympic Games held in Beijing signaled the peak of China's recovery, which unexpectedly was prolonged by the financial crisis later the same year. Thus, a more integrated China with more stakes in global governance leveraged its stronger bargaining power to influence Taiwan's China policy. Given a relatively declining economy during the trial of Taiwan independence, Taipei, in 2008, confronting a more difficult economic and political environment, practically revived its previous vision of the One-China policy—the 1992 Consensus³⁹—in order for Taiwan to be compatible with a different international 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,⁴⁰ the consensus, presented as KMT's One-China version, was created to protect the ROC Constitution,⁴¹ which was also based on the underlying hypothesis of "One China." The KMT asserted that

³⁷ 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>

³⁸ 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

³⁹ 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.

⁴⁰ 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.

⁴¹ The ROC Constitution, drafted by the KMT, was adopted on December 25, 1946, when the central government was still based in Mainland China.

“[r]ecognition of the One China Principle would not damage the ROC’s interests”; on the contrary, “it is imperative to support that principle” under the ROC Constitution.⁴² As a result, the 1992 Consensus, resulting from correspondences between Taipei and Beijing in 1992 in Hong Kong, adopted the One-China Principle, concluding with the recent Taiwanese government’s vision of the One-China policy, “namely both sides recognized that there is only one China but they are entitled to have different verbal interpretations of its meaning.”⁴³ In other words, from the ROC’s perspective, the 1992 Consensus not only agreed on the One-China Principle but also disagreed with interpretations of One-China, which is Taipei’s ROC instead of Beijing’s PRC. Consequently, the concept of the 1992 Consensus became “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 (IOs) and state actors, all of which have their own One-China policies according to their different understandings. Hence, although being subject to the PRC’s rigid and unequivocal One-China Principle, many agents’ One-China policies are vague on the sensitive question of One China. At the same time, their ambiguous approach to interpretations of One China also allows for transformation of their One-China policies in accordance with PRC’s rising power. The following discussion will explore this development further.

IV. Structural Power from a Rising China and the One-China Principle

Since 2008, issues arising from the success of the Beijing Olympic Games and the global financial crisis have been gradually changing the global fundamental architecture. As Western hegemony continues its decline due to sovereign debt and credit problems, the leadership in Beijing grows more confident in dealing with the global financial turmoil at home, and a rising China is further expected to play a more important role in building new financial governance structures globally. Altman suggests that China’s unique capitalist-communist developing model, with its relatively insulated financial system, has been almost unscathed in the crisis.⁴⁴ If measured only by foreign reserves, China has already become the world’s wealthiest country. This credit not only facilitates Beijing’s short-term efforts to successfully stimulate domestic economic growth for easing global turbulence in China but also empowers China to create new rules and institutions globally for the long-term political economic architecture. These new frameworks introduced by

⁴² 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>

⁴³ Ibid., 30.

⁴⁴ Roger C. Altman, “Globalization in Retreat: Further Geopolitical Consequences of the Financial Crisis,” *Foreign Affairs* 88, no. 4 (July/August, 2009).

China for the development of global governance have systematically pulled other agents' One-China policies towards the PRC's One-China version. As a result, China's notions of structural power have created conditions for the world to learn of the Taiwan issue. 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 the neo-realist school 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.⁴⁵

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)⁴⁶ Finance Ministers' Meeting accordingly announced the Chiang Mai Initiative (CMI),⁴⁷ 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 China⁴⁸ 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

⁴⁵ 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.

⁴⁶ In 1992, the members of the Association of Southeast Asian Nations (ASEAN) formed a trade bloc agreement among ten 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 ASEAN Plus Three (APT).

⁴⁷ 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%20nd%20AFM+3.htm>

⁴⁸ US\$34.2 billion came from the Chinese mainland and US\$4.2 billion from Hong Kong, China.

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 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 current 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.⁴⁹ 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 Western hemisphere 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

⁴⁹ 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.

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 US⁵⁰—under a compromise name of “Taipei, China,” which never received any new loans from the Bank after losing its UN seat to the PRC in 1971.⁵¹ However, a newly developing financial institution of the AMF demonstrates an opposite scenario that allows even less room for Taiwan’s participation.

Resulting from a product of the CMI spirit, the AMF essentially operates on the basis of the regional structure of the APT,⁵² 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,⁵³ 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.”

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.⁵⁴ Membership in both the WB and IMF is based on being a UN member,⁵⁵ 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 continually subject to

⁵⁰ 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 %.

⁵¹ 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.

⁵² Phillip Y. Lipsy, “Japan’s Asian Monetary Fund Proposal,” *Stanford Journal of East Asian Affairs* 3, no. 1 (Spring 2003), 102, especially.

