

# **The Transformation of Taiwan from a Sovereign-Centric State to a Structural Competition-State**

Scott Y. Lin<sup>1</sup>

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

Paper presented at the Annual Conference of the American Association for Chinese Studies (AACCS), Wake Forest University, Winston-Salem, North Carolina on October 15-17, 2010

## **Abstract**

In today's changing global system, market competition is considered a related driver for the acceleration of globalization. Therefore, states are encouraged to pursue the goal of national competitiveness in the global arena, leading the governance structures to the complex interaction of multilateral negotiations. These evolution phenomena include Taiwan, where the pressure of eagerness to re-engage with regional and global governance mechanisms has prompted the Taiwanese government to adopt various bilateral and multilateral approaches to enhancing its international competitive position. Domestically, the Taiwanese government just cut the business income tax rate to 17% from 25% to compete with its rivals on an equal footing; regionally, negotiating bilateral trade agreements with other countries, especially with China, have become the current government's main mission for improving its competitiveness; globally, emphasizes on complying with international regulations instead of challenging the existing governance structure for pursuit of Taiwan's independent sovereignty suggest its recent efforts are aimed at engaging in economic competition by exercising soft power.

In these transforming processes, the Taiwanese government can be described as a structural competition-state, in which, under the current Ma administration, like other countries, the pursuit of enhancement of national competitiveness through liberal open policies has become the main priority of the state machine. However, Taiwan is different from other countries in that the success of its accommodation to globalization conditions depends heavily on global power structures that, in turn, influence the current developments of Taiwanese nationalism. This paper is, therefore, dedicated to discussing these current developments of Taiwan, which is transforming itself from a sovereign-centric state to a structural competition-state through regional and global economic integration.

---

<sup>1</sup> The author of this paper, Scott Yi-Chun Lin, would like to extend appreciation to the AACCS for permission to present this paper in the AACCS Annual Conference.

## Key Words

Globalization, global governance, economic integration, Taiwan, China

## I. Introduction

The post-Cold War era has witnessed an evolution in the feature of the state. During the Cold War condition, the contest between capitalism and socialism was characterized largely by the threat from the other camp being the focus of security issues, and all states' efforts were concentrated in monitoring the conflict. This military-initiated monitoring process emphasized the exercise of state sovereignty that highlighted the regulation of a country's own population, territory, resources, and communication with other sovereign states. As a result, a sovereignty-centric phenomenon was more concrete in the Cold War structure. Nevertheless, in today's post-Cold War "new world order," the trend of economic neoliberalism is redefining the function of the state, whose position is seen more in terms of economic strength and vitality than in terms of pure military capability and power. The reason for this transformation can be attributed to the term *globalization*, which has been used and interpreted in a variety of ways, each of which holds its own implications in terms of its relation to neoliberalism. The purpose of this paper is, therefore, to delineate how the neoliberal philosophy has led to the development of globalization, which endows the state with different roles in the post-Cold War era. Taiwan is used as an example to further understanding of the impact of globalization on the state machine, which is now accordingly moving from a sovereign-centric state to a structural competition-state.

The neoliberal discourse began with classic liberalism, which posits the efficacy of market mechanisms in allocating resources and linking production chains. How to maintain the self-regulating nature of the marketplace thus becomes a basic topic in the discussion of neoliberalism. A strong preference for privatization and deregulation is accordingly recommended among neoliberal approaches, underpinning the concept of the "invisible hand" of the market. These two recommendations are also applicable not only to the governmental policy-making principles but also to the most areas of production, especially the markets of labor, capital, land, and natural resources. As a result, a competitive market, largely based on private ownership, is set up to produce the most efficient economies and highest levels of welfare.

The core set of privatization and deregulation based on neoliberalism not only strengthens markets but also introduces another interesting topic guiding the direction of globalization: regionalism, which views regional trade agreements as stepping stones to a global free-trade world.<sup>2</sup> For example, today's post-Cold War period is

---

<sup>2</sup> 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, please 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).

watching 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 even 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), which includes the United States, 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 nation-states in the Western Hemisphere. The last regional trading bloc originally formed in Southeast Asia and was based on an existing infrastructure among 10 nation-states of the Association of Southeast Asian Nations (ASEAN).<sup>3</sup> Today, not only have China, South Korea, and Japan joined with the project, which has become the ASEAN+3, but also Australia, New Zealand, and India 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 the above 16 nation-states. However, a distinct feature of these expanding regional free-trade blocs is the absence (or marginalization) of Taiwan, which strongly relies on international trade as the engine of its rapid economic growth that has caused it to have the 18th largest trade volumes in goods of the whole world in 2008.<sup>4</sup> And, before further discussion of the reasons for Taiwan's absence and of its recent trials by transforming itself to re-meet with the requirements for the regionalization and globalization development, the background of globalization and global governance must be addressed.

## **II. Theoretical Foundations: Globalization and Neoliberalism**

As noted, neoliberal approaches have contributed to growing “free markets” that lead the nation-state to comply with the principle of privatization and deregulation. As a result, the state-market balance of power is shifting, and the state is losing power over the economy and the society within its own borders.<sup>5</sup> Thus, other actors are encouraged to rise to challenge the authority of the state. Consequently, a more complex governance structure reflects the post-Cold War era and results in an uneasy understanding of the task of globalization.

---

<sup>3</sup> In 1992, the members of the ASEAN formed a trade bloc agreement among its original six countries, including Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand. Vietnam joined in 1995, Laos and Myanmar in 1997, and Cambodia in 1999.

<sup>4</sup> See “WTO Sees 9% Global Trade Decline in 2009 as Recession Strikes,” *WTO*, 23 March 2009, available at [http://www.wto.org/english/news\\_e/pres09\\_e/pr554\\_e.htm](http://www.wto.org/english/news_e/pres09_e/pr554_e.htm)

<sup>5</sup> Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (New York: Cambridge University Press, 1996), 4-5.

## A. The Concepts of Globalization

*Globalization* is a term heavily used, yet its meaning remains obscure, even amongst those who invoke it. Indeed, Scholte states that “globalization stands out for a large public, spread across the world, as one of the defining terms of contemporary society.”<sup>6</sup> The term is often distinguished more by what it is not rather than what it is in the theory of globalization. Therefore, Keohane and Nye prefer using *globalism* to describe a process of globalization and deglobalization. They are of the view that globalism today “may be giving rise to three changes not just in degree, but in kind: increased density of networks, increased institutional velocity, and increased transnational participation.”<sup>7</sup> Keohane and Nye emphasize that the networks in globalism encompass increasing complexity, engendering uncertainty, and creating a continued need for comprehension and management. However, Rosenau recognizes such a tendency while he explains that “[g]lobalization is not the same as globalism, which points to aspirations for an end state of affairs.”<sup>8</sup> Moreover, the concept of globalization does not reflect universalist values either because the latter only envelops all humanity, hypothetically, or actually. Rosenau’s thesis is that globalization is best described as a dual process of integration and fragmentation. In an emergent global epoch, he identifies simultaneous movements towards not only greater localization and decentralization, but also greater centralization and interconnectedness. Because all these tensions are marked by numerous variants, Rosenau suggests that “to focus only on globalizing dynamics, or only on localizing dynamics, is to risk overlooking what makes events unfold as they do.”<sup>9</sup> Terrorism, for example, is in local and global conflict simultaneously.

Similarly, Cerny mentions that *globalization* is a paradoxical term because it divides, fragments, and polarizes rather than creating one big economy or one big polity.<sup>10</sup> In addition to broadening conceptions in the spatial scope, Sassen deepens the time scope of globalization. She considers that “a good part of globalization consists of an enormous variety of micro-processes that begin to denationalize what had been constructed as national—whether policies, capital, political subjectivities,

---

<sup>6</sup> Jan Aart Scholte, *Globalization: A Critical Introduction* (London: Palgrave, 2005), 1.

<sup>7</sup> Robert O. Keohane and Joseph S. Nye, Jr. “Globalization: What’s New? What’s Not? (And so What?),” *Foreign Policy*, no. 118 (Spring 2000), 108.

