

Letter from Rex How, National Policy Advisor to the President

## **The President Should Not Endanger National Security, Harm the Democratic Process, or Disrupt the Government System.**

Dear President Ma:

Thank you for sending Secretary-General of the Presidential Office Timothy Yang to meet with me, and to explain the government's decision and perspective on signing of the Cross-Strait General Agreement on Trade in Services (GATS). I asked Secretary-General Yang to pass on my opposing opinion and advice to you, which I trust you have already received.

Now, two weeks later, I would like to respectfully inform you of my decision to resign from my position as National Policy Advisor to the President. I would like to take this opportunity to explain my reasons for my resignation.

Since 2009, I have been a National Policy Advisor to the President. In these five years, whether in private or public correspondence, my advice has always been for you to pay special attention to the following three issues:

1. the nation's agenda sets the strategic vision and direction of the country's future;
2. cross-strait relations, which I have advised need to be carefully considered and approached while offensive and defensive strategy and tactics need to be adequately prepared, in order to avoid making unnecessary concessions;
3. chaos and disorder in the government.

I also reminded you that: the first two are interrelated, while the third is a separate issue and difficult to improve upon entirely in the short term. And so, I recommended that once you've determined the first two, you could then use the 80/20 principle to start addressing the most critical problems of the third issue.

Furthermore, I had twice advised you in person on the critical points of cross-strait policies, and would like to state them again here.

The first time was at the end of 2009, when I, along with two other individuals, advised you that because of the sensitive nature of cross-strait relations and policies, you and the government must be very transparent to the public from beginning to end, and indeed, should proactively maintain transparency. By doing so, you would more likely gain public consensus as well as endorsement from the opposition party. At the time, you made note of our advice.

The second time was the end of February of this year, when I had the opportunity to speak with you one-on-one. That day, I had advised you on how to manage Mainland China investment into Taiwan, and recommended that you set up "Blue" and "Red" types of investments. Blue cases would involve sectors where Taiwan trails behind China and

could gain from China expertise and talent, and where we should aggressively create incentives, benefits, and favorable conditions to attract China enterprises and investment. In the case of Red investments, which might threaten our national security or national interests, we should at all costs protect against such investments. I even mentioned last year's case of China's Huawei and its takeover attempt of American 3COM, which the US government blocked because it posed a "threat to national information security." This showed that even the US, a champion of the free market, intervened on the grounds of protecting its national security. At the time, you expressed that you agreed and was aware of the Huawei news. And so, I suggested that you invite the nation's leading industry and opinion leaders to categorize and define Taiwan's Blue and Red cases. Furthermore, I strongly believed that the Media and Publishing industries should be considered Red cases. (Upstream and downstream publishing industries should be considered together as Red cases, in order to prevent a state-owned and vertically integrated China conglomerate from entering the market through any one of these related industries. This is something I had warned the government about many times in the past.)

In light of our previous deep discussions on these matters, I was disappointed when I learned that you had announced the Cross-strait GATS, without prior notice, which would include and unequally open up three of the four segments of the publishing industry. I quickly wrote to you and the related governmental offices in hopes that the government would reconsider. But after receiving no response, I felt forced to appeal to the public.

During all this time I refrained from resigning for the following two reasons: (1) I hoped that while I continued to provide you with my advice, that you would have the opportunity to hear the many voices and concerns of your citizens, and save yourself from plunging to your political death; (2) many politicians and the media over-simplified matters by making it yet again another blue vs. green political party showdown, and so I wished that in my role as National Policy Advisor, I would be able to help cut through those types of distraction. And so, up until today, none of my public statements on these issues thus far have been against you personally.

However, over the course of the month, I've observed your response--or lack thereof--to the many cries of concern from the public. And so now, I believe that a lot of the problems aren't due to "misguided advice" but rather that your own beliefs are "misguided" on the following three basic topics.

**1. Cross-Strait policy can mean life or death. We cannot sacrifice our national security for the sake of economic interests or political performance.**

By signing the first service trade agreement with China, you hope that it will lead to signing more trade agreements with the rest of Asia and the world. This is economic thinking. But this ambitious pursuit for the sake of making history and achievement fails to fully consider the impact on related industries, and the effects on these industries are made worse when domestic industry professionals and

leaders are not even consulted. I won't elaborate here since many have already done so.

But as the President of the Republic of China, you should know best that signing such an agreement with China, with thousands of their missiles aimed at us, would be very different than any other WTO agreement. In an article I wrote about two years ago, I reminded you: "the essence of cross-strait relations has been a state of war; what started as political and artillery warfare had over the past few decades turned into an economic warfare of silver bullets."

<http://www.rexhow.com/?p=775>

Therefore, when we consider signing any commercial agreement with the other side, we must not only consider the industrial impact but also should realize that the related industries are part of "economic and silver bullet" warfare. And so, we not only have to conduct an Industrial Impact Assessment, but also a Social Impact Assessment, as well as a National Security Assessment.

The government that you lead failed to conduct an Industrial Impact Assessment prior to signing the agreement, not to mention a Social Impact Assessment or a National Security Assessment.

It was a mistake for government and economic officials to neglect the above-mentioned assessments. As the President and Commander-in-Chief of the Republic of China, you have ignored the fact that signing this agreement would affect the lives and security of 23 million citizens and failed to proceed with the necessary care and caution. Indeed, this is dereliction of duty.

