

副總統於「國際經濟危機之衝擊與啟示」

國際研討會致辭稿

**Vice President's Opening Remarks to the
International Conference on the Impacts of and
Lessons Learned from the Global Economic Crisis**

May 15, 2009

Chairman Chu, Dr. Krugman, Distinguished Guests, Ladies and Gentlemen:

Since last September, the world economy has been hit by a devastating financial tsunami and thrown into the depth of a recession. No country has been spared from the great impact of these events. Governments around the world have had to pull out all the stops in taking emergency measures to stabilize their financial systems and revitalize their economies. Keynesian theory, with its central theme of “big government,” rescued the world from the Great Depression in the 1930s. And now it seems to have again become the mainstream of economic thinking. Today, the experts and government officials who shape economic policy in countries worldwide can exclaim in unison: “We are all Keynesians!”

Taiwan is a highly open economy. Hence, it has been hit especially hard by this global financial and economic crisis. Never before has our government had to contend with so much pressure. In our financial sector, where experience in coping with the 1997 Asian financial storm has reinforced a culture of

relative caution in conducting international operations, the damage done by the financial tsunami has been relatively light. However, the drastic downturn in the global business climate has had a major impact on our foreign trade, causing a sharp drop in our exports and significantly affecting the driving force behind our economic growth.

In response, our government has adopted a comprehensive package of economic stimulus measures. We have allocated public spending equal to 8.2% of GDP to measures to expand domestic demand, to mitigate the effects of the slump in exports. These measures, which were described in detail by the CEPD at yesterday's other forum, have already borne distinct benefits in boosting effective demand, with recent figures showing signs of a turn for the better on both the financial and economic sides. Thus it may be said that Taiwan has become a standout model for testing and verifying Keynes' theory.

We all know what an influential role Dr. Krugman has played in guiding the American and global response to this world crisis. At the key moment when the global economy was tipping into crisis, he strongly urged his government to take prompt and forceful action to stabilize the situation and pull back from the precipice. It sets a fine example where a prominent intellectual acts upon his sense of responsibility to country and society in such a manner, and it must surely serve as a force for stability in a chaotic world. Dr. Krugman's observations and insights on how to restore global financial and

economic stability are particularly worthy of attention.

There have recently been some encouraging signs in the global financial and economic situation. We are hopeful that the United States, Europe and other advanced industrial countries will continue to support free trade and avoid taking any protectionist steps that will impede global economic recovery. At the same time, they also need to address the blind spots and failings in financial supervision, and adopt consistent and effective actions to speed up the reform of financial institutions and their practices. A new order for global finance needs to be built, with strong foundations to prevent a recurrence of financial storms.

The effect of the financial tsunami on Asian countries is another matter worthy of close observation. In the past, Asian countries mostly adopted a development model that made them overly dependent on foreign investment, specifically the export of labor-intensive products. This was what led to the occurrence of the Asian financial storm toward the end of the last century. Acting on the lessons drawn from that experience, they not only carried out bold and resolute reforms of financial systems, but also put great effort into pursuing regional economic integration. In recent years, Asian intraregional trade has increased markedly, greatly reducing Asian countries' dependence on American and European markets.

It is also notable that, in face of the international economic downturn, Asian governments have all made great efforts to

expand domestic demand. Indeed, they have applied themselves to this with even greater vigor than the advanced industrial countries of the West that have been caught up in the vortex of the financial storm.

Meanwhile, China's economic rise has made it a main engine of Asia's economic growth. This trend is highly likely to speed up the de-linking of Asian economic development from the economies of America and Europe. And in the foreseeable future, Asia's weight in the global economy must surely become increasingly important.

Taiwan has been badly hurt by this global economic crisis. Nonetheless, our faith in and commitment to financial opening and free trade has not wavered and will not waver in the slightest.

During the past year, Taiwan has actively pursued the normalization of economic relations with mainland China. We hope to completely move away from the rather irrational policy of the past, namely, opening up internationally but restricting exchanges with the mainland. At the same time, we also want to be able to participate actively in regional economic integration. Toward these ends, we are currently making plans to pursue the negotiation and signing of an Economic Cooperation Framework Agreement (ECFA) with mainland China. We are also pressing vigorously for the signing of free trade agreements with the U.S., Japan, Singapore and other trade partners. We are eager to engage in dialogue with ASEAN and other international

economic organizations, and to participate actively in the Doha Round of multilateral trade negotiations.

Our government is working hard to bring Taiwan into close alignment with the global economy. We want to be able to reverse Taiwan's increasing peripheralization and bring it back into the heartland of global economic terrain, to play a more active and vital role in the global supply chain.

“Made in Taiwan” has for some time been a mark of pride in marketing Taiwan's products to the world. Since then, Taiwan's outstanding manufacturing prowess has also shifted off-shore, to become a key driver of industrial development in mainland China and countries of Southeast Asia. And this has led, in recent years, to the shaping of a new “indirect-export model” of Taiwan's industrial development.

We are now striving to upgrade our pattern of industrial development, from mastering more advanced core manufacturing technologies to upgrading design and introducing new technology. We are also aiming to exploit the huge potential of the Chinese mainland and Southeast Asian markets to develop our own brands and marketing channels. We want to make the changes that will enable Taiwan to turn the present crisis into opportunity, so that when the next surge of economic prosperity arrives, Taiwan will find itself in a prominent position in the reshaped terrain of the global economy.

We are also hopeful that, with all the world's nations

pitching in their best efforts together, global finance and the global economy will soon rise up from their present trough, and that the storm clouds give way to blue skies and a flourishing new economic era begin.

Lastly, I would like to again express my thanks to Dr. Krugman and so many distinguished scholars and experts for joining us at this forum, and wish the best of success to your discussions and the best of health to everyone here. Thank you!