<sup>8</sup> James N. Rosenau, “The Dynamics of Globalization: Toward an Operational Formulation,” *Security Dialogue* 27, no. 3 (September 1996), 248.

<sup>9</sup> James N. Rosenau, *Distant Proximities: Dynamics beyond Globalization* (Princeton, NJ: Princeton University Press, 2003), 4.

<sup>10</sup> See Philip G. Cerny, “Globalization and Other Stories: Paradigmatic Selection in International Politics,” in Axel Hülsemeyer (ed.), *Globalization in the Twenty-First Century: Convergence or Divergence?* (London: Palgrave, 2003), 51-66, and Geir Lundestad, “Why Does Globalization Encourage Fragmentation?” *International Politics* 41, no. 2 (June 2004), 265-276.

urban spaces, temporal frames, or any other of a variety of dynamics and domains.”<sup>11</sup> She then uses her unique approach to measure the changing content of three components—territory, authority, and rights—of any society across three major historical assemblages: the medieval, the national, and the global. Her conclusion is that nation building and globalization do not move in opposite directions because the laws, property rights, and borders that states create are the road and rail networks for the process of globalization.

Thus, occurrences of globalization are not entirely old or new events; they are worlds in transition. Therefore, Ferguson and Mansbach conclude that globalization should not be seen in exclusively linear terms but rather as a complex dynamic in which global, regional, national, local, and individual forces are all in play and often interact with each other. From this 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.”<sup>12</sup> As a result, Ferguson and Mansbach introduce political dynamics to the concepts of globalization, thereby leading to the emergence of postinternational politics.

The concept of postinternational politics describes the global politics that can be attributed to the end of the Westphalian moment and the Cold War. Postinternational politics identifies eight macro changes in global politics: (1) history’s revenge and future shock, (2) the decline of the territorial state, (3) multiple identities and loyalties, (4) an expanding cast of important global actors, (5) the declining role of distance and acceleration of history, (6) the participation explosion, (7) changing sources of security and insecurity, and (8) the liberal bias of postinternational thinking.<sup>13</sup> Hence, continuity and change are happening simultaneously in postinternational politics, shifting the ideological underpinnings of global governance. In these circumstances, even the best of governments find it difficult to exercise power effectively. Well-meaning governments can be blamed for dislocations beyond their control, resulting in splintered states. Sometimes, they have to rely on outside pressure from the United Nations (UN), the World Trade Organization (WTO), or European Union (EU) staff to provide political cover for doing what they already know needs to be done. They may also need support from friendly political institutes abroad, such as social democratic parties in Europe, U.S. labor unions, transnational non-governmental organizations (NGOs), or other multinational

---

<sup>11</sup> Saskia Sassen, *Territory, Authority, Rights: From Medieval to Global Assemblages* (Princeton, NJ: Princeton University Press, 2006), 1.

<sup>12</sup> Yale H. Ferguson and Richard W. Mansbach, *Remapping Global Politics: History’s Revenge and Future Shock* (New York: Cambridge University Press, 2004), 8.

<sup>13</sup> *Ibid.*, 17-30.

corporations (MNCs). Because “[s]ometimes these processes of denationalization allow, enable, or push the construction of new types of global scalings of dynamics and institutions; other times they continue to inhabit the realm of what is still largely national,”<sup>14</sup> they, too, are political globalization.

### **B. The Relationship between Globalization and Neoliberal Ideology**

Meanwhile, economic globalization also has a coordinating function. Steger’s *Globalism: Market Ideology Meets Terrorism* clarifies the theoretical roots of globalization and neoliberal globalization.<sup>15</sup> From Steger’s perspective, globalization is a long-term expanding and integrating process of the cultural, political, and commercial flow of ideas and trade. In addition, neoliberalism can be identified as a political ideology, based on market-oriented and deregulated capitalism for successful economies, currently directing the process of globalization. During this historical development, the growing global civil society, which stands on a politically oriented means to achieve broader social objectives, emerges as an adverse ideology against neoliberal approaches.

The root of neoliberal globalization can be traced back to Western European discourses, particularly the natural law of “Invisible Hand” posited by Adam Smith (1723-1790), the trade theory of “Comparative Advantage” put forth by David Ricardo (1772-1823), and free-market competition based on “Social Darwinism” proposed by Herbert Spencer (1820-1903). Although John Maynard Keynes’s “Social Market” advocacy created the modern welfare state and directed classic liberalism to combine some redeemable values of socialism for more social equality after World War II, in the late 1970s, an increasingly difficult economic context, especially high inflation and unemployment, significantly undermined the post-War environment favorable to Keynesian economic theory. As a result, liberal approaches were revisited in the 1980s and 1990s under the name of neoliberalism.

*The Roaring Nineties* was American Nobel Prize-winning economist Joseph Stiglitz’s interpretation of economic globalization, which sought to reconcile concepts of globalization with the supposedly universal benefits of market liberalization, including enhancing global living standards, economic efficiency, social freedom, political democracy, and technological progress.<sup>16</sup> Therefore, political processes, institutions, and goals have to be confined to the following measures: “privatization of public enterprises, deregulation instead of state control, liberalization of trade and

---

<sup>14</sup> Sassen, 1.

<sup>15</sup> See Manfred B. Steger, *Globalism: Market Ideology Meets Terrorism*, 2nd ed. (Lanham, MD: Rowman & Littlefield, 2005).

<sup>16</sup> See Joseph E. Stiglitz, *The Roaring Nineties: A New History of the World’s Most Prosperous Decade* (New York: W. W. Norton, 2003).

industry, massive tax cuts, strict control of organized labor, and the reduction of public expenditures.”<sup>17</sup> These neoclassical laissez-faire economic theories, modified by Friedrich Hayek and Milton Friedman in the late 1970s and driven by British prime ministers’ and U.S. presidents’ implementation in the late-1980s and the 1990s, ushered contemporary human history into a so-called “Second-Coming Capitalism” or “Turbo-Capitalism” for globalization.<sup>18</sup> Since then, an economic-globalization process based on neoliberalism has accelerated in the global system.

Today, this changing global system in the post-Cold War period is projecting a vivid picture in which market competition is considered a related driver of the global economy. The current phase of globalization initially appeared in commercial and economic form. Since the late 1980s, adoption of the neoliberal economic theory in the Washington Consensus—as well as collapse of the Bretton Woods system, breakthroughs in transportation and communications technology, a general lowering of trade barriers, and a worldwide shift towards market-oriented policies—has been accelerating the transformation of the structure of the global economy. The accelerated globalization of economy has led the world to the dispersal of the production of components, goods, and services around the globe for local, national, regional, and global markets. This pattern of production incubates MNCs, which not only foster economies of scale in terms of world-class standards of performance, quality, and efficiency but also permit adaptation to local consumer tastes. In the 1990s, financial globalization along with neoliberalism enforced by the IMF and World Bank spread well beyond major financial agencies.

In the meantime, thanks to advanced information technology, the development of the Internet in particular, globalization has been pulled downward and across national boundaries into small towns and enterprises, and literally into the laptops of individuals. Managing from home with a few thousand dollars worth of assets, anyone can act as a global social mover and shaker, or a global merchant, encouraging globalization towards integration, as well as fragmentation. In Rosenau’s terms, the Internet has not only made real-time responses possible to large parts of the globe, for example, development of a global civil society and flow of hot money, but also magnificently decentralized this large world simultaneously, in the sense that even the smallest of groups can now band together to exchange information across any boundaries.<sup>19</sup> Hence, Langhorne later concludes that the “vertically structured and territorially arranged system of government has been push over by the advent of the most recent communications revolution.”<sup>20</sup> As a result, “[t]he effects of horizontally

---

<sup>17</sup> Steger, *Globalism: Market Ideology*, 11.

<sup>18</sup> Ibid, 12.

<sup>19</sup> Rosenau, “The Dynamics of Globalization,” 258-260.