## **2. Behind-closed-doors decision-making goes against democratic principles and processes.**

The government signing the Cross-Strait GATS Agreement and its behind-closed-doors discussions is a very serious issue.

It is inconceivable that an agreement of this magnitude, with the potential to impact 70% of our GDP and 4-5 million livelihoods, could be kept out of the Legislative Yuan for debate or discussion prior to the decision. Failing to pass this agreement through the Legislative Yuan is a violation of our democratic procedures and principles, and damages our democracy.

Today, the one thing that sets the Republic of China apart from the People's Republic of China, which we cling to with pride in the face of our lesser political and economic influence, is our democratic society. The citizens of Taiwan have seen over twenty years of political transition and endured economic, industrial, and other development sacrifices for the sake of protecting the right to determine its own future.

Under your leadership, the government has undermined the democratic process, and injured what has taken Taiwan decades to establish. No matter how much our economy may be able to gain from this agreement (and the Ministry of Economic Affairs has only reported a 0.025% to 0.034% impact on economic growth), it will not be enough to compensate for the damage done to our democracy.

**3. Behind-closed-doors decision-making also throws the government into disorder.**

Not only does this nontransparent decision-making damages democratic processes, but it also causes disorder and chaos in the government.

When dealing with this kind of agreement, there are always the following three layers of issues:

The first is Who, or what party is initiating and facilitating the discussion.

Second is What and Why, specifically what is to be discussed, what industries will be affected and why these industries.

Third is How, or how to hold the discussion and what the proper procedures are.

In a democratic society, the first two issues should be made public and transparent. The third should at least be made accessible for Legislature's involvement and oversight.

Your government refuses to admit to its closed-door policy-making and instead continues to distract the public, throwing the government system into even more chaos.

The lack of transparency caused major public confusion and controversy over the agreement. The public was left scrambling with little to no information at all, perhaps only knowing for sure who would be signing the agreement. However, even information about who is leading and planning the discussion or tactical thinking on the overall industrial policy and direction was a mystery. Not one person came forward.

When the two officials you had picked to be responsible for all Mainland affairs came forward, their lack of experience and competence on the issues caused everyone to question their suitability in handling this matter. Still, the public was willing to see if maybe their White Paper may give more insight. However, the White Paper proved to be nothing more than just the white paper used for printing. Thus, leading to the endless briefings that the Minister of Economic Affairs and the Minister of Industrial Affairs subjected you to in an effort to get an

explanation, wasting time and money while causing disarray within the government.

You've been through two elections, and should know very well how 40% of the Taiwanese population is very distrusting of any cooperation or relationship--much a trade agreement--with the PRC. And so as the government is considering any cross-strait policies, it should endeavor to gain overall consensus. This is why we had originally advised the government to set up a mechanism to proactively involve the opposition party of the Legislative Yuan in the discussion.

Instead of doing so, you chose to bypass the necessary democratic procedures to sign a cross-strait agreement that would impact 23 million citizens for the sake of 0.025% to 0.034% of economic growth. Not to mention you were struggling with a 15% approval rating at the time. There could only be two possibilities to explain what you were thinking: either you are an autocrat, or just a fool.

In addition, as you are the elected President of a nation, it was extremely inappropriate for you to use your position to denounce viewpoints against GATS as unfounded and baseless, while making allegations against certain academic professors of starting rumors. First, as the elected leader, you are responsible for listening to the concerns and viewpoints of your citizens and working to resolve them. Instead, you used the media and tried to belittle those academics. Again, one must think: either you're an autocrat, or just a fool.

All the above explain my reasons for my resignation from National Policy Advisor to the President.

Lastly, I ask you to consider the following reminders and requests.

My reminder is this: Today's public controversy and outcry over the Cross-Strait GATS agreement is your fault and your responsibility to fix. If the power of the people forces the government to restart negotiations, which may damage our credibility as a nation and cause inconvenience to the other parties, then it will be of your doing and will be your responsibility to resolve. And if these delays affect our competitiveness with our neighboring countries and widens the gap even more between our country and theirs, then that will also be your doing and your responsibility.

If the government had been open and transparent from the beginning and evaluated the social and national security impact of the agreement, then perhaps the controversies, renegotiations, and delays could have been avoided altogether.

I have two requests:

The first: When there is civil dissent and criticism, please do not just respond with "Thank you for your advice." After all, the nation pays you five million NTD annual

salary and gives you a 2 trillion NTD annual budget, not for you to make mistake after mistake that you address with your usual statement, “Thank you for your advice.”

I hope that you will: As President, plan ahead for our future and not just constantly wiping out fires and saying “Thank you for your advice.”

The second is: Although the government is currently embroiled in the chaos and controversy over the GATS agreement, it is not too late to save the situation and there is still time to turn back. Please do not use your position as Chairman of the Nationalist KMT Party to put pressure on your party representatives to vote the way you want them to, while only pretending to conduct real discussion and debate of policy proposals. All related parties, industry and government, should collectively conduct an open public forum, and evaluate a full study on the economic, social, political and security impact of the what has been proposed. Doing so will prevent huge public outcries and dissent, and the damage to our democratic government and society. Don’t wait until it’s too late.

Thank you for reading through this rather long resignation letter, and goodbye.

Respectfully,  
Rex How  
July 31<sup>st</sup>, 2013