State Power and Globalization: Adjustments of Taiwan’s Agricultural Policy under the WTO

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Abstract

Under the dominant explanatory epistemology, two rationalistic approaches have dominated the field: while Liberalism/Neo-Liberal Institutionalism would empathize how a state may seek to strategize its policy in an institutional setting, Realism/Neo-Realism would posit that a state’s policy is decided by its position within the international system. In this study, we would adopt a constructive approach by examining how Taiwan, as an agent, may have pondered over interacting with the structure, defined here as the systemic social norm of free trade under the World Trade Organization (WTO). As Taiwan has long been isolated in the international stage, it has to construct its national identity and understand its national interests within the emerging social context in the age of globalization, when the state has to adjust its functions. With this understanding, the new global norms are no longer perceived as merely constraints or accelerators of Taiwan’s foreign policy behavior. Rather, Taiwan is endeavoring to challenge the international political structure of no-recognizing Taiwan by being actively engaged in the WTO, alternatively perceived as the Economic United Nations. Hence, Taiwan is adjusting its agricultural policy from protective input subsidies and price supports to direct payments to the farmers.

Keywords: Taiwan, World Trade Organization (WTO), state power, globalization, agricultural policy

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**Introduction**

Under the dominant explanatory epistemology, two rationalistic approaches have dominated the field: while Liberalism/Neo-Liberal Institutionalism would empathize how a state may seek to strategize its policy in an institutional setting, Realism/Neo-Realism would posit that a state’s policy is decided by its position in the international system. In this study, we would adopt a constructive approach by examining how Taiwan, as an agent, may have pondered over interacting with the structure, defined here as the systemic social norm of free trade under the World Trade Organization (WTO). As Taiwan has long been isolated in the international stage, it has to construct its national identity and understand its national interests within the emerging social context in the age of globalization, when the state has to adjust its functions. With this understanding, the new global norms are no longer perceived as merely constraints or accelerators of Taiwan’s foreign policy behavior. Rather, Taiwan is endeavoring to challenge the international political structure of no-recognizing Taiwan by being actively engaged in the WTO, alternatively perceived as the Economic United Nations. Hence, Taiwan is adjusting its agricultural policy from protective input subsidies and price supports to direct payments to the farmers.

**Conceptual Framework/Theoretical Considerations**

In the field of International Relations, foreign policy determinants are usually found in three levels of analysis (or images): individuals, states, and the system (Waltz, 1959). While this way of classifying explanatory variables is heuristically convenient, it is inescapably state-centered, in the sense that these variables are enlisted to account for a state’s inside-out foreign policy behavior and thus fail to take into account those approaches that would emphasize system-centered phenomena (Caporaso, 1997: 565).
A more serious detrimental deficiency is that the arbitrary divide\(^1\) has led to two camps of ontologically partial theories: while structuralism/determinism would give emphasis to systemic factors and thus neglect other factors, reductionism/voluntarism would underscore the importance of individuals’ rational choice (Caporaso, 1997: 565-66; Clark, 1999: 41). One may continue to pretend that there are two separate arenas where the state may successfully play two roles at the same time as possessing split personality. However, it is doubtful whether any political actor can afford to such market segmentation, for instance, foreign policy rhetoric for domestic consumption. Alternatively, we may take an additive approach by reducing all social properties to individuals and their interactions and then combining these parts and processes. Still, Caporaso (1997: 566) is keen to disapprove of this individualism as it has merely substituted “social accounting” for theoretical explanations.

A more fruitful strategy would hinge on how we may successfully design a research agenda that may integrate, or combine both international and domestic politics simultaneously. We may classify various attempts at synthesis across International Relations and Comparative Politics into three broad approaches: decision-making, international society/world system, and structuration/constructivist theories.\(^2\) First of all, within the decision-making framework, two models have been

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\(^1\) Clark (1999: 18-26) attributes this bias to the great divide within the discipline of Political Science between the fields of International Relations and Comparative Politics. Compare with Zahariadis (1995) and Breuning and Ishiyama (1996).

\(^2\) There are also attempts at integrating Realism and Idealism. For instance, facing this analytic flux and related theoretic/paradigmatic deficiency that favors parsimonious explanations, Katzenstein and Okawara (2001) recommend an “eclectic” Realist-Liberal perspective that would explain seemingly disparate, if not contradictory, US strategies on different issues toward Japan, that is military alliance and economic competition. Katzenstein and Okawara (2001: 178-79) declare that this “double-barreled,” rather than “synthesis,” approach may successfully explain how Japan has so far attempted to constraint China through engagement while remain ambiguous on Taiwan. Nonetheless, their perspective fails to specify the conditions when a state actor like the US would take a unified or eclectic approach. Instead, we would argue that a more fruitful complement to the Realist/Liberal dichotomy is to go beyond the positivist epistemology and embrace an emerging reflective Constructive lens underscoring that ideas and values decide national identities and interest, which in
empirically productive: Second Image Reversed and Two-level Game. As vividly distinguished by Caporaso (1997), while Second Image suggests domestic causes of international effects, Second Image Reversed advances international causes of domestic effects. For proponents of Second Image Reversed, such external/international factors as globalization and internationalization are perceived as opportunity, incentive, or barrier, and thus employed to shed light on domestic policy adjustments and political collations (Milner and Keohane, 1996). Accordingly, the causal link identified here is only non-recursive outside-in one.