<sup>20</sup> Richard Langhorne, *The Coming of Globalization: Its Evolution and Contemporary Consequences*

arranged global activities are not confined to political, economic and commercial operations,” thereby engendering other notable cultural and social consequences as well.<sup>21</sup>

In a word, globalization is a complicated process because it creates divisions, fragments, and polarities simultaneously rather than only fabricating one large economy or one large polity. Thus, some stronger states merely reflect one piece of the whole jigsaw-puzzle of the groundwork for the emergence and crystallization of new economic and political constructions. These constructions both undercut and transcend the states.<sup>22</sup> Their dynamics herald diverse types of multilevel governance mechanisms, many of which have already bypassed traditional inter-state constructions. Therefore, the need to define *global governance* does not arise from the need to prove the continuing importance of the sovereign-centric structure in the global political economy but to explore the conundrum of complex dynamics in which global, regional, national, local, and individual forces are all involved and often interact with one another in such regimes. From this viewpoint, it is necessary to view academic schools’ perspective on forms of global governance in these transforming regimes.

### **III. Changing Forms of Global Governance**

In general, *global governance* is an umbrella term covering different types of global regulation and rule. However, in the academic literature, two different general uses of global governance have been introduced during its conceptualization. The first concept is often used to signify a specific political economy program, and the last is its use as an analytic concept that attempts to capture the reality of contemporary global political economy.<sup>23</sup>

#### **A. Global Governance as a Political Economy Program**

Some scholars restrict the term *global governance* to refer to problems of foreign policy and more traditional agencies of the global political economy. Oran Young, for example, simplifies global governance as “the establishment and operation of social institutions,” including “sets of rules, decision-making procedures, and programmatic activities.”<sup>24</sup> Brand also contends that global governance constitutes a

---

(New York: Palgrave Macmillan, 2001), 12.

<sup>21</sup> Ibid, 13.

<sup>22</sup> See Philip G. Cerny, “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 2006), 680-696.

<sup>23</sup> See Klaus Dingwerth and Philipp Pattberg, “Global Governance as a Perspective on World Politics,” *Global Governance* 12, no. 2 (April-June 2006), 189.

<sup>24</sup> Oran R. Young, ed., *Global Governance: Drawing Insights from the Environmental Experience* (Cambridge, MA: MIT Press, 1997), 4.

specific discourse of international politics whose function is to legitimize specific neoliberal solutions to practical problems.<sup>25</sup> Therefore, regimes are seen as a traditional form of global governance as are international institutions such as the WTO, the World Bank, the International Monetary Fund (IMF), and the UN.

These discussions achieve a milestone in concluding that there is no dispute that global governance is occurring and its forms are even diversifying in order to keep pace with the deeper and broader scope of globalization. What is disputed is how the large power states should be understood and interpreted in the global governance mechanisms. This viewpoint leads to the discussion of neo-imperialism, which argues that the superpowers have adopted global governance as a way to strengthen their hegemony of the empire system and the profitability of their corporations in the global political economy programs. As Steger argues, globalization—or the global spread of neoliberalism—is considered a project that is being expanded by the U.S. in support of its territory of the capitalist system as a whole through enriching its MNCs' benefits, as well as to promote its national interest, unilateralism, and militarism.<sup>26</sup>

In addition, McQueen points out that the logic of globalization does not require large capitalist powers to be borderless, but other states are subject to this requirement for entering the governance system.<sup>27</sup> This requirement weakens only some relatively weaker states by either forcing on them or having their comprador leaders willingly accept the neoliberal means, 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 are, therefore, characterized by 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 which now has become the condition for everybody else to join today's global political economy programs in the global governance system, under which big capitalist powers are able to open up the economies of others. Like the story of imperialism in the late 19th century, neo-imperialism at the end of the 20th century and the beginning of the 21st century has not only encompassed the global economic and political spheres but also dominated the colonies' local cultures and values through the slogan of globalization and the design of global governance.

---

<sup>25</sup> 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.

<sup>26</sup> Steger, *Globalism: Market Ideology*, 16-17.

<sup>27</sup> Humphrey McQueen, *The Essence of Capitalism: The Origins of Our Future* (Tonawanda, NY: Black Rose Books, 2003), 210.

According to Steger's interpretation, in order to sell the idea of globalization and to maintain the global governance structure, the willingness of big powers to use military measures for their dominance over the system is necessary.<sup>28</sup> The wars on terror are a good example of how the global big powers are expected to deal with so-called "crisis regions." In other words, the current battles in Iraq and Afghanistan remind the actors of global governance that power politics still remains for the sound operation of global governance and military issues can no longer be concluded in isolation from neoliberal issues or vice versa. In this regard, large capitalist powers still have dominant influence on the direction of globalization and even have a relatively stronger capacity to structure the global governance context. The absence of some big powers in the Kyoto Protocol crippling the effectiveness of global governance provides a vivid example.

However, the problem with this narrow understanding of global governance as a political economy program is the need to distinguish the term from traditional international relations (IR) theory, often because it is not clear what is gained by using the term *global governance* rather than *international relations*. For instance, in Hirst and Thompson's thought, global economic governance is a re-regulated approach by which sovereign states can reduce economic uncertainty to assure the advanced nations of some considerable national interests in economic stability. Hence, the main actors in the global economic governance mechanisms are the G3 (Europe, Japan, and North America), the WTO, the EU, and NAFTA, even though the tiers of economic governance have moved from domestic to international levels.<sup>29</sup> This definition falls into the trap of demonstrating only how or why international organizations in global governance might be legitimate rather than explaining other actors, operations, and dynamics in the notion of global governance.

## **B. Global Governance as an Analytic Concept**

Other scholars attempt to address today's global politics by using the term *global governance* to encompass the increasing styles and number of political, economic, and even social interactions. Kütting points out the growing importance of global civil society contributing to and trying to reform other forms of governance, thus leading to the result that "the global governance process has become more pluralistic as a result of globalization."<sup>30</sup> Hence, recently, global forms of governance have also been included in the definition of global codes conducted by

---

<sup>28</sup> Steger, *Globalism: Market Ideology*, 85.

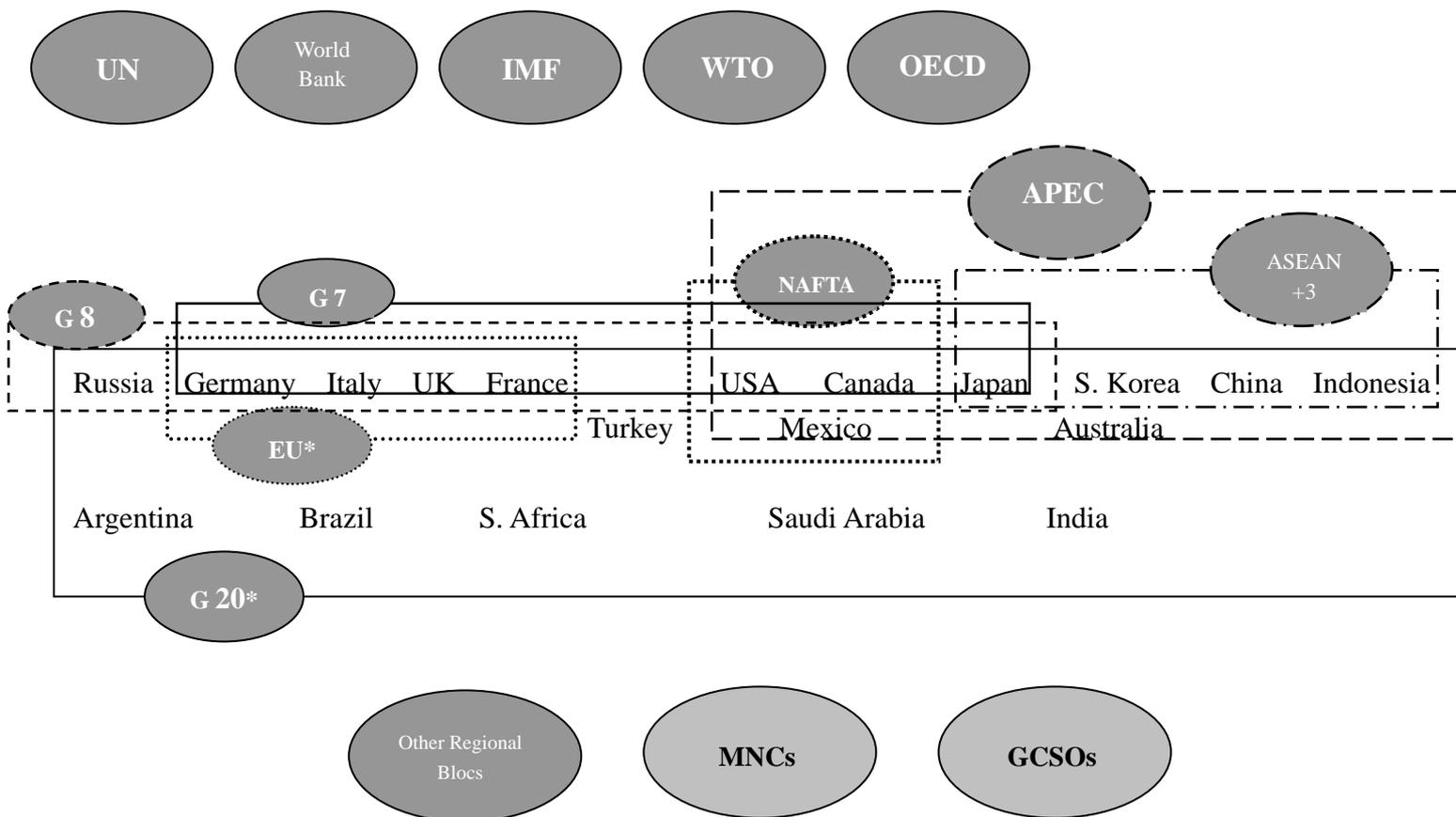
<sup>29</sup> Paul Hirst and Grahame Thompson, "Globalization and the Future of the Nation State," *Economy and Society* 24, no. 3 (August 1995), 429-430.