⁵³ 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.

⁵⁴ 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.

⁵⁵ 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.

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, 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 international 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.⁵⁶ From this viewpoint, a brief review of China's accelerated international trade process is necessary before the 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 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.⁵⁷ 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 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 (TIG) Agreement begun in mid-2005 have also greatly propelled the growth of recent China-ASEAN total trade. Comparing other trading partners, Table 3 shows that the share of total ASEAN trade with China has grown from 2.1% in 1993 to 11.6% in 2009, making

⁵⁶ Baldwin, 204-205, especially.

⁵⁷ 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>

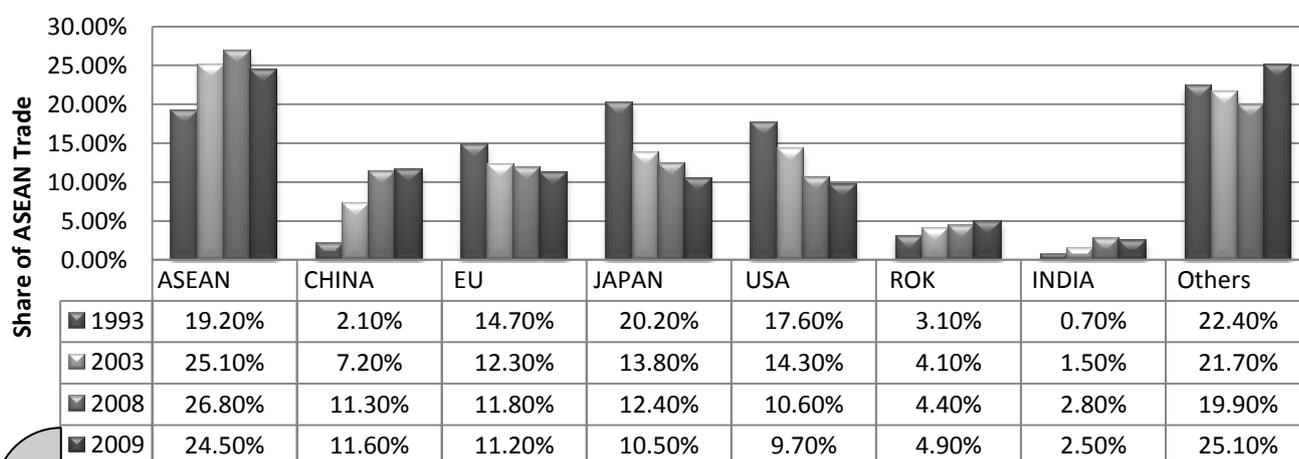
China the largest trading partner of ASEAN beyond the European Union (EU) (11.2%), Japan (10.5%), and the US (9.7%). It is also expected that the size of China-ASEAN total trade will further grow with the complete operation of the CAFTA in 2010.

Table 2. *China-ASEAN Total Trade during 2000-2008 (in US \$ billions)*

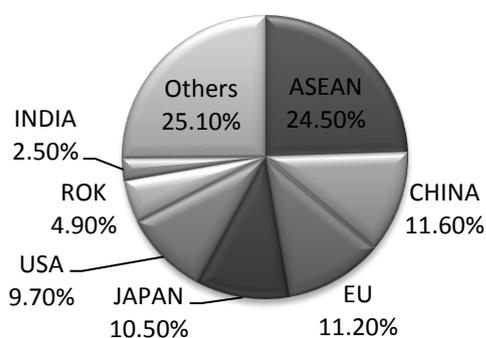
Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Trade	32.3	31.9	42.8	59.6	89.1	113.4	140.0	171.1	192.5	178.2	235.7
Growth	-1.2%	34.2%	39.3%	49.5%	27.3%	23.5%	22.2%	12.5%	-7.4%	32.3%	

Source of Data: ASEAN Trade Database, various issues.

Table 3. *Share of ASEAN Trade with Selected Trade Partner Countries/Regions*



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.⁵⁸ 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.⁵⁹ 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 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 North American Free Trade Agreement (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 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.

⁵⁸ For more information about the joint declaration, please see <http://www.mofa.go.jp/region/asia-paci/asean/conference/asean3/joint0310.html>

⁵⁹ For more information about the joint study meetings, please see <http://www.mofat.go.kr/english/econtrade/fta/consideration/KCJ/index.jsp>

Table 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 realized that its perceived national interests have 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.⁶⁰ Thus, 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.⁶¹ These arrangements have created a friendlier environment through the FTAs' initiatives.⁶²

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. Interpreting the current East Asian development, 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.