Another popular decision-making approach is Two-level Game, where a Chief of Government (COG), equipped with his own utility function, has to play two games at two different levels, treating both the international system and domestic constituencies as resources and constraints (Putnam, 1988; Moravcsik, 1993). Even though Caporaso (1997: 567) dissatisfiedly comments that it is more a metaphor rather than any explanatory approach, it nonetheless points to the intersection of international and domestic influences at the Janus-faced state, the roles of which deserve our further exploration in a later section.

A second approach takes the international society or the world system as a holistic configuration, where the state has to find out its own comfortable place. Seemingly structuralism in form, models of this sort are inclined to take a domestic analogy and thus espouse “domestification of international politics,” to borrow the term coined by Caporaso (1997). While underlining the overarching maneuvering at the systemic level and thus somewhat rendering the state as a residual category, it has intrinsically provided another non-recursive causal, if any, outside-in link. Nevertheless, if comprehended differently but not diametrically, it may enlighten us how profound changes at the systemic level, whether globally or regionally, may have
turn determine state behavior (Copeland, 2000). Compare with Mayer (n.d.).
challenged the states’ capabilities.

Figure 1: Three Views of the State
One last approach on the list takes an ontologically structuration perspective toward the agent-structure dialects, that is, they both are parts of the their relations and thus are mutually constituted (Wendt, 1987; Checkel, 1998; Hopf, 1998; Barnett, 1999). Analytically, the state is conceived as a broker between society and the international system, thus integrating domestic politics and international politics; methodologically, the state, by becoming the common ground, or “frontier” suggested by Rosenau (1996), for national politics and foreign policy, serves as a convergence of Comparative Politics and International Relations. More specifically, both internal democratization and external globalization would determine a state’s interests and capabilities; and by interacting with both society and the international system, the state is bound to construct its identity (Clark, 1999: 57-58). The approach is accordingly considered epistemologically constructivist.

In a nutshell, we have come with three views of the state (see Figure 1): while structuralists would deem the state as subsumed by the international system, and reductionists tend to perceive the state more attuned with its domestic constituencies, constructivists would allow for the state’s two-front maneuvering, depending on how much power it possesses.

**Policy Predispositions for Taiwan**

In terms of policy predispositions, while Neo-Realism would predict that a state’s foreign behavior is compelled externally by the overriding force of the international system, and Liberal-Institutionalism would allow for far more policy leverages to be exercised by the state. On the other hand, constructivism would predict that the state enjoys the liberty to engage with both domestic constituencies and external/international powers. In the following, we will illustrate how these
three perspectives would direct different policy predispositions for Taiwan in calculating its national interests.

Since the end of World War II, the national interests of Taiwan have been largely defined by how it has successfully guarantee its national security as Communist China has never ceased coveting over Taiwan’s territory in military terms. At different stages, various national security strategies have been suggested or implemented in Taiwan, which may be understood from either Realist or Idealist perspective in International Relations theories.\(^4\)

From the vintage point of Idealism, especially its Neo-liberal Institutional vein, collective security mechanism, global or regional, may be warranted to deter the expansionism of potential aggressors with military pacification. However, because of the obstruction from Russia and China, who possess the veto power within the Security Council of the United Nations, the universal application of the collective security instrument has unfortunately so far been circumscribed. For the past decade, Taiwan has persistently sought to reenter/join the UN, ostensibly in the hope to walk out of international isolation imposed by China. In fact, one of the most important considerations is to internationalize the peace and security of the Taiwan Straits by actively taking part in the happenings in the international society. Again, because of the uncompromising boycott by China, Taiwan has so far failed to make its telling presence in the UN arena, not to mention the application of UN collective security measure just in case China should wage a war against Taiwan.