<sup>30</sup> Gabriela Kütting, *Globalization and the Environment: Greening Global Political Economy* (New York: State University of New York Press, 2004), 38.

private economic institutions, such as MNCs, and by the development of norms from global civil society, such as NGOs. To sum up, the striking phenomenon in global governance over the past fifty years was the growing role taken by international organizations in facilitating governance. Current developments have been the increasingly important role of MNCs and the vivid mobilization of citizens through global civil society organizations.<sup>31</sup>

Therefore, while adopting the idea of global governance to analyze today’s global political economy, Dicken demonstrates global governance institutions are a veritable “confusion” because they portray the outcome of a series of negotiations among public, private, and mixed actors and “operate at different but interconnected geographical scales.”<sup>32</sup> Figure 1 represents his ideas.

**Figure 1: A confused picture of global governance structures and institutions**



Note: MNCs (Multinational Corporations); GCSOs (Global Civil Society Organizations).

Source: Adapted from Dicken’s *Global Shift* (2007), 529.

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

<sup>31</sup> Robert O’Brien and Marc Williams, *Global Political Economy: Evolution and Dynamics* (New York: Palgrave Macmillan, 2007), 385.

<sup>32</sup> Peter Dicken, *Global Shift: Mapping the Changing Contours of the World Economy* (New York: Guilford Press, 2007), 528.

In addition, as Scholte puts it, recent civil society associations have “redirected some of their attention from states to other sites and networks of governance,” and “[a]n unofficial ‘new multilateralism’ of civil society associations has arisen alongside the official multilateralism of global governance agencies.”<sup>33</sup> As a result, in Scholte’s language, those multilateral global governance forms could be demonstrated by four types as shown in table 1.

**Table 1: Forms of global governance from Scholte’s idea**

Forms	Contents	Examples
<b>Transborder Substate Governance</b>	Many substate authorities develop direct transborder contacts with parties abroad and without intermediation by central state governments.	Global links between municipal and provincial governments, e.g. the World Organization of United Cities and Local Governments.
<b>Macro-regional Governance</b>	A trend of macro-regionalization among states.	EU; ASEAN; NAFTA; NATO.
<b>Transworld Governance</b>	Several thousand multilateral agreements on culture, ecology, finance, health, human rights, military affairs, and trade apply to global sphere to have suprastate governance.	UN; GATT/WTO; IMF; OECD.
<b>Privatized Governance</b>	The formulation, implementation, monitoring, and enforcement of societal rules occur through nonofficial channels, like market-based agencies and civil society organizations.	The Forest Stewardship Council (FSC); The International Organization for Standardization (ISO); the UN High Commissioner for Refugees (UNHCR).

Source: Adapted from Scholte’s *Globalization: A Critical introduction* (2005), 202-17 .

<sup>33</sup> Scholte, 218.

In order to meet the requirements of a broad conception resulting from the dynamics of fragmentation, Rosenau defines *global governance* as phenomena “sustained by rule systems that serve as steering mechanisms through which leaders and collectives frame move toward their goals.”<sup>34</sup> These mechanisms not only embrace governmental institutions but also subsume informal, nongovernmental mechanisms, “whereby those persons and organizations within its purview move ahead, satisfy their needs, and fulfill their wants.”<sup>35</sup> Accordingly, it is possible to reflect 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.”<sup>36</sup> Table 2 shows Rosenau’s idea of forms of global governance.

**Table 2: Forms of global governance from Rosenau’s idea**

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

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

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

In summary, because the concepts of global governance originated with the traditional sovereign-centric viewpoint, it not only still has some power politics color but also produces its own special interpretation that causes some effect on the study of states’ transformation. The next chapter will address this issue further.

<sup>34</sup> Rosenau, *Distant Proximities*, 393.

<sup>35</sup> *Ibid.*

<sup>36</sup> James N. Rosenau and Ernst-Otto Czempiel, eds., *Governance without Government: Order and Change in World Politics* (New York: Cambridge University Press, 1992), 4.

#### **IV. Impacts of Global Governance and the Structural Competition-State**

Due to a growing dissatisfaction with the sovereign-centric theories that fabricated interstate constructions and dominated the study of international and transnational political systems, laws, societies, economics, and cultures, a surge of governance in contemporary history “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.”<sup>37</sup> Thus, global governance can be seen as a heuristic device to “refer to an approach to world politics distinct from traditional International Relations theorizing with its focus on the activities of states and also in a normative manner to refer to a positive political project in world politics.”<sup>38</sup> In this regard, the transformation of states is salient in the study of global governance. In addition, analyses can depart from the impact of global governance on the sovereign-centric theories and conclude with the formation of the structural competition-state in global governance.

##### **A. Impacts by Global Governance**

The increasing levels of transborder activities accelerate the processes of globalization that challenge the governance ability of nation-states and, as a result, contribute to operation of global governance and eventually to a new form of state. Although nation-states still remain in the globalization era, they must transform themselves to adapt to the changing phenomena of the global system. In other words, the changing notions of the global system have affected the Westphalian sovereign-state system, which consistently had the exclusive right of governance only under interstate constructions. These effects shaped by global governance include reconstructed state networks, epistemic authority, the remapping of identities and loyalties, and re-emerging imperialism.

First, just as territoriality has remained significantly despite the passing of territorialism, states have remained important with the passing of sovereign-centric IR theory. What “new world order” in global governance might be emerging in the course of reconstructed state networks,<sup>39</sup> in which many political and economic theories have been misunderstood to stress that a state’s interactions have never been fixed, especially in terms of territory, authority, and rights.<sup>40</sup> Therefore, state networks as well as sovereign-centric IR theory have had to develop new capacities to

---

<sup>37</sup> Scholte, 186.

<sup>38</sup> O’Brien and Williams, 384.

<sup>39</sup> 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.

