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The Struggle over Local Space: A Case Study of the Environmental Movement in Taiwan*

By Jinn-yuh Hsu

1. Introduction

The mobility and free investment choices of capital are taken for granted in a capitalist system. Capital can flow between sectors or move from one physical location to another. These movements vary in scale, from interurban to interregional to international. However, if we scrutinize the historical process of locational capital movement, and closely examine its causes, an entirely different world appears. The interaction between social structures and human agents; cooperation and struggle within and between central governments, private capital, and local governments; and the effect which local social movements have on the utilization of local space all turn out to be important.

This is one story of these kinds of interactions in Ilan, Taiwan, where the Formosa Plastics Group (FPG) was forced to abandon the site of the country's sixth naphtha cracking plant in the late 1980s. The FPG story is also told in terms of the contradictions of capitalist development, situating the movement against FPG in the context of global struggles against ecologically destructive capitalism.

2. Background

In 1986, private enterprise in Taiwan called on the government to abandon its extensive monopolies and open the upstream petrochemical industry to competition. FPG proposed that a sixth cracker project to be built in Litse, in Ilan county. The project was supported by various sectors of the central government, including the Ministry of Economics (in charge of economic development), the Ministry of the Interior

*I would like to express my gratitude to Kevin Cox, Andrew Sayer, and Michael Watts for comments on earlier versions of this paper. The rule of exculpation, of course, applies to them.

(responsible for land-use policy), and the Bureau of Environmental Protection.

The project was meant to guarantee inputs for downstream plants, and to produce engineering plastics for the computer industry. The project met the criteria for industrial upgrading;¹ the Bureau of Industry approved the application in principle, but was required by law to ask FPG to supply an Environmental Impact Analysis. Since the project was supposed to serve as a model, the central government tried its best to implement the plan. At the same time, however, Taiwanese society was in transition: on the one hand, there was a newly awakened civil society, on the other, a state mired in crisis.² Since the 1960s, Taiwan had been uninterruptedly pro-growth, as evidenced by what was called the “worship of Industrial Districts.” In the mid-1980s, growth began to engender popular outrage, stemming from serious pollution problems, which the government was unable to solve due to its paralysis after the mid-1980s, and particularly after the abolition of martial law in 1987. This strengthened the confidence of local communities, as they mobilized to attack polluting industries. This confidence was reflected in the success of some of these movements, for example, the anti-Dupont movement in Lukang. Local action came to play a check-and-balance role in decisions on plant location made by various companies.

3. The Process

After the initial project proposal was submitted, FPG began looking for the best site to build its facilities. Several sites were compared and the Litse industrial district was chosen as the most appropriate. Two conditions favored Litse. One was its proximity to a harbor, facilitating the import of oil and other raw materials from abroad. The other was its large land mass, big enough to contain all the necessary linking plants. FPG then applied to the Bureau of Industry (industrial districts in Taiwan are developed and owned by the Bureau) for authorization of the site.

The decision split Ilan’s local elites into two antagonistic groups. The local branch of the ruling political party, the KMT, and the county council (controlled by the KMT) welcomed the project on the grounds

¹ Formosa Plastics Group, *The Environmental Impact Assessment of The Sixth Cracker and Its Relevant Industries* (1987).

² T. Gold, *State and Society in Taiwan Miracle* (New York: M. E. Sharp, 1986); H. H. Hsiao, *Only One Taiwan We Have: Anti-Pollution Movement* (Taipei: Yuan-Sun Press, 1987) (in Chinese).

that it would bring money and employment opportunities to Ilan. The opponents of the plan included the county government itself and environmental groups, which demonstrated and marched in protest against the project. The county government declared that the project infringed on “The Regional Plan of the Northern Area of Taiwan” and “The Comprehensive Developmental Plan for Taiwan” — plans which had been drawn up by the central government to guide the location of various economic activities. According to these plans, Ilan was designated primarily for food production and local resource industries, and as well for tourism. Opponents cited these plans, claiming that the project would hurt local interests.

