

A 30-year tragedy of exchanges

Written by Huang Tien-lin 黃天麟
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Thirty years ago, on Nov. 2, 1987, then-president Chiang Ching-kuo (蔣經國) allowed Taiwanese to travel to China so that they could visit relatives. Pro-China media have used the anniversary as a chance to encourage cross-strait exchanges, and the Mainland Affairs Council organized a conference to discuss the past and future of such exchanges.

The question is whether the day is one of celebration and commemoration for Taiwan or whether it is the beginning of another tragedy, like Taiwan Restoration Day.

Allowing Taiwanese to visit their relatives in China was valuable from a humanitarian perspective, but Taiwan finds itself in a special situation, as China is an enemy state that wants to annex Taiwan.

Thirty years of cross-strait exchanges have showed that the day that Taiwan opened up to China was the day that Taiwan's prosperity began to decline.

The 1980s were Taiwan's golden age, when its average economic growth of 8.48 percent was the highest in Asia. In 1987, annual economic growth peaked at 12.7 percent and it was against this backdrop that the policy of allowing veterans to return to China to visit their families took shape.

At that time, Taiwan's GDP was almost equivalent to China's, and Taiwanese visiting China were treated as "gods of wealth and fortune."

However, this also struck the foundation of Taiwan's economic miracle in the form of a decisive blow called the "three noes" policy (三不政策): no contact, no compromise and no negotiation.

Taiwan is on the periphery of China, which means that it would become marginalized if it were to unite with China.

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Whether China is rich or not, Taiwanese resources would be attracted to China. If China were poor, it would attract Taiwanese wealth and investment, and if it were rich, it would attract Taiwanese talent and capital.

Only by cutting ties with China will Taiwan once again build a booming and free economy, an economic principle proven by the past “three noes” policy.

Granting Taiwanese permission to visit relatives in China opened the door to cross-strait exchanges, and once the door was wide open, visiting relatives developed into traveling, which in turn led to investment.

After the Tiananmen Square Massacre in 1989, at a time when the Chinese economy was stagnant due to international sanctions, Taiwanese visiting relatives in China brought their wealth and Taiwanese tourists brought businesses and jobs.

Taiwanese businesspeople who set up manufacturing in China and invested in China greatly benefited from low production costs and exchange-rate dividends.

It was a blow to the businesspeople that stayed in Taiwan, forcing them to relocate to China, too.

The result was that the momentum of Taiwan’s economic growth drastically slowed and double-digit growth was something in the history books, as growth dropped from 12.7 percent in 1987 to 6.8 percent in 1993.

During the 1990s, Taiwan was able to maintain moderately high economic growth of 6.6 percent, thanks to then-president Lee Teng-hui’s (李登輝) “no haste, be patient” (沒有時間壓力) policy.

It was an economic policy that tried to use political force to stave off attraction to China. The policy introduced a cap on China-bound investments for some sectors, while banning other

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sectors, such as the wafer and financial industries, from investing in China altogether.

In 1999, the percentage of Taiwan's overseas production was kept to 19.28 percent, and the level of its export dependence on China was kept to 23.8 percent, which helped lay the foundation for Taiwan's leading role in the global semiconductor industry.

In 2001, then-president Chen Shui-bian (陳水扁) replaced Lee's "no haste, be patient" policy with his "active opening, effective management" (積極開放、有效管理) policy.

The IT industry, including mobile phones and computers, quickly disappeared from Taiwan in just four short years, while China took a giant leap forward during the same period.

China's GDP surged 12.68 percent in 2006, making it the king of the global IT industry. In 2007, the level of Taiwan's export dependence on China rose to 40.7 percent, while the portion of its overseas production rose to 46.13 percent and economic growth fell to 4.86 percent.

Ma Ying-jeou's (馬英九) presidency in 2008 finished overturning the "three noes" policy and completely opened the Taiwan Strait by signing the Economic Cooperation Framework Agreement, gradually deepening Taiwan's reliance on China. Taiwanese economic growth slumped to 0.65 percent in 2015.

All these results have been the effect of Taiwan opening up to China, which makes one wonder if Taiwanese really should celebrate and praise 30 years of cross-strait exchanges.

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Translated by Eddy Chang

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