

A while back, I wrote an article on the free-trade agreement (FTA) between China and South Korea and how it would benefit Taiwan (“Beijing-Seoul FTA suits Taiwan,” Aug. 1, page 8).

However, people have scoffed at the idea as being a bit odd, and no one has dared use the article to challenge President Ma Ying-jeou’s (馬英九) and his administration’s use of the Chinese-South Korean FTA currently under negotiation to scare the public into demanding the quick passage of the cross-strait service trade and trade in goods agreements and the draft bill on free economic pilot zones — three laws that would be harmful to the nation.

At the Global Economic Symposium held in Kuala Lumpur from Sept. 6 to Sept. 8, Nobel laureate in economics Joseph Stiglitz warned National Development Council Minister Kuan Chung-ming (管中興) that hasty attempts to sign free-trade pacts could lead to a “modern Opium War” and that many such accords are unfair and benefit only a single country or group.

Due to the geographical proximity between Taiwan and China, shared cultural factors such as language, historical factors such as China’s claims to sovereignty over Taiwan, political factors such as the huge size difference between Taiwan and China and China’s use of economic means to try to restrict Taiwan politically, Taiwan has always suffered from the problems of a small nation, such as the center-periphery effect, with big China making up the center and small Taiwan existing on China’s periphery. This is what makes the Economic Cooperation Framework Agreement (ECFA) the kind of free-trade agreement that Stiglitz was saying could lead to a modern Opium War, with Taiwan the only victim.

This is why the signing of the ECFA never created the “golden decade” that the Ma administration kept talking up for the three years following the signing, but instead caused capital in general and productive capital in particular to flow over to China, while productive foreign investment pulled back from Taiwan. In addition, economic growth was drastically cut — by 1.48 percentage points in 2012 and 2.09 percentage points last year — and salaries dropped to the levels of 16 years ago. The service trade and trade in goods agreements will only further harm Taiwan.

South Korea’s FTA policy began in 2011 with the EU and the US, but it still has not produced any clear results. All that has been seen is the end of the “South Korean miracle.”

Deals mask menace of cross-strait Opium War

Written by Huang Tien-lin 黃天麟

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After the signing of an FTA between China and South Korea, China's pull on that nation, while not as strong as its pull on Taiwan, will still be considerable. That South Korea has repeatedly lowered its economic growth estimate this year is just the first sign of things to come.

If Taiwan and China do not sign the trade in goods agreement, will that mean that it is "game over" for Taiwan? Last year, the Ma administration said the nation would be stifled if it did not sign the service trade pact, but after the Sunflower movement prevented the deal being rushed through the legislature, the economy has begun a slow recovery and exports have increased for six straight months. This shows that the service trade and the trade in goods agreements are not panaceas, but rather anticoagulants, causing Taiwan to hemorrhage. One can only hope that the opposition will start to see this clearly.

The nation does not need a Taiwanese "Opium War," nor does it want to become the victim of economic colonization. Stiglitz is of the same opinion, and we cannot really doubt a Nobel laureate, can we?

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Translated by Perry Svensson

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