

KMT must repay debt it owes to Taiwanese

Written by Lin Kien-tsu 林建雄

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Party funding, whether it comes from independent investors, joint investments with the government or private actors using financial assets, necessarily begets the allocation of privileges. This is bad for fair competition, it is bad for economic ethics, and it is bad for national productivity and competitiveness. Sole rights and monopoly control help a party, not the populace. Party assets obtained via these business dealings, or “investments,” are essentially dirty money, or what one might call illicit assets.

In the 1960s, the Chinese Nationalist Party (KMT), as a private investor, bought US dollars from the state coffers at a rate of less than NT\$25 per US dollar and resold them for between NT\$60 and NT\$80, “earning” huge gains. In that capital-strapped period, the party tripled its initial principal within three years. That money, if allowed to accumulate value through to today, is certain to be to an astronomical figure.

Two decades ago, the KMT’s Fuh-hwa Securities enjoyed sole rights to securities financing. These rights, together with the interest from its monopoly and the sale of properties it should not have had in the first place, were the principal for the party’s subsequent business operations and financial assets.

In theory, the KMT’s assets can be divided into those gained through legitimate means and non-legitimate means. One way to determine which legitimate assets the KMT “should” still have would be to subtract its accumulated expenditure from its accumulated income from legitimate sources. Some might say it is difficult to distinguish the party’s income from legitimate sources, or its legitimate party assets from non-legitimate ones, and that this would be not be an easy matter to agree on. Those people have a point. Nevertheless, the fact that this difficulty exists is neither here nor there — the crucial thing is party expenditure.

During the 1990s, the KMT spent approximately NT\$6 billion (NT\$188.37 million) annually and perhaps double that in an election year, meaning that its average annual expenditure during that decade was about NT\$9 billion a year. When former vice president Lien Chan (連戰) became party chairman — a position he held until 2005 — this amount increased.

In the 1990s and earlier, prices were lower than today’s and this needs to be accounted for when calculating the KMT’s expenditure, as does accrued interest. Given this, if one calculates the party’s average annual expenditure according to 2000 prices, NT\$9 billion is a more

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accurate figure to go by than NT\$6 billion. NT\$9 billion over the 60-year period between 1945 and 2005 is NT\$540 billion. On top of that, add the expenditure from 2005 to this year, which is known to be NT\$2 billion a year since the KMT's expenditure figures during this period were made public. According to these calculations, the party has spent NT\$560 billion at current rates since 1945.

The KMT did not start out with such sizable legitimate party funds. There is disagreement about whether accrued interest and stock dividends to non-specific investors can be deemed legitimate earnings, but most of this concerns the period since the 1990s, the accumulated expenditure for which is, at the very most, in the tens of billions. Even accounting for legitimately obtained funds, there is still a shortfall of more than NT\$500 billion, the amount the party funded with money obtained through non-legitimate channels. This should be returned to the public.

Even if the party handed over all its assets, it will not be equal NT\$500 billion. The party should not delude itself in thinking that by only retaining its "legitimate" assets it is doing a "good" thing, nor that such an act will, in itself, repair the party's reputation or dupe people into voting for it.

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Translated by Paul Cooper

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