On the extreme of the ideological spectrum is Realism in various shades, that is, how to obtain self-help through balance-of-power in the anarchic international system (Waltz, 1979), and to safeguard national security, conceived as military power,

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4 See Booth and Smith (1995) for the latest development in International Relations theories in the post-Cold War ear.
through forming defensive alliance. During the Cold War era, the US managed to forge bilateral and multilateral military alliances with its allies all over the world to contain the Communist bloc. Within that bipolar competition buttressed by nuclear capabilities, Taiwan’s security was essentially guaranteed through its Mutual Defense Treaty with the US.⁵ Although the US was forced to terminate its formal military and then diplomatic relations with Taiwan in the 1970s, a Taiwan Relations Act⁶ was passed by US Congress to maintain continuous relationship with Taiwan in 1979. Even though the US has deliberately avoided any explicit military commitment to defend Taiwan, the peace-enforcement stipulations implied within the TRA framework have rendered the US-Taiwan relations into some quasi-military alliance as testified in the 1995-1996 missile crises across the Taiwan Straits. And, the Guidelines for Japan-US Defense Cooperation⁷ promulgated in 1997 was perceived for military consolidation in order to maintain acceptable balance-of-power in East Asia, if no to contain China.

On the economic front, Idealism/Neo-Liberalism has its say on policy recommendations. A related preference is “Westward Policy Boldly” (大膽西進) in the spirit of functionalism, understood as a ramification of the Idealism/Liberalism camp. Inspired by the development of integration in West Europe, its proponents have preached that trade and economic cooperation with China may eventually be conducive to the ease of political rivalry and military conflict between Taiwan and its Chinese adversary. Nonetheless, the cleavages between the two are not confined to territorial disputes only. Underneath Chinese hostility toward Taiwan is its violent opposition toward Taiwan’s legitimate existence in the international society, which is

⁷ For the texts, see http://www.mofa.gov.jp/region/n~america/us/security/guideline2.html, particularly the portion on “situation in areas surrounding Japan.”
not going to pass into oblivion because of economic exchanges. In addition, as there exist enormous socio-economic disparities and disproportion in territorial size between Taiwan and China, disparate from those between France and Germany, any vulgar analogy is bound to shut one’s eyes to the issue of vulnerability resulting from Taiwan’s economic dependency on China.

Diametrically different are the prescriptions offered by Realists/Neo-Realists. Wary of economic security on Taiwan’s part, former President Lee Ten-hui espoused a Neo-mercantilist economic policy toward China, “Restraining Hasty Economic Interactions with China”（戒急用忍）. Given the fact that China the only country is the world that has openly waged military threat against Taiwan, Lee’s purposeful selection of trade restraints is understandable. Nevertheless, the current Democratic Progressive Party (DPP), which came to power in May 2001, has adjusted Taiwan’s thus far protective economic stance toward China, probably under the ceaseless pressure from Taiwanese businessmen who expect to gain from direct links with China. Some, apprehended by the conception of Neo-functionalism, have gone so far as to aspire the eventual goal of political unification with China as a result of deepened economic integration.

Alternatively, we argue that accession to such a non-political international organization as the WTO had long been contemplated one paramount mission in order to break off the international isolation under the Hallstein doctrine imposed by Chinese since declining international status would jeopardize the government’s legitimacy. Taiwan, as an agent, however, is not entirely at the mercy of the international structure. On the contrary, Taiwan is redefining its national interests and reconstituting its national identity by wholeheartedly embracing any international

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8 Former President Lee Ten-hui harshly criticized that President Chen’s decision to defreeze direct links between Taiwan and China had been made as a result of pressure from Taiwanese conglomerates Evergreen Group and Formosa Plastics Group, both of whom have invested immensely in China.
organizations that do not require membership in the United Nations. In the case of the WTO, economic concessions are interpreted as a necessary cost for the *de facto* recognition of Taiwan’s existence in the world stage. Accordingly, protective agricultural policy proscribed by the current norm of free trade under the WTO has to be phased out at all costs. As a result, direct payments to the rice farmers are replacing various input subsidies and price support (LIN and WU, 2000; WU and LIN, 2000).\(^9\)

**The Evolving State**

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**Figure 2: External Sovereignty**

Given the new international order of globalization, while a few have hastily heralded the end of the state,\(^{10}\) some would admit that many states in the Third World are at best qualified as quasi-states in the sense that they are unable to manage, at least, economic affairs in the age of economic interdependence and internationalization.

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\(^9\) Compare with Coleman and Chiasson (2000), and Lin (1998).

\(^{10}\) See, for instance, Strange (1996).
(Jackson and Sørensen, 1999; Jackson, 1990). Still, there is a growing consensus that it is the declining importance of territorialization rather than the decline of the states per se. Therefore, the state has to transform itself for survival (Clark, 1999: 36-37). In our constructivist understanding, the pivotal role the state plays is contingent upon its power.