The conflict burst wide the open in March, 1987. The project was fought in the council, in outdoor assemblies, on the streets, and on television. The battle lasted nine months, whereupon FPG announced that it would stop all investments in progress, due to a deteriorating investment climate caused by an “irrational” labor movement and by Taiwan’s environmental movement. At the same time, FPG held a meeting with Taoyuan County government officials and councilmen (both KMT and non-KMT), introducing the cracker project and trying to get support for the project in the event FPG abandoned Ilan and chose Taoyuan as the alternative site. The results were positive for FPG: local elites in Taoyuan unanimously welcomed the project. An opposition group called the “Social Movement Alliance” was organized but it failed to win wide support.

4. The State’s Role

Many studies of the Third World, including research on Taiwan, have shown that the center of social organization is not capital, but the state.³ The KMT regime is an example a “developmentalist state.” On the one hand, the government uses state power and finances to increase material production, by facilitating and supporting private capital accumulation, and by establishing state enterprises run on profit-making principles. On the other hand, it wins the loyalty of the masses through its rhetoric of national development.⁴ State economic intervention takes the form of constructing infrastructure facilities to promote capital accumulation and developing industrial districts to open channels for the flow of capital. At the same time, it adopts a discourse

³ Gold, *op. cit.*; A. Amsden, “The State and Taiwan’s Development,” P. Evans, et.al., eds., *Bringing the State Back In* (New York: Cambridge University Press, 1985).

⁴ C. Gore, *Regions in Question* (London: Methuen, 1984).

of regional planning and “development equilibrium” in order to decentralize industry and create employment opportunities, to appear to represent the universal interest, thus to gain political legitimacy.

Some background: Taiwan’s petrochemical industry includes an upstream monopolized by a state-run business, a midstream oligopolized by about 20 big private companies, and a downstream made up of several plastics and textile processing plants. Public enterprise is one direct material base of the KMT state. When it is able, the state rejects private capital’s encroachment on its territory upstream, creating tension between the state and private capital. The state’s control of upstream production led to a conflict between the state and FPG in the 1970s. Since then, FPG has made gradual gains in its bargaining power with the KMT.

More important were the crises of the state in the 1980s, reflecting bureaucratic inefficiency, and leading many people to doubt the administrative abilities of state-run enterprise. Meanwhile, many Taiwanese were attacking the scandals and privilege that permeated the state apparatus. Capitalists used the forum of the Economic Reform Committee, founded in 1985 to save the declining economy, to urge the government to liberalize and privatize the economy. Faced with these pressures, the state was forced to abandon its upstream monopoly of the petrochemical industry and approve the sixth cracker project.

State officials promoted the project as an antidote to worsening economic conditions, and supported it enthusiastically. The government sold huge areas of industrial district land to FPG. It also prevented the Taiwan Electricity Company (a public enterprise) from sharing the district. Meanwhile, the government promulgated an “equal regional development” scheme to attract local support. Even though the Ilan county government opposed FPG’s project on the grounds that it violated prior regional planning, the central government favored it, declaring the original regional planning invalid. There was, however, no guarantee that this change in policy would be successful. Resistance came from two sides: opposition from within the institutions of local government and the challenge from civil society. The latter included the political opposition movement and the burgeoning environmental movement, which together constituted the social movement against FPG in Ilan.

5. The Resistance From Local Society

The main resistance forces were the Ilan county government and the Ilan Branch of the Taiwan Environmental Alliance (IBTEA). The head

of the Ilan county government was a non-KMT politician and also an active environmentalist. As a competitor for political power, he distinguished his local policy from the policy of the KMT-led central government and the local council (as noted above, the latter was manipulated by the KMT). Furthermore, local economic and financial interests depended on fishing and agriculture, which had provided one quarter of Ilan's employment since the 1970s. The people of Ilan were therefore sensitive to ocean and other pollution. In addition, employment opportunities which the FPG project promised were mostly in highly-skilled categories, which was not characteristic of Ilan's labor force. More importantly, the local government had promoted the tourist industry as a developmental strategy, a proposal which had gained a measure of popular support. The local anti-pollution movement thus made economic sense. From the point of view of the local government, it also made financial sense: according to the "Rules for Allotting Finances Between Local and Central Government," when an enterprise locates a plant in a certain locality, most taxes, including business, stamp, and income taxes, are appropriated by top levels of government. Local government is left with the burden of increasing investment in necessary infrastructure, receiving little in return. This naturally provoked more local antagonism.