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

⁶⁰ Yunlin Zhang, "Guanyu Dongya Hezuo de Fazhan Qianjing (Prospect of East Asian Cooperation)," *Guoji Jingji Pinglun* (International Economic Review; Beijing), March/April 2001, 21-24.

⁶¹ 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>

⁶² David M. Lampton, *The Three Faces of Chinese Power: Might, Money, and Minds* (Berkeley, CA: University of California Press, 2008), 110-111 especially.

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." Taiwan, from China's view, is one of those targets.⁶³ Therefore, the FTA networks represent the initial step not only in assuring China's regional security but also in employing its strategy.

Moreover, for the neo-realist school, economic theories have been adopted to explain the existence of the 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 in the international anarchy.⁶⁴ 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."⁶⁵ 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 business competition,"⁶⁶ 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 version to extradite the Taiwanese international racketeering suspects to China, instead of back to Taiwan.

Furthermore, while Taipei shows interest in any FTA proposals or blocs, most countries or regions show their indifference or hesitance in the applications, except the

⁶³ 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>

⁶⁴ 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.

⁶⁵ Lampton, 111.

⁶⁶ *Ibid.*, 66.

ones recognizing Taipei,⁶⁷ largely because the FTA relationship involves 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 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 participations, which challenge the One-China Principle, including building and joining the FTAs 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, is characterized as a product of impersonally empowering effects, which begin at the level of global governance arrangements giving certain actors unique position or roles for effectively maintaining governance's function. This positional approach to power resources argues that an internationally given and established political order tends to produce the naturalization of some powerful countries' own arbitrariness, in which knowledge systems are constituted to discipline thinking logic, as well as to instruct action-choice lists under the governance structure. 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.

For the neo-realists, the balance-of-power doctrine is always a universal concept commonly adopted in the understanding of international politics. 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

⁶⁷ So far, only four FTAs include Taiwan with five of its diplomatic allies: Panama, Nicaragua, Guatemala, El Salvador, and Honduras.

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.

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 partition and absorb small ones is therefore expected.⁷¹ The story of European international history leading to the Concert of Europe in 1815 shows 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 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 their system.”⁷⁴ China is not excluded from the structure simply because 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

⁶⁹ Morgenthau and Thompson, 189.

⁷⁰ Bull, 107.

⁷¹ Ibid., 107.

⁷² Ibid., 202.

⁷³ Waltz, 128.

⁷⁴ Ibid., 128.

⁷⁵ Members in the P5 include China, France, Russia, the UK, and the US.

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 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

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

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>

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.

⁷⁹ Ibid., 298-299.

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 vision, 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 G2. Established in 1999, the G20, comprising twenty major economies,⁸⁰ has become the main economic council, managing 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 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 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

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>

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 international 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. The conclusion will offer future policy and research recommendations.

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 this neo-realist perspective while suggesting different policy-making approaches and future research directions. First, a developing Sino-oriented governance structure is moving towards more anarchy and hierarchy. While a deeper engagement process between China and the rest of the world is obvious, China's firm insistence on its One-China Principle demonstrates that the traditional topics of national sovereignty and territory show no sign of fading. On the contrary, these two topics are becoming increasingly controversial and complicated in a Sino-oriented governance structure, reviving a state-centric governance approach that consists of more anarchic and hierarchic constituents. The recent disputes over the Renminbi exchange rate and over the territory in the South China Sea can also be attributed to the impacts of this Chinese accelerated-globalization process. In a word, a rising China has introduced different elements into the study of power theory, resulting in a scenario in which states are

required to pursue power-political policies to maximize their relative power positions instead of pursuing broader interests for the good of the global community as a whole.

Second, this state-centric approach promoted by China also brings more mercantilist hues to the analysis of the role of the non-state actors in the structure, including firms, NGOs, and IOs. The affirmation of the One-China Principle shows that mercantilism is being widely adopted as a result of Beijing's strategic exploitation of the global attraction of the Chinese market and resources, especially business investments, and is effectively marginalizing Taiwan diplomatically and economically. Because China-based firms, NGOs, and IOs are always characterized by their close relationships with the central government in Beijing, many global agents outside China are aware of these China-based agents' privileged power positions. Thus, more state capacity is attributed to the Chinese state machine through its exhibition of its structural power. This mercantilist approach to increasing structural power in social relations not only draws security-policy makers' attention to the activities of Chinese non-state actors but also hybridizes the study of power theory by including the discussion of the state-owned or state-related firms, NGOs, and IOs. These emerging phenomena belong in another discussion of the impact of China's growth on the international power structure.

The case of the One-China Principle has shown that China's power and participation have been promoted in and through the global governance mechanisms. As a result, Taiwan's freedom of action in the global governance structure has been continually eroded. 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.

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