<sup>40</sup> See Sassen.

address issues in global politics and governance, such as ecological change, environmental politics, electronic finance, trade regulations, immigration control, epidemic prevention, labor rights, human rights, Internet cyberspace, and global production. All of those issues obviously transcend Hirst and Thompson's explanation of the "inter-national" character of the global political economy.<sup>41</sup> In addition, other features of post-Cold War statehood also 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."<sup>42</sup> All of these developments have reconstructed the state networks from a sovereign-centric system. Accordingly, even as a skeptic of globalization, Linda Weiss articulates her discovery that, in the U.S., Germany, Taiwan, Korea, and China, those states' interactions have been transformed by global markets and international competition from statism to governed interdependence in response to global economic governance.<sup>43</sup> Consequently, the state networks, in response to global politics and governance, are moving into increasingly dense and diverse relationships and transformed into multipurpose relations between state and international/regional organization, state and state, state and firm, and state and global civil society.

Second, together with frameworks of changes in understandings of space and time in a new spatiotemporal fix, the structure of knowledge is also a primary facet of a social order. How people understand the world is a key social question alongside issues of how people bond, regulate, produce, and construct 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."<sup>44</sup> Furthermore, this altered epistemic authority points to a set of specific developments alongside the mechanism of global governance, which are "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."<sup>45</sup> Accordingly, government is losing its familiar

---

<sup>41</sup> 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, *Globalization in Question: The International Economy and the Possibilities of Governance*, (Cambridge, MA: Blackwell, 1996).

<sup>42</sup> Scholte, 193.

<sup>43</sup> 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.

<sup>44</sup> Scholte, 256.

<sup>45</sup> 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.

hierarchical position, which was frequently used for its political authority to act in the governance of credit relations. As its position in credit relations is frequently built on its knowledge bases, a transformed hierarchy, perhaps more horizontal, multifaceted, and flatter, in the mechanism of global governance is appearing, among which governments may participate and act as one of many authorities.

Third, different networks among sovereign nation-states and meanings of epistemic authority lead to the way that people in the mechanism of global governance remap their identities and loyalties. As mentioned, Ferguson and Mansbach use postinternationalism to particularly emphasize the process of continual change and complexity because change is much faster in some contexts than in others and “[a]ccelerating change is producing an increasingly complex universe of actors in global/local politics.”<sup>46</sup> In addition, polities or, in Rosenau’s term, “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.<sup>47</sup> “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.’”<sup>48</sup> Consequently, the revival or reconstruction of old memories and loyalties encounters a range of new polities simultaneously, resulting in the remapping of identities and loyalties in the concept of global governance. In the field of the global political economy, Cerny points out not only economic nationalism but also 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.”<sup>49</sup>

Finally, because, in global governance, the economically stronger states are proceeding with relatively stronger capacity than the other weaker ones, the consequences of the structures and objects of global governance are guided and backed more by the neo-imperial states’ power and their large capitalist firms. However, to conclude that the core states are also weakened by the operation of global

---

<sup>46</sup> Yale H. Ferguson and Richard W. Mansbach, “Postinternationalism and IR Theory,” *Millennium: Journal of International Studies* 35, no. 3 (September 2007), 536.

<sup>47</sup> Ibid.

<sup>48</sup> Ibid, 539.

<sup>49</sup> Philip G. Cerny, “Globalization and the Changing Logic of Collective Action,” in Jeffrey A. Frieden and David A. Lake (eds.), *International Political Economy: Perspectives on Global Power and Wealth* (Belmont, CA: Wadsworth/Thompson Learning, 2000), 458.

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.”<sup>50</sup> 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, from Petras’s and Veltmeyer’s interpretation, currently the main actors in the global governance process are the neo-imperial state governments that have become servants to the interests of the capitalist class that controls the world’s approximately 37,000 MNCs and promoted the latest incarnation of a “global free market” through influence in the WTO, IMF, and World Bank, forcing the rest of the world to adjust the economic structure by “market-friendly” policies, especially liberalization, deregulation, and privatization. Therefore, Dicken further addresses this development as a scenario where “the more powerful states can actually use globalization as a means of increasing their power.”<sup>51</sup> In other words, those global governance products, including global trade agreements, organizations, and legislation, are established for strengthening the interests of those big powers. Moreover, Panitch and Gindin even find that these neo-imperial states within the global governance mechanisms are depending on each other to manage their interests simply because their capital is, in fact, tied together.<sup>52</sup> Therefore, rivalries between the neo-imperial states are not as prevalent as in the previous imperial periods. Ironically, the above discussions of re-emerging imperialism lead to the conclusion that the effectiveness of global governance strongly relies on cooperation or negotiation between the imperial big powers, which contributes to the global governance structures.

## **B. Formation of the Structural Competition-State**

While recognizing that the role and function of the nation-state is being transformed as mentioned above, this paper emphatically rejects the hyperglobalizers’ claim that the state is no longer a major player. In addition, for those more powerful capitalist states, particularly the U.S., the EU, and potentially rising China, the viewpoint from the skeptical school can largely be adopted in that the dynamics of globalization themselves heavily rely on the regulatory power and even military capacity of the neo-imperial states to ensure continuing liberalization and stability of

---

<sup>50</sup> James Petras and Henry Veltmeyer, *Globalization Unmasked: Imperialism in the 21st Century* (New York: Zed Books, 2001), 54

<sup>51</sup> Dicken, 174.

<sup>52</sup> 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.

other marketplaces in the rest of the world. However, other semi-peripheral states,<sup>53</sup> such as Taiwan, become neither major drivers for promoting neoliberal globalization nor simply perpetual victims for providing only raw materials and cheap labor. In fact, they are sometimes able to shape their global positions on international and domestic issues for their own interests, although each of them has had less economic and political autonomy than other core capitalist states. In this regard, they are emerging as a new form of state, the structural competition-state, which is characterized by (1) its healthy function in a given political economy structure, (2) its shared sovereignty and responsibility, (3) greater competition in interaction with other states, and (4) reflection of spatiotemporal memory in the relations among governments, firms, and citizens in the global governance mechanisms.

### **1. The Structural Competition-State as an Agent Functioning for Global Governance Missions**

It is evident that most states are involved in globalization in spite of different scales of impact. What needs to be addressed more is that many states also actively participate in global governance programs that become their own soft power sources for acquiring greater power over their national economies and societies respectively. Especially, “[t]he 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.”<sup>54</sup> As a result, other semi-peripheral states are highly conditioned by these governance frameworks established by the core states, rather than steering them. Thus, they transform into being agents introducing agreements required by global governance and later implementing these agreements to regulate how their politics, economies, and societies operate, as the given governance structures attempt to manage occurrences within and across the national boundaries. These states can, therefore, be considered well-functioning agents in the global system for facilitating global governance agendas, thereby enabling themselves to distribute the costs of governance associated with a collective problem to all the participating members, especially to the big powers.

---

<sup>53</sup> For more definition 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.

<sup>54</sup> 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.

## **2. The Structural Competition-State as a Collaborator with Shared Sovereignty and Responsibility**

Although participation in the global governance agenda is entirely voluntary and limits states' sovereignty operation, while powerful capitalist states suffer less, many states have eagerly sought to join due to the increasing credibility of commitments and costs of non-participation.<sup>55</sup> In this interaction, states are more willing to collaborate with other states to achieve specific political, economic, and financial goals. Such collaborations have many forms according to different objectives while the surge of regionalism draws scholars' attention more. Such regionalism can be explained as a collaboration project in which states tend to coordinate with each other "to develop political-economic relationships at the regional scale through regional integration agreements (RIAs)."<sup>56</sup> Dicken then asserts that all the regional collaborative arrangements are based on the principle of preferential trading arrangement (PTA), which enables states to agree on providing preferential access to their national markets to other members of the regional trading bloc. The leverage of PTAs encourages regional states to collaborate not only in liberalizing trade between members but simultaneously in discriminating against third parties. Three regions reflect its development, including Europe (the EU), North America (the NAFTA), and East Asia (the ASEAN+3), in which the practice of collaboration for economic integration enforces states to hold in check their insistence on national sovereignty based on the Westphalian discourses. Consequently, states are learning to share their sovereignty and responsibility in the collaboration process for regional governance. This learning process even encourages states to rethink the way in which security sources are redefined, as well as the approach to protecting national security by collaborative actions with other actors, instead of unilaterally using traditional military force to defend their own territories from external attack.<sup>57</sup>

## **3. The Structural Competition-State as a Competitor in Interaction with Other States**

States' collaboration through RIAs and PTAs also presents their pursuit of improving their national competitive advantages. A vivid picture in which regional developing countries in East and Southeast Asia together join the RIA projects shows that each of these Asian countries' bargaining power is increasing and threatening the economic standing of the U.S. and European countries. Indeed, states are learning to use any governance means as a negotiating factor to impose their specific interests.