In addition to internal, institutional opposition, there was also extra-institutional opposition from the IBTEA, as the latter expanded its activities from the council to the street. It put pressure on extra-local institutions (FPG headquarters, the Ministry of Economics, and the Bureau of Environmental Protection), as well as on the county council, through direct actions such as demonstrations, marches, and "encirclements." This was a kind of rainbow alliance, composed of elements from across the political spectrum, from conservative to radical. The primary constituents were local teachers and radical activists from the local branch of the DPP, Taiwan's main opposition party. Students, fish farmers, and members of the local Rotary Club were mobilized to fight "the battle to protect our land." The motivation was partly the result of past experience. (FPG has had a plant in Ilan since the 1970s, which produced heavy pollution.) The people doubted FPG's will to deal with the pollution problem in a satisfactory way. Experience had taught them to be concerned with the externalities that would accompany such a project. Its social costs could damage the local economic and ecological system and destroy the local population's way of life. Another motivation was based on the redistribution of political and economic power which occurs when a new industry enters a local

region. People asked, who would benefit from this project? Neither FPG nor the central government could answer this troubling question; rather they avoided it by resorting to equivocating rhetoric about how the project would bring everybody jobs. These replies contradicted what everyone knew from experience, that pollution would contribute to the decline of marine breeding and that the new jobs would be incompatible with the local labor force. People therefore continually challenged the council with the question, "what are we going to get out of this project?" These challenges lent the anti-sixth cracker movement a basis of legitimacy. Their experience and common sense allowed them to resist the abstract theories of modernization which outsiders imposed on them.⁵

6. Capital's Strategy

Faced with the uncertainty arising from the struggles of the people of Ilan, FPG turned to the Ministry of Economic Affairs, asking them to approve their application to begin preparations in Taoyuan's Kuaning Industrial District. As has been noted, Taoyuan was to be the alternative site if FPG withdrew from Ilan. FPG president Wang declared: "The construction will occur at either Ilan or Taoyuan. If both have equivalent locational qualifications, it depends on which welcomes FPG more sincerely." FPG thus forced the two local governments to make their positions known, and to compete with each other. This strategy was applied again, when FPG threatened to invest in China after being kicked out of Ilan. This move forced the government to treat the company more favorably, which included a financial subsidy and the special construction of a new harbor. The Minister of Economic Affairs stated that these measures were meant to "make it up to the enterprise." At present, FPG has put the project on hold, claiming that it still must choose among three alternative construction sites.

The primary consideration in capital's locational choices is the pursuit of profit, and the sixth naphtha cracker is no exception. Capital does not merely passively accept established spatial environments and investment conditions; it tries to transform these conditions in the interests of profitability. It uses its mobility as a weapon, employing investment strikes to foster competition between communities in different locations.

⁵ J. Friedmann, *Planning in the Public Domain — From Knowledge to Action* (New Jersey: Princeton Press, 1989).

7. The Reaction of Local Government

Taiwan's planning system is characterized by centralization and comprehensive rationality. It is based on the premise that a strong state can control the development process from the top down and disguise internal social and political conflicts through rational technical project evaluation.⁶ This set of planning rules illuminates the nature of the state apparatus in Taiwan, which may be described as a strong central trunk with weak local branches. For example, in the urban planning system, local governments theoretically possess the right to engage in local planning but face a dilemma when they try to put it into practice. Unless they beg financial support from top levels of government, local governments are unable to build any urban utilities. The delineation of industrial districts provides another example: the central government takes charge of all planning affairs and local governments play a minor role. In fact, most local governments and local cliques connive with the KMT to engage in land speculation through urban planning. The juridical relationships between central and local governments are clearly defined by the law. The "Principles for Local Self-Management in Taiwan Province" stipulate that local governments are to deal only with local self-management and implement instructions from top levels of the government. Local governments have no right to veto top-down orders; they also face a shortage of manpower and money. In 1988, for example, 17 of Taiwan's 21 counties had a fiscal deficit. Taxes that they levied had to be sent to the central government. So-called "self-management" was a fraud.

