

HONG KONG — Taiwan's position as a de facto independent state seems to be morphing very slowly toward the "one country, two systems" status of Hong Kong. The process is not irreversible but the sentiments of those of mainland origin in the governing Nationalist Party, along with the self-interest of business groups and a widespread sense of economic vulnerability are all pushing the island toward accommodation with Beijing.

The trend could mean an erosion in the support Taiwan gets, albeit erratically, from the United States and Japan.

The most striking evidence of a desire to please Beijing — at the expense of the liberal values which have gained Taiwan much praise in recent years — was the denial of entry to the exiled Uighur leader Rebiya Kadeer. This was done in the name of "national interest," apparently linked to the finalization, expected soon, of a memorandum of understanding on cross-strait financial links.

For sure, the memorandum would be a major advance, enabling banks in particular to escape the confines of Taiwan, with its low growth and surplus savings, for the fast-growing mainland. And it would bring more mainland capital to local stocks and property. But the government of President Ma Ying-jeou may have forgotten that Taiwan's national interest as an independent state, albeit one that may one day merge with the mainland, sometimes requires sacrifices. The degree of autonomy that Rebiya Kadeer has been seeking for Uighurs is a fraction of that enjoyed by Taiwan or even Hong Kong.

There is real benefit in increasing cross-straits financial links. Banks have much to gain by being able to service clients in Taiwan with business on the mainland. Cross-straits links may attract service industries to Taiwan that would otherwise go to Hong Kong. Mainland tourism is also an unqualified plus.

But Taiwan seems to be talking itself into believing that it is even more dependent on the mainland than need be the case. The island would be a more attractive place for foreign business if it removed the many restrictions that exist to protect local businesses, or stem simply from bureaucracy and outdated rules. Tax issues also tend to keep business offshore while not preventing a huge outflow of capital. The Ma government has made progress on these issues, but they get scant attention compared to cross-straits ones.

It is easy to blame a lackluster economy on being unable to take full advantage of the mainland. But in reality, Taiwan is a mature economy with minimal growth in its work force. Like Japan, its problems lie with an inefficient domestic services sector, not with an inventive export-manufacturing one.

Dependence on China is often overstated. While 40 percent of Taiwan's exports go there, more than half are components for globally traded items like laptops and cellphones made by Taiwanese companies and then re-exported from China. The dependence is self-imposed for profit reasons, which may be shifting as mainland costs rise. There are alternatives.

Worrying too for friends of Taiwan's liberal democracy is the vengeance being meted out to the opposition by powerful supporters of the governing Nationalist Party, or KMT. Former president Chen Shui-bian was found guilty of corruption and his conduct has left the opposition Democratic Progressive Party demoralized and frustrated. But given the pervasiveness of money politics and the past reputation of the Nationalists for corruption, the life sentence for Chen is extreme. Now, in the name of fighting corruption, there is talk of a witch-hunt against other members of the Chen administration. To some this smacks of an attempt by pro-unification elements to please Beijing by demonizing Chen, who supported independence and who suffered much in the cause of breaking the KMT's authoritarian hold on power.

None of this is likely to help Taiwan's relations with its main supporter, the United States. Chen upset a natural ally in George W. Bush by needlessly provoking Beijing in an attempt to score political points at home. Now the KMT seems to have gone to the other extreme. Taiwan has long disappointed Washington with unwillingness to spend money on arms. Now it may sense a lack of willingness to pay an economic price for the principles of independence and liberalism it claims to stand for. President Ma remains well-regarded abroad, but his grip on the KMT is uncertain. Taiwan lacks a strategic view of itself and how to balance relations with the Chinese mainland, the United States and the global economy with liberal democracy and de facto independence.

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