

Eurasia Foundation International Lectures, Fall 2020 Semester

The Construction and Transformation of East Asiaology” Lecture Series (2)

Title: The Trend of Economic Development in Japan and Taiwan-Japan Cooperation
in the Era against Epidemic

For our second lecture, we invited Professor Wei, Tsung-che (魏聰哲) from Chung-Hua Institution for Economic Research (CIER) to be our guest speaker. Professor Wei started with the introduction of the CIER. The CIER was established in 1981. The 90% of CIER’s funding are from the government and 10% of it from the private companies. The duties are to conduct research, hold exchanges activities, provide economic suggestions to government and thus it is a think tank for government’s economic policies. There are three divisions: The research division for studying Mainland China, the research division for international economics, and the Third Research Division for studying Taiwan’s economics with where Professor Wei affiliated. The Third Research Division has been also responsible for the Japan Center Sub-Committee and worked on the technological exchanges between Japan and Taiwan since 2018.

Professor Wei describes the situation of COVID-19 in the world. Although it was estimated that the cases of COVID-19 might decrease after many countries lifted lockdowns in June, unexpectedly the cases actually increased. The US, in particular, faced another wave of infections because most Americans are not get used to wearing mask. Despite that Japan did not take it seriously at the beginning, Japanese government has adopted more measures to deal with COVID-19 after the COVID-19 outbreak on Princess Cruises Diamond Princess. With comparatively few cases, Taiwan has been successful in responding to the coronavirus pandemic, though Taiwan is locked out of membership in the World Health Organization (WHO). Professor Wei mentions that we might enter a new era that we have to coexist with COVID-19. We should adopt “post-COVID lifestyle” with the assistance of technology tools.

Professor Wei explain that there are three possible patterns of the spreading of COVID-19. The first one is Fuji Mountain style (like the case of China). China is the origin of COVID-19 virus and it adopt a political system characterized by the centralization of authority. The situation in China was severe at the beginning and the economics stagnated temporarily yet it then revived. The second pattern is the pattern in European and the United States. Although it was not as severe as China at the beginning, the confirmed cases of COVID-19 have been bouncing up and down. The main reason for that is many people still do not wear mask as a preventive measure because they do not want to alter their thoughts that only sick people should wear

mask. The third pattern is the pattern in the developing countries, like Mexico and India. Because the lacking of knowledge related to epidemic prevention, once a citizen infected with COVID-19 it spread like missile launches.

Professor Wei explains that the trends of global economic development from 2008 could be divided into 5 stages.

The 1st stage (2007-2008): The outbreak of the global financial crisis of 2008-2009 caused the bankrupt of Lehman Brothers Holdings Inc. Thus, the US adopted the quantitative easing (QE) policy, guided the merge of financial institutions, and restore its financial Health.

The 2nd stage (2009-2012): The debt crisis since the establishment of the EU caused by the expansionary fiscal policy

The 3rd stage (2013-2016): The debt problems in the developing countries like what happened in some provinces in China

The 4th stage (2017-2018): Before the US-China trade war, the phasing out of the QE policies.

The 5th stage (2018-2020): Since President Donald Trump took office, the competition between the US and China has caused serious impacts on global economics. The COVID-19 emerged at the end of 2019. The competition between the US and China extends from trade to technology.

For the forecasting on global economics, most places face economic decline from 2020 to 2021, only few places like Taiwan, Vietnam, and China are able to see the economic growth amid the COVID-19 pandemic.

Three things, including disaster, financial crisis, and epidemic, might cause economic crisis. Disaster, for example, the 2011 Tōhoku Earthquake, caused serious damages on the supply-side (production equipment), despite that it reestablished rapidly. Moreover, the financial crisis brought impacts to demand-side and it might influence financial system, perhaps not too dramatically like what happened in the outbreak of the global financial crisis of 2008-2009. The third one is the epidemic. Though it usually ends after a short period of time, we still do not know whether coronavirus arose naturally or was created in a laboratory. Avoiding human-to-human contacts, epidemic influences both supply-side and demand-side and the economics would not be resurged until the epidemic is over.

The COVID-19 impacts global economic development in four ways. First, it forges a new life style. To avoid human-to-human contacts, people start to use online shopping via smart phone and delivery service like foodpanda and Uber Eats frequently. Second, it accelerates the development of digital technology and the application and development of epidemic prevention technology, like digital shared service. Regarding data collection, the US, China, Japan adopt different style to

collect data. Chinese government leads and monopolizes data collection, while in the US big private technology companies lead the data collection. In Japan, government and private companies cooperate on data collection. The third impact is the reconstruction of supply chains disruption. The fourth impact is it worsen the trade war, technology war, and institutional war between the US and China.

The domestic economic policies responding to the COVID-19 epidemic can be divided to those based on microeconomics theory and those based on macroeconomic theory. Policies based on microeconomics theory refer to those based on the supply and demand. For example, like policy that state produces mask to solve the problem of mask stockpiles; government launched its “Triple Stimulus Voucher” program. Policies based on macroeconomics theory refer to those based on a country’s GDP, for example, Government Relief Package like stimulus voucher and subsidy to companies.

For the final part of lecture, Professor Wei reports the recent important issues in to Japan, like subsidy policies after raising the consumer tax, the responses to US-China trade war, relief package and stimulus policy coping with COVID-19, and the influences brought by the postponement of the Tokyo Olympics.

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