---

<sup>55</sup> See Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984).

<sup>56</sup> Dicken, 187.

<sup>57</sup> Ferguson and Mansbach, *Remapping Global Politics*, 28-29.

Global governance provides a two-sided quality: It establishes a platform for states to cooperate while, at the same time, giving them an opportunity to maximize their own interests. In the architecture of global economic governance, states compete to enhance their own global trading position to allow themselves to capture as large a share as possible of the gains from trade. As a result, Cerny indicates that 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.”<sup>58</sup> Michael Porter even introduces his famous “diamond” model to illustrate that national competitive advantages are created through the mutually global and local reinforcing processes of a country.<sup>59</sup> 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. In order 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.

#### **4. The Structural Competition-State as a Reflection of Spatiotemporal Memory in the Diverse Relationships with Other Governance Actors.**

In addition to the interaction between states, other actors in the changing global governance networks now 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.”<sup>60</sup> Thus, in the global governance operation, the state still has its previous nation-bound air and, more importantly, this characteristic is tempered by historical and geographic inheritance. Ferguson and Mansbach use “history’s revenge and future shock” to describe today’s global politics that devaluates conventional static models that take a timeless and universal position. Therefore, the state today is confronted with simultaneous

---

<sup>58</sup> 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.

<sup>59</sup> See Michael Porter, *The Competitive Advantage of Nations* (London: Macmillan, 1990).

<sup>60</sup> Castells, 269.

processes of fusion and fission authority that are generated and accelerated by the participation explosion from the emergence 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 of sovereign boundaries.”<sup>61</sup> On the other hand, geographic economic integration projects also change the hierarchy of loyalties and even create new identities “as the significance attached to political relationships with others is altered and as context shifts.”<sup>62</sup> Thus, a state’s nation-bound characteristic is continuously shaping and is continuously shaped by its diverse relationships with other governance actors. It is now living 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 in competition for those loyalties.<sup>63</sup> The only difference lies in the state’s reflection of its various distinctive national cultural structures and practices, largely because they sometimes shift from old to new or vice versa and strongly depend on the spatiotemporal issue and context in greater diversity in the relationship between governance actors. As will be examined in the next chapter, the Taiwanese case demonstrates how a semi-peripheral state operates in the post-Cold War era in which its sovereign-centric idiosyncrasy has been transformed into a structural competition-state for re-engagement with the globalization trend.

## **V. The Case of Taiwan: From a Sovereign-Centric State to a Structural Competition-State**

From the 1950s to the 1970s, Taiwan was the sole legal regime representing China under the name of the Republic of China (ROC) and in the form of an authoritarian party-state. 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 in Taiwan began to lose diplomatic recognition among countries and international organizations across the globe. Taiwan’s response, in order to prolong its state autonomy, was to become a global economic power while maintaining the unifying ideology that shaped the ROC’s mission. This change in philosophy and tactics 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, creating state autonomy and state capacity in both its local society and the global community.

---

<sup>61</sup> Ferguson and Mansbach, *Remapping Global Politics*, 23.

<sup>62</sup> *Ibid.*

<sup>63</sup> *Ibid.*, 25.

After the post-Cold War era of the 1990s, due to a deeper and broader impact from globalization that emphasized global and regional integration and cooperation, in which China was given a more significant role, the Taiwanese government found itself facing not only a difficult international environment but also the weakening of the state machine. On the one hand, China, since opening its borders at the end of the 1970s, has been actively participating in global governance agendas, especially joining international organizations and programs while removing and rejecting the participation of the ROC regime. The PRC government had a huge investment in blocking 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 Policy," according to which only the ROC or the PRC could claim to represent all of China, including the Chinese mainland and Taiwan. As a result, in addition to its significantly decreased influence on international organizations, the ROC regime in Taiwan met with difficulty in shaping and enjoying any global governance designs, which shed light on global and regional economic integration agreements as well as on political cooperation regimes.

On the other hand, since that time, both local corporations and multinational corporations in Taiwan have been recognizing the impact of trade agreements on Taiwan's competitiveness and have been gradually redirecting their investments to China and Southeast Asia. Continuing decline of investment from the private sectors has led to economic turbulence and dire financial crisis in Taiwan. 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 globally. Consequently, the political apathy of the general public before the 1980s has evolved into a variety of voices, all seeking a new interpretation of the role of Taiwan's government in the global community since the 1990s. Therefore, the Taiwanese government has been inspired to look for alternative ways to tackle these challenges. Two distinctive approaches, in separate time periods, can be recognized as responses: the sovereign-centric approach during the presidency of Chen Shui-bian (2000-2008) and the competitive-centric approach by the current President, Ma Ying-jeou (2008-), in terms of the governmental policy-making preferences.

#### **A. Accelerating the Move to a Sovereign-Centric State under the Presidency of Chen**

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 strategically adopted neo-liberalism 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 also 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 social forces against the original mainlander factions within the state machine.<sup>64</sup> 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 that increasingly led the island to embrace more sovereign-centric approaches.

During Chen Shui-bian's presidency, the Taiwanese government adopted sovereign-centric policies, both internationally and domestically, to retain its state capacity and national power as a high priority for fulfilling Chen's promises of safeguarding—or even building—Taiwan's sovereignty 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 nurture its state capacity for protecting its sovereignty, for example, by preventing or restricting population and currency flows. While many states have encouraged some globalizing trends, such as encouraging increased flows of foreign investment and trade, the Taiwanese government displayed its capacity to impose restrictions on these flows, especially that of outward investment toward China and inward from China. The government's concerns were always related to its proposal of safeguarding the integrity of state sovereignty and national security before establishing further open policies in the future. Economically, the Taiwanese government adopted economic nationalist tactics based on the sovereign-centric principle not only oriented towards attracting more foreign direct investment in the information-technology industry but also oriented towards restricting outward investment, in China in particular. As a result, Taiwan's China policies, those of economic openness and integration in particular, were established under the condition of supporting national sovereignty and security in terms of the economic nationalist perspective because this support could ensure and create state revenues and capacity for development of national wealth as well as ensuring its sovereignty, which sustained the national welfare system.

Politically, while being involved in global governance agendas, especially

---

<sup>64</sup> 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: Ju Liu Book Company, 1996).

joining global cooperation and international organizations, the government hesitated to adopt some terms related to “China” or “Chinese” in its representative titles because these terms, internationally, would confuse the global community and, domestically, might be less effective in clarifying the subject and territory of Taiwan’s national welfare system.<sup>65</sup> However, largely because China was emerging as a rising power oriented towards surging Chinese nationalism within a process of globalization, the development of the sovereign-centric approach in Taiwan, with respect to the global arena, was perceived as a zero-sum game in which the gain of one party necessitates a loss for another party. Unfortunately, after several years’ contest, especially under the Chen presidency, Taiwan lost the game as it became more politically isolated and economically 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, placed the island in worse fiscal conditions and in a more difficult international environment.

All these developments severely damaged the long-term sustainability of Taiwan’s governmental authority and affected the progress of independent movements that supported the Taiwanese sovereign-centric approach. These unsuccessful attempts, therefore, 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 acknowledged and permitted by global powers, especially China and the U.S. With the awareness of this international structure defining Taiwan’s capacity, Ma’s competitive-centric approach after 2008 has been an adjustment of Chen’s pursuit of a sovereign-centric state.