A state’s power/strength is defined by both its external sovereignty in the international society, and its internal autonomy when facing society (Clark, 1999: 57-58). Since the Republic of China/Taiwan was forced to withdraw itself from the UN in 1971, it has been rendered as a pariah in the world. In fact, after East Timor and Switzerland are admitted into the UN, Taiwan becomes the only viable state refused the UN membership. However, even if it may possess substantive sovereignty in the sense that it has the capacities to conduct interactions with other states, its formal sovereignty is in the lacking given the fact that most states refuse to confer recognition to Taiwan, which in turn deprives Taiwan of those claims to membership in major international organizations and access to forthcoming resources (Caporaso, 1997: 581). Meanwhile, although successive governments of Taiwan have claim that Taiwan/Republic of China is a sovereign independent state in every sense, its sovereign rights are precarious. In other words, Taiwan, as a political entity, may have enjoyed de facto sovereignty, but it still in need of de jure sovereignty to be validated by the international society.

On the other hand, while Taiwan’s formalistic state authority is problematically contested, the state has long substantive autonomy/strength when facing the society. In the minimum, the strength of a state is measured by the degree how it may wage

11 See Rosecrance (1996) for the need for new types of states.
12 In fact, Taiwan’s seat in the APEC is conferred as an economic entity.
political control over domestic affairs. In the broader sense, a state’s strength is decided by how it may successfully have penetrated the society and mobilized internal resources (Clark, 1999: 56-58; Migdal, 1988: 4). Of course, both aspects of state power are reinforced by the legitimacy endowed to the government (Clark, 1999: 59-60) (see Figure 3).

Taiwan, as former colony of Japan, was handed over to the Republic of China after World War II. Having been defeated by the Chinese Communist Party (CCP) in the civil war, the Kuomintang (KMT, or Chinese Nationalist Party) under Generalissimo Chiang Kai-shek took refuge in Taiwan in 1949, and had ever since maintained one of the longest bureaucratic-authoritarian regimes in the world on this island. Having being shored up by military measures, the KMT regime was further reinforced by three pillars: warding off military invasion from the People’s Republic of China, providing material incentives from economic development, and encouraging patriotism to the state as the sole legitimate successor of the millennial lineage of
Penetrating from the fortified power center in Taipei to the peripheries, the ethnicized KMT state had maintained both horizontal and vertical divisions of labor: while the Mainlander Chinese would occupy the state apparatus, the native Taiwanese would have no choice but to stay in the private sector; while the former would monopolize political power in the central government, the latter would be indirectly controlled through divide-and-rule among combative local factions purposefully patronized by the KMT. The strong state at this party-state era is best understood as “despotic control,” to borrow the term coined by Clark (1999: 58). Migdal (1988: 35) would designate the strong state-week society combination as “pyramidal.”

What broke the four-decade of the KMT party-state impasse was the unexpected succession to the presidency by Lee after Chiang Chin-kuo’s sudden demise in 1988. To avoid breakdown in the global third wave of democratization, Lee embarked on political liberalization and democratization in a piecemeal fashion, whence the authoritarian regime began to crumble. While busy consolidating his power by disarming the conservatives within his own party, Lee sought to naturalize the regime incrementally by collaborating with the then opposition DPP in a series of constitutional amendments. Also, by promoting native elites to the ruling echelon, Lee turned the KMT into a lateral seceding party, and eventually dismantled the KMT into four political parties.

Once the opposition had decided to undertake political reforms from within the system, the main arena for power transition had been national elections. The elections for the National Assembly and the Legislative Yuan were normalized.

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14 Being provided common political, legal, and administrative systems, the residents were able to undertake intensive social communications and economic exchanges island wide. National flag, anthem, and education were summoned to mould a national, even though precarious, identity dissimilar to Chinese one.

15 The term is borrowed from di Palma (1990).
sequentially in 1991 and 1992. It was the native Lee Teng-hui of the KMT who became the first directly elected President in 1996, although the dissent native Chen Shui-bian of the current ruling DPP did win the second presidential election in 2000 largely as a result of the internal feud and split of the KMT.

In recollection, the state remained strong during this period of liberalization and democratic transition, as corporatist authoritarianism was largely intact, giving that fact that the state had maintained extensive control over mobilizing resources. The society had remained weak after the onslaughts by the alien-regime in the 1950s. What had compensated for declining state’s authority was newly gained legitimacy resulting from the process of democratization.¹⁶

**Tentative Conclusions**

The adjustments of agricultural policy under the framework are best understood as a constructivist effort made by the state of Taiwan to engage with the international society. Here, globalization is thus perceived as an opportunity to transform the state. In the past, the state was strong in terms of its coercive control. Gradually, the state power has been enhanced in the process of democratization. Consequently, the state has enjoyed autonomy in facing international challenges.

Nevertheless, the strong state has also been conceived under the condition that the society remains weak. As Taiwan is struggling for democratic consolidation, ethnic groups, kinships, regional clans, and local factions are resisting state control and infiltrating the state apparatus. If a weak state is accompanies by an intransigently weak society, we may witness an anarchical configuration as termed by Migdal (1988: 35). It is doubtful whether the Taiwan state may continue enjoying such a liberal agricultural stance.

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¹⁶ See Huang (1999), and Shih (1994; 1993)
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