

The Future of Taiwan's Economy in the Post Global Financial Crisis Era

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Abstract

Recent global financial crisis comes at the heels of a period of time when political leaders and market fundamentalists espoused deregulation. They argued that the efficiency of unfettered financial markets could improve overall economic performance. The inadequate regulation and ineffectively regulatory institutions have contributed to this crisis. While the blame should rest on financial markets, government failed to protect the market from itself and to protect society from the kinds of excesses that have imposed high costs on its citizens who did not participate in financial markets.

Government in Taiwan still firmly believed that the doctrine of laissez faire can enhance the efficiency of economy, and adopted the open policy to allow firms to freely move their manufacturing sites to low-cost countries. Investment by Taiwanese business firms in China has accounted for more than 2.5% of Taiwan's GDP since 2006. As a result, workers in Taiwan found fewer jobs available, experienced staggering wage growth, and faced with deteriorating income disparity. To rebalance between efficiency and security, government in Taiwan must make the determined efforts in reducing economic dependence on China, in ensuring energy and food security, and in making advanced technology take root in our real economy. It is critical that the rebalanced national development strategy is vital for our future.

Keywords: global financial crisis, economic development, Taiwan's economy