

Money woes likely to end KMT run

Written by The Liberty Times Editorial
Wednesday, 20 May 2015 08:54

President Ma Ying-jeou (馬英九) has been beating the drum of the so-called “1992 consensus” and reprimanded Democratic Progressive Party (DPP) Chairperson Tsai Ing-Wen (蔡英文), demanding that the presidential candidate clarify what she means by the “status quo.”

The tone and intensity of Ma’s rhetoric makes people wonder if he is on China’s side.

Meanwhile, Chinese Nationalist Party (KMT) Chairman Eric Chu (吳敦義) has shown allegiance to Chinese President Xi Jinping (習近平) by affirming that Taiwan and China are both part of “one China.”

Apparently, unification has become the guiding principle of the KMT and the Chinese Communist Party (CCP) to win next year’s presidential and legislative elections. The blatant collaboration shows that their joint sense of crisis has pushed them over the edge.

Ma’s approval rating remains low. For fear of losing its hold on power as a result of Ma’s unsatisfactory performance and out of a sense of crisis, the KMT is trying to win back public support before next year’s elections.

The incompetence of Ma’s administration has led to misery for many and should be resolved by formulating policies that will benefit the nation. However, this is not what is happening. Instead, the KMT is collaborating with the CCP and rehashing the game of trick or treat with their favorite weapon — albeit one that could backfire — the “1992 consensus,” a tacit understanding between the KMT and the CCP that both sides acknowledge there is “one China,” with each side having its own interpretation of what “China” means.

One disaster after another has occurred under Ma’s rule. The major disasters are massive national debt, declining wages and shrinking capital markets. Ma has to address these problems with practical solutions if he wants to solve the party’s crisis.

The first crisis is the massive national debt. Last year, total government debt was NT\$25.14

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trillion (US\$820.5 billion), or NT\$1.07 million per capita. The government, as well as local administrations, have spent money like it was water, but seldom on productive infrastructure and investments. Most of the spending was for crowd-pleasing fireworks displays, lantern festivals and New Year celebrations, or a variety of development projects that are results of collusion between governments and businesses.

The most shocking among them is the debt of Miaoli County under former county commissioner Liu Cheng-hung (劉成雄), which rose from NT\$20.2 billion to NT\$64.8 billion during his time in office. As a consequence, Liu's successor can hardly afford his civil servants' paychecks and engineering contractors' payments; even school-provided lunches have reduced to little more than congee and meat dumplings.

This phenomenon validates the warning issued by the Liberty Times (the Taipei Times' sister newspaper) that the central government is more akin to that of Greece, while local governments are in the same rut as Detroit, Michigan.

The other problem is the possibility that funds required to pay pensions will skyrocket to NT\$18.05 trillion, of which NT\$8.66 trillion would be for military personnel, civil servants and public-school teachers, while NT\$8.77 trillion would be for labor insurance. Though the amounts are similar, the number of people involved is not, with the number of military personnel, civil servants and public-school teachers scarcely one-10th of the number of workers, showing how highly unreasonable the pension system is.

The second crisis is low salaries. National GDP has risen considerably over the past 15 years, but real wages have fallen to the level they were 15 years ago. The younger generation faces salaries of just NT\$22,000, the unfortunate result of industrial relocation abroad; as Taiwanese industry slowed, China opened its labor market.

With cheap land and labor, as well as tax breaks, China lured Taiwanese industry professionals who were reluctant to reform or innovate at home, which became the primary impetus for Taiwan's GDP growth. However, only shareholders benefited from the moves; jobs and workers' salaries were actually depressed.

Major reform is therefore needed to encourage industries to return, innovate and transform,

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and to stop relying so much on China. The nation needs a new, sustainable path leading to increased salaries.

The third crisis is that although the capital market brought about affluence — actually a financial bubble — and its extensive development provided a way for newly established enterprises to amass capital, leading to the growth of Taiwanese industries, the current administration, ostensibly under the flag of justice and fairness, has been treating the capital market as an ATM, demonizing domestic investment while refusing to allow special treatment for foreign investment. This has led to vast foreign capital outflows to China.

Listed companies this year are to pay dividends totaling NT\$1.2 trillion, giving the impression that the economy is performing well. However, in reality, since foreign sources account for at least 50 percent of investments in many blue chip firms — 78 percent in the case of Taiwan Semiconductor Manufacturing Co — it is doubtful how much of those dividends will go to Taiwanese. That is also the main reason the stock market exceeds 10,000 points, while most investors are not reaping any benefit.

Furthermore, if the capital market is depressed, domestic industries will find it harder to generate funds to expand industry scales, conduct research and development, promote brands, and boost global competitiveness.

Leaving those three crises unaddressed, the government will have no funds available to invest in domestic infrastructure, the public will have to struggle to make the ends meet with low incomes, industrial development will have insufficient financial impetus, while the economy will either stagnate or contract. In the long run, there will be more losers in society. Hope is gone. Discontent proliferates. In the end, civil self-help movements are likely to proliferate.

Last year, 500,000 people took to the streets during the Sunflower movement to protest the perceived partnership between the KMT and CCP hijacking the nation's economy through the cross-strait service trade agreement. Next year, Taiwanese will once again use their votes to dispel the KMT's contrivance of the "1992 consensus."

Translated by Ethan Zhan

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Source: [Taipei Times - Editorials 2015/05/20](#)