In practice, however, juridical relationships are transformed when other social forces come into play. When the central government no longer has the final say, when the state is no longer believed to be capable of handling crises (and actually becomes a part of these crises), and when local governments are led by opponents, then the authority of central government is undermined. In the anti-sixth cracker movement, the Ilan county government used a variety of intra- and extra-institutional tactics to undermine the central state's planned project. These included: a local referendum on the question of Ilan's acceptance of the project; an examination by National Taiwan University scholars of the Environmental Impact Assessment, which was also studied by the Bureau of Environmental Protection; insistence that Ilan's development be directed toward tourism; a refusal to include the

⁶ I-Chung Sun, "The Regional Policy in Taiwan," *Taiwan: A Radical Quarterly in Social Studies*, 1 (2, 3), 1988.

petrochemical industry in local developmental planning (even after the central government declared that the cracker project didn't conflict with regional planning); and the withholding of construction and water utilization licenses. These tactics are all extra-institutional; they are a check on the top-down flow of orders and provide some immunity from central government domination. At this historic juncture, local government combined with mobilized citizens succeeded in transforming the meaning of local autonomy.

8. Local Grassroots Mobilization

From the beginning of FPG's invasion of Ilan, the local government was isolated, under attack by the local council and the central government. Local government had few chips to play and, by law, could do nothing but accept the project. Dramatic change didn't occur until the environmental group, IBTEA, was established in November, 1987. This change meant that the anti-sixth cracker alliance could take the offensive, pressuring some local councilmen to change their attitude about the project. To repel the attacks of the KMT-led council and central government, the local government beseeched grassroots groups for support, using direct democracy to resist the domination of formal democracy. The movement adopted direct action and rejected bargaining table negotiations — the only path to power for ordinary people who refused to be the silent objects of elite theories or the passive recipients of established norms. They staked a claim to their own destinies according to the principles of democracy and their own value judgments. This was more than merely a political struggle: the people took control of their own spatial development through the self-empowerment of collective action. The movement rejected the invasion and colonization of their space by anonymous capital and pursued the recovery of the public domain.⁷

When the masses mobilized, they built a new consensus on the future of development in Ilan. Their means were the exchange of ideas and experience and open debate. The program of alternative development (the tourist industry, light industry, and low-pollution high-tech industries) was one of the most positive things to come out of the movement. This was not an anti-growth movement (or a movement based on nostalgia for a time that never was) but rather one which searched for an alternative web of interaction with the larger economic system.

⁷ Friedmann, *op. cit.*

9. Alternative Spatial Meanings

The anti-pollution movement was a reflection of the environmental crisis. However, this crisis was not purely a product of the problem of pollution alone. More importantly, it was a result of the dominant social groups' failure to realize the goals behind their exploitation of the environment.

Contradictions among dominant groups and challenges from the outside prevented the goals of the former from being realized. This was what constituted the real environmental crisis. The anti-sixth cracker movement itself was the local spatial crisis in Ilan; it challenged the blind fetish for more industrial districts and demanded more local autonomy in determining the utilization of space, environment, resources, and landscape. The movement was not simply against pollution; it also demanded the redistribution of political, economic, and spatial resources. The movement meant to redefine the meaning of space, originally determined by dominant social groups. For FPG, the spatial meaning of Ilan was that it was a mechanism for profit; for the central government, it was a bureaucratic unit in the administrative hierarchy. These meanings persisted through the storms of the anti-cracker movement; the remarkable thing was that another dimension was introduced into the debate: local space, the basis of people's everyday lives; and local autonomy. If clean air takes priority, or "a little clean money is more meaningful than much dirty money" (a line spoken by county chief Chen in a televised debate with FPG head Wang), and the citizens' vote is deemed to have more legitimacy than maximum profit, then economic interest and bureaucratic power are no longer accepted as dominant final goals. New values assumed positions of priority; environmental quality was no longer merely an accessory of production and consumption. More important politically, local citizens now share the chores of transforming the formal planning process, as well as the possibility of generating new spatial forms.

10. Links Between the Local and the Global

In conclusion, I will take up some issues pertaining to the relationships between the movement and economic development generally. To what extent did the movement constitute anti-developmentism, i.e., NIMBYism? Is there a way to link the movement with the uneven and combined development of global capitalism? Finally, in what sense did local resistance matter?

