

Mr. Hsieh (Host):

1. Global stock markets have prosperous outlook last week, especially in Greek and Venezuela.
2. SZSE Component Index is arising, far better than SSE performance.
3. Taiwan and Korea stock market are relatively weak.
4. The decrease on volume of Taiwan stock market is the crisis for us to concern.
5. Brain drain will become more serious in Taiwan.
6. Japan's Prime Minister Shinzo Abe is restoring Japan's economy via aggressive measures to depreciate its currency. Japan's weak yen policy is aimed at pulling its economy out of deflation and recession

C.F. Lee:

1. Bernanke took Quantitative Easing Monetary Policy (QE1to QE4) to solve the unemployment problem.
2. Japan government is now taking Quantitative Easing Monetary Policy to cope with deflation. I agree with Abe on this policy in short term. It's Zero-Sum game. We hope the there will be economic upturn in Japan in one or two years.
3. As for economic situation in Taiwan, while the world is taking Quantitative Easing Monetary Policy, our government took retrenchment policy. I recommend reducing the capital gains tax to half of the present rate.
4. In 1993 and 1994, my suggestion to government was that we compared our finance industry with that in Singapore and Hong Kong, so that we could realize how we fell behind from these two countries. Our government should introspect whether the gap is widening or narrowing.
5. Worldwide currency competition will still continue and adjust in these two years.
6. Central Bank of Taiwan is under tremendous pressure from appreciation of NT Dollar. Our economy mostly relies on overseas commerce, so the adjustment of currency rate becomes tough issue. We hope NTD to USD return to 30:1 in February.
7. I highly recommend President Ma should convene National Conference to incorporate suggestions from experts of all fields.

Mr. Hsieh (Host):

With expectations for more monetary easing by the Japan new administration, the Japanese yen has taken a sudden plunge. In four months, an exchange rate of 77 yen to the dollar turned 90 yen to the dollar. The rate of inflation is aimed at 2%. The strong yen, which continued almost non-stop since the global recession began in 2008, has eroded the competitiveness of export-based businesses like the automakers. However, a weaker yen now will boost corporate profits and help firms avoid making payroll cuts, which in turn will improve employment and lift wages, thereby opening a path to beat back deflation.

S.Y. Lee:

1. For the two decades, Japanese Yen remained strong while the economic recession continued. The underlying of the recession is the long-term appreciation of the yen relative to the dollar. More and more industries have been moved outward. Also, wages in Japan haven't been increased for long

period of time. With the country's economy stagnant, consumers aren't willing to purchase.

2. With the policy of monetary easing and the upcoming inflation rate of 2%, Japanese might have hard time. Their average income hasn't been raised.
3. On the other hand, export-oriented industries, such as automakers, manufacturing businesses benefit from the QE policy. