

Opening Remark for the 2004 Taipei Conference on Macroeconomics and Development*

by Fa-Chin Liang**

Good morning. Director Kuan, Distinguished Guests, Ladies and Gentlemen:

Before I begin, I would like to welcome each of you to the 2004 Taipei Conference on Macroeconomics and Development jointly organized by the Institute of Economics, Academia Sinica, the Directorate-General of Budget, Accounting and Statistics, Council for Economic Planning and Development, and the Central Bank of China. I would also like to thank the host, the Institute of Economics, Academia Sinica, for assembling a great panel of experts like you. I am confident that we will be able to benefit immensely from the conference over the next two days.

Speaking on macroeconomics and development, in Taiwan, unprecedented sustained growth accompanied by stable prices, low unemployment, a steady decline in poverty, significant increases in per capita income, and notable improvements in key financial and

economic indicators has been achieved over the past four decades. From 1960 through the 1980s, Taiwan grew at 9.2 percent per year. The unemployment rate was below 2.0 percent. In the 1990s, the momentum for economic growth slowed a bit, but remained strong. It averaged 6.4 percent per year while the unemployment rate averaged 2.0 percent. More recently, due to the burst of the global IT bubble, economic growth in Taiwan declined in the early 2000s. In order to stimulate domestic demand, the Central Bank of China cut the interest rate 15 times from December 2000 to June 2003. The Taiwan economy showed signs of recovery in the second half of 2003 and is expected to reach a growth rate of 5.93 percent this year.

On economic development in Asia, the region as a whole has achieved sustained and sharp growth. In the last 25 years, GDP per capita quadrupled in real terms in East Asia, nearly tripled in Southeast Asia, and doubled in



* Meeting held at the Institute of Economics, Academia Sinica, December 16-17, 2004.

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South Asia. This was mainly a result of increases in trade. In particular, Taiwan is an example where its success has been based on the development of export-oriented sectors. Since 1995, Taiwan's exports of goods to elsewhere in Asia have amounted to over 50 percent of all exports from Taiwan except for a brief period between 1998 and 1999.

Aside from trade, recent macroeconomics and development issues include changes in inflation processes, adjustment of monetary policy frameworks, increased interdependence

of economies due to globalization, and increases in foreign direct investments, especially in Japan, Taiwan, South Korea, and China. Much has been learnt in recent years about what drives these changes, and what these changes will lead us to, but many issues are still there. I hope the discussions in this conference will shed some light on these important issues.

Thank you again for joining us. I wish the conference every success.

Thank you.