People used to attribute local environmentalism, e.g., local struggles against toxic or hazardous plants, to NIMBYism, based on

conservative, selfish, even bourgeois self-interest, hence not harmful to the development of capitalism per se (although it may harm individual capitals). However, the Ilan case does not seem to fit this argument. NIMBYists doubtless played a role in the movement, particularly those local businessmen in tourist industries and seafood breeding which were vulnerable to pollution. They wanted the petrochemical plant out of their homeland, and didn't care where it went. To this extent, the alternative spatial meaning was a NIMBYist space. Nevertheless, other local activists, environmental groups such as the Ilan Branch of the Taiwan Environmental Protection Organization and local public school teachers, did not adopt the NIMBYist ideas. They charged the petrochemical industries with a high level of energy use and pollution, which would impair the health of human beings and the beautiful lands in Taiwan. For them, economic growth induced by petrochemical industries based on the exploitation of nature was not constructed as a successful achievement, but as a disaster. They suspected that the complicity between government and business would destroy people, family, and nature. In their publications, they spoke of the beauty of nature and wildlife in Taiwan and criticized the process of economic development at the cost of environmental preservation. They held a series of meetings with local residents to discuss ecological issues, inviting lecturers from the German Green Party. To sum up, the movement did not limit the issues to the disadvantages the industrial plant would bring down on their region, but sought to expel the petrochemicals from the island of Taiwan. NIMBYism was only a partial explanation of this process.

Since the movement was not exclusively a NIMBYist type, was it anti-development? In fact, what the movement fought for was an alternative pathway to development. In opposition to the huge industrial plants, they proposed another method of accumulation of wealth. Local resource industries, such as timber, fishing, and small business were emphasized. Movement activists sought another way of development, not "smokestack chasing," but one that paid attention to environmental burdens. As governor Chen put it, "The development of Ilan should lead to a better life, not blind growth ignoring our natural environment."⁸ Although some "extremists" were engaged in anti-development (against new investment plans in the locality), they were not the force leading of the movement. The central government and

⁸ "Quality Control of Ilan: An Interview with Governor Chen," *Common Wealth Monthly*, 1987 (in Chinese).

FPG capital's charge of "anti-development" view by the movement was misplaced.

Finally, where can we locate the movement in the political spectrum? Neither conservative NIMBYism nor progressive anti-developmentalism provide sufficient interpretations. What does the movement have to do with capitalism, particularly for dependent development in Taiwan? James O'Connor provides a point of entry to understanding the environmental contradictions of capitalist development.⁹ He argues that "the point of departure of ecological Marxism" is the contradiction between capitalist production relations and productive forces, on the one side, and conditions of production, on the other. According to O'Connor, conditions of production are "things that are not produced as commodities in accordance with the laws of the market (law of value) but which are treated as if they are commodities. There are three conditions of production: first, human labor power...second, environment...and third, urban infrastructure and space...."

O'Connor calls this the "second contradiction of capitalism," since its basic cause is "...the capitalist self-destructive appropriation and use of labor power, space, and external nature or environment." This proposition links environmental crisis with economic crisis. Capitalism externalizes the social and ecological costs of production, and leaves the production and planning of the conditions of production to the public sector. In the production process, capital privatizes profits and socializes the costs of production conditions. However, waste and pollution are not equally distributed geographically because of the uneven and combined development of capitalism.¹⁰ The spatial variations of ecological crisis exist on international, intranational, and regional levels.

In the post-war developmental era, Taiwan based its competitive edge on the deregulation of environment (and labor) to take advantage of the new international division of labor. The "developmental effect" and the "eco-destruction effect" were different in different parts of Taiwan. Some localities, due to their spatial traits and developmental experience, were more sensitive to the ecological crisis than others. Local

⁹ J. O'Connor, "Capitalism, Nature, Socialism: A Theoretical Introduction," *CNS* 1, 1988.

¹⁰ J. O'Connor, "Uneven and Combined Development and Ecological Crisis: A Theoretical Introduction," *Race and Class*, 30, 3, 1989.

ecological crises created local green movements. Local environmentalists organized local struggles against the colonization of local space by eco-destructive capitalism. Due to its unevenness and combinedness, capitalism spread pollution differentially to different localities. At the same time, diverse localities reacted differentially to the domination of capital. The “local,” as the base of struggle, was where the mobilization and organization of global environmentalism occurred. People in different localities linked themselves with the global green movement through local resistance to globally hegemonic, but locally differentiated, capitalism. The conclusion we draw from this analysis is that locality matters in the global struggle against the greedy and destructive Leviathan, capitalism. “Think globally, act locally” retains its power as a Green slogan.