### **B. A Structural Competition-State of Taiwan—Adopting the Competitive-Centric Approach by the Current President Ma**

The dynamics of globalization involve both integration and fragmentation. As a semi-peripheral state surviving under global power politics, not only is Taiwan forced by globalization to transform itself for integration with global and regional governance agendas, but it is also structured by the strategic arrangements of other traditional powers on an international level and by its eager desire to expand its international space on a domestic level. Therefore, the formation of a structural competition-state by adapting to diverse globalization dynamics, especially integration and fragmentation, explains Taiwan’s current special status in the global arena. While the framework of global economic governance, especially in East Asia, is being institutionalized through Chinese influence, Taiwan’s former strategic project,

---

<sup>65</sup> Chen-wei Lin, “State Reformation and the Formation of a Newly Emerging Welfare State in Taiwan,” *The Developing Economies* XLII, no. 2 (June 2004), 176-197.

the Asian-Pacific Regional Operations Center (APROC), is being renewed by the Ma administration.

The APROC had been proposed in the mid-1990s as the Taiwanese government's response to globalization. However, this plan had been suspended since 2000 because of increasing political and economic conflicts in Cross-Strait relations, which pressured Taiwan to adopt more sovereign-centric policies. In fact, the APROC plan was essentially a globalization product instituted in the hopes of resolving questions of Taiwanese sovereignty and access to other global markets, especially the Chinese and ASEAN markets. While some political and economic negotiations addressed the name of the Taiwanese government, the government accepted varied and flexible names,<sup>66</sup> including the ROC, ROC (Taiwan), Chinese Taipei, T.P.K.M., Taiwan, and so on, in order to integrate further with international organizations and attain global cooperation. Hence, while the term *sovereignty* was analyzed according to Krasner's identification, the Taiwanese government focused more on the maintenance of domestic sovereignty (authority within the state) and interdependent sovereignty (ability to regulate cross-border flows) through the APROC plan rather than international legal sovereignty (based on mutual recognition) and Westphalian sovereignty (the traditional principle of non-interference).<sup>67</sup> In this respect, "[t]he various kinds of sovereignty [did] not necessary covary" as a result of globalization, which was conceived as a powerful transformative force that was responsible for a more feasible mechanism of polities, societies, and economies of global governance and world order.<sup>68</sup>

To achieve a goal of integrating Taiwan with other growing global and regional governance mechanisms, the Taiwanese government had launched the APROC project in 1993 as a means of maintaining economic vitality and perpetuating the national imagery of the "Taiwan Miracle." These approaches also promoted the political propaganda that the ROC government was still functioning and operating in Taiwan, namely "ROC on Taiwan." According to the official blueprint drawn up by the Taiwanese government, the goals of the APROC plan were to build Taiwan into six centers for the Asia-Pacific region: a manufacturing center, a sea transportation center, an airport transportation center, a financial center, a telecommunication center, and a media center.<sup>69</sup> These goals had been pursued through policy and law making, infrastructure construction, and institutional adjustments. In addition, to compensate for its diplomatic frustrations, the Taiwanese government had deliberately sought to

---

<sup>66</sup> The only two titles that could not be accepted were "China, Taipei" and "China, Taiwan" because these titles were similar to the status quo of Hong Kong.

<sup>67</sup> Stephen D. Krasner, *Power, the State, and Sovereignty* (New York: Routledge, 2009), 184-197.

<sup>68</sup> *Ibid.*, 180.

<sup>69</sup> See "The Asia-Pacific Regional Operations Center (APROC)," available at [http://park.org/Taiwan/Government/Theme/Asia\\_Pacific\\_Rigional/apc02.htm](http://park.org/Taiwan/Government/Theme/Asia_Pacific_Rigional/apc02.htm)

engage with global communities, largely through global economic exchange, in which interlocking trade and investment relationships with other countries acted as alternatives or replacements for formal diplomatic relationships though sometimes via the agency of MNCs. The circulation of global flows of information, capital, commodities, people, culture, and symbolic images from Taiwan had in turn been propelled by this transformation of Taiwan's state machine. To a certain extent, Taiwan had accelerated the pace of its engagement in globalization while this transformation had been accomplished through an active agency of a re-defined state through a flexible meaning of sovereignty.

Moreover, this competitive-centric approach also held that Taiwan's future well-being as an interdependent state, either under the name of ROC (advocated by the KMT party) or Taiwan (advocated by the DPP party), hinged to a great extent on its embeddedness in the global economy. Therefore, globalization was part of a consensus shared by both the ruling and opposition parties.<sup>70</sup> With the persistent and growing political and economic threat from the PRC, Taiwan had become even more invested in a globalizing agenda. Voices from different neo-liberalist and nationalist stances converged to agree that Taiwan's security could be enhanced, at least to some extent, as long as the processes of globalization were unceasingly pursued, despite the fact that the two schools had different measures.<sup>71</sup> Thus, Taiwan's compromise on some parts of its sovereignty in exchange for globalization would improve the country's investment environment that contributed to its enhancement of national competitiveness in the global arena. This project stressed the growing interdependent relationships between Taiwan and global communities because, if anything happened to Taiwan, not only would China damage itself, but other international powers would also intervene, at least in an attempt to stabilize global markets in their own national interests. Consequently, a contradictory picture emerged concerning Taiwan's investments in globalization in which neoliberalism was regarded as one of the best strategies to maintain its nation-like status quo as a sovereign political community under the APROC project and the propaganda of "ROC on Taiwan."

The APROC is not only a compromise between Taiwan's sovereignty and its access to global/regional governance but is also an assurance of the ROC regime governing Taiwan. The questions as to how to update and operate the concepts of this plan are now re-discussed by the current ruling party—KMT, the founder of the

---

<sup>70</sup> Horng-luen Wang, "Rethinking the Global and the National," *Theory, Culture & Society* 17, no. 4 (August 2000): 105.

<sup>71</sup> Generally speaking, the KMT camp believes Taiwan's access to the Chinese market is its first and preliminary step to ensure Taiwan's next regionalization and globalization progress, whereas the DPP camp takes the opposite approach to engaging with other markets first, before the Chinese market.

ROC regime and the APROC project,—even though increasing threats are still coming from the PRC. It is clear that the current Ma administration is seeking to put the improvement of Cross-Strait relations as the first priority for re-launching the project. These neoliberal policies, especially scheduled charter flights directly flying between Taiwan and China and the opening of Taiwan to Chinese tourists, as well as agreements for a memorandum of understanding (MOU) on financial supervisory cooperation and for an economic cooperation framework agreement (ECFA) on trade with China are considered key measures in linking Taiwan with the Chinese market. Through these policies, Taiwan will not be marginalized from the regional governance agendas of the ASEAN+3 or from East Asia's integration processes.

In a public interview conducted by CNN's chief international correspondent, Christiane Amanpour, President Ma commented on the current disputes over the ECFA policy, which occurred as recently as April 2010. He indicated that these open policies toward China, especially with regards to the ECFA policy, "will be very beneficial to Taiwan not only to increase export but to attract more foreign direct investment from abroad."<sup>72</sup> In President Ma's opinion, the overall aim of signing the ECFA was "to help people with doing business and to enhance Taiwan's competitiveness."<sup>73</sup> While in a meeting with Michael E. Porter, a Harvard Business School professor and a leading authority American in corporate strategy, President Ma re-emphasized the signing of a wide-reaching trade pact with China and believed 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."<sup>74</sup>

In addition to its open policy toward China, the Taiwanese government also adjusted some other policies for enriching its competitiveness sources. Domestically, the government, in May 2010, has just cut the business income tax rate to 17% from the existing 25% to compete with its rivals on an equal footing. With a rate of 17%, Taiwan will have the second lowest business income tax rate in Asia, on a par with Singapore but slightly trailing Hong Kong's 16.5%. The government believed this cut could enhance Taiwan's competitiveness and attract more MNCs to establish headquarters in Taiwan.<sup>75</sup> Regionally, the government has revitalized Taipei's

---

<sup>72</sup> "CNN's Amanpour: Interview with Taiwan's President," *CNN*, 30 April 2010, available at <http://archives.cnn.com/TRANSCRIPTS/1004/30/ampr.01.html>

<sup>73</sup> "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](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)

<sup>74</sup> "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>

<sup>75</sup> "Business Income Tax Cut to 17 Percent," *Taipei Times*, May 29, 2010, available at

domestic downtown airport, Songshan Airport, by establishing direct international flights not only to Shanghai (starting in June 2010) but also to Tokyo (in October 2010) and Seoul (in negotiation). The Taiwanese government expected, by forming a “Northeast Asian Golden Flight-route Circuit,” that Taipei’s Songshan Airport would become a regional “capital-city business airport” of East Asia and stimulate the growth of business travel.<sup>76</sup> Globally, 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 U.S., Japan, Singapore, and the EU, are more interested in negotiating bilateral trade agreements with Taiwan.<sup>77</sup> As a result, under this competitive-centric arrangement based on the liberalization principle, the initial APROC spirit of interdependence can be established as well.

However, due to the worries of other global powers and objections from Taiwan’s internally developing nationalism, the Ma administration is also attempting to leverage improved Cross-Strait relations to expand Taiwan’s international space to satisfy structural conditions.<sup>78</sup> For example, Ma’s foreign policy of “viable diplomacy (huo lu wai jiao),” based on a belief in “diplomatic truce (wai jiao xiu bing)” 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 inauguration of 2008. Another shifting policy is Taiwan’s bid for joining international organizations. Since 2008, the Ma administration has decided not to apply for membership in the UN,<sup>79</sup> 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), simply because its recognition of the global structure is needed for more mutual trust between Taiwan and other large powers. This transformation also leads the state machine to pursue more collaboration by functioning well in the global governance mechanisms, instead of strong-headedly exercising its sovereignty. Therefore, Vincent Wang addresses this development of Taiwan’s compromise under the global condition by identifying that the state feature has been changed from sovereign state-centrality to functional

---

<http://www.taipeitimes.com/News/taiwan/archives/2010/05/29/2003474131>

<sup>76</sup> Council for Economic Planning and Development, “Songshan Airport Expands International Flight Service,” July 16, 2010, available at <http://www.cepd.gov.tw/encontent/m1.aspx?sNo=0013973>

<sup>77</sup> U.S. 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/>

<sup>78</sup> Taiwan’s recent developments 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.

<sup>79</sup> 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.

competence in its need for global governance.<sup>80</sup>

To sum up, Taiwan's transformation processes are mixed through the dynamics of globalization and 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 supports and constrains possible developments of the state machine, and, therefore, 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 adopting more competitive-centric policies accelerates the development of Taiwan's globalization into an essentially more cooperative nature due to its more pragmatic approaches, these phenomena will still be in tension with cooperation and embeddedness depending upon the global governance structures.

## VI. Conclusion

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. The Westphalian sovereign-centric system has been gradually replaced by global governance architecture in a globalizing post-Cold War epoch, in which the concept of authority is so different from the past that it makes obsolete the emphasis on state authority only. Accelerated globalization has caused substantial changes in state authority and also "has undermined the sovereign and inclusive character of national-level political association and the character of national state as civil association."<sup>81</sup> The roles and activities of sovereign states have been modified to sometimes parallel those changes while, accordingly, sovereignty-free actors function across any existing categories. As Rosenau stated, it is "a world that has moved beyond globalization to continuing clashes between integrative and fragmenting forces."<sup>82</sup> In other words, today's globalization is a process in which original phenomena are transformed by the volume of cross-border activities. Each actor relies on the others in today's increasingly globalized and interdependent world; therefore, to some extent, globalization transforms the development of sovereign-centric IR theory in order to make comprehensible the economic benefits and transnational connectivity that globalization has brought.

Although many strides have been made by scholars and politicians in addressing

---

<sup>80</sup> 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," 14-15 March 2009, Taipei, Taiwan.

<sup>81</sup> 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.

<sup>82</sup> Rosenau, *Distant Proximities*, 16.

how states survive in a more sovereign-centric system, few works have addressed how states develop themselves if the world is heading towards a global governance order that is still colored by power politics. Moreover, because the Taiwan issue is the heritage of the Cold War structure and it, therefore, especially requires fresh eyes to view the changing phenomenon of the Cross-Strait relationship in this globalization era, the definition of a structural competition-state in this paper will enrich the study of globalization theoretically while also providing another perspective for dealing practically with the Taiwan issue through the tools of globalization.

## VII. Bibliography

- 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.
- 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 Jeffrey 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. 2005. "Political Globalization and the Competition State." In *The Political Economy of the Changing Global Order*, edited by Richard Stubbs and Geoffrey 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 for a New Spatio-Temporal Fix." *Review of International Political Economy* 13, no. 4 (October): 680-696.
- Cerny, Philip G. 2003. "What is Next for the State?" In *Globalization: Theory and Practice*, edited by Eleonore Kofman and Gillian Youngs. 207-222. NY: Continuum.
- CNN. 2010. "CNN's Amanpour: Interview with Taiwan's President." May 2. Available at <http://archives.cnn.com/TRANSCRIPTS/1004/30/ampr.01.html>
- Council for Economic Planning and Development. 2010. "Songshan Airport Expands International Flight Service." July 16. Available at <http://www.cepd.gov.tw/encontent/m1.aspx?sNo=0013973>
- Dicken, Peter. 2007. *Global Shift: Mapping the Changing Contours of the World Economy*. New York: the Guilford Press.

- Dingwerth, Klaus and Philipp Pattberg. 2006. "Global Governance as a Perspective on World Politics." *Global Governance* 12, no. 2 (April-June): 185-203.
- Ferguson, Yale H. and Richard W. Mansbach. 2007. "Postinternationalism and IR Theory." *Millennium: Journal of International Studies* 35, no. 3 (September): 529-549.
- Ferguson, Yale H., and Richard W. Mansbach. 2004. *Remapping Global Politics: History's Revenge and Future Shock*. New York: Cambridge 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.
- 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.
- 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.
- 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.
- Krasner, Stephen D. 2009. *Power, the State, and Sovereignty*. NY: Routledge.
- Kütting, Gabriela. 2004. *Globalization and the Environment: Greening Global Political Economy*. New York: State University of New York 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.

- Lin, Chen-wei. 2004. "State Reformation and the Formation of a Newly Emerging Welfare State in Taiwan." *The Developing Economies* XLII, no. 2 (June): 176-197.
- Lundestad, Geir. 2004. "Why Does Globalization Encourage Fragmentation?" *International Politics* 41, no. 2 (June): 265-276.
- 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.
- O'Brien, Robert and Marc Williams. 2007. *Global Political Economy: Evolution and Dynamics*. New York: Palgrave Macmillan Ltd.
- 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.
- Rosenau, James N. 1996. "The Dynamics of Globalization: Toward an Operational Formulation." *Security Dialogue* 27, no. 3 (September): 247-262.
- Rosenau, James N. 2003. *Distant Proximities: Dynamics beyond Globalization*. Princeton: Princeton University Press.
- Rosenau, James N. 2003. *Distant Proximities: Dynamics beyond Globalization*, Princeton: 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.
- 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.
- 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.
- Strange, Susan. 1996. *The Retreat of the State: The Diffusion of Power in the World Economy*. New York: Cambridge University Press.
- Taipei Times. 2010. "Business Income Tax Cut to 17 Percent." May 29. Available at <http://www.taipeitimes.com/News/taiwan/archives/2010/05/29/2003474131>
- The China Post News. 2010. "Taiwan Looks forward to Enhanced Competitiveness: President." April 8. Available at <http://www.chinapost.com.tw/taiwan/t-business/2010/04/08/251749/Taiwan-looks.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>
- 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/>
- Wang, Horng-luen. 2000. "Rethinking the Global and the National." *Theory, Culture & Society* 17, no. 4 (August): 93-117.
- 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. 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.

WTO. 2009. "WTO Sees 9% Global Trade Decline in 2009 as Recession Strikes." March 23. Available at [http://www.wto.org/english/news\\_e/pres09\\_e/pr554\\_e.htm](http://www.wto.org/english/news_e/pres09_e/pr554_e.htm)

Young, Oran R. ed. 1997. *Global Governance: Drawing Insights from the Environmental Experience*. Cambridge MA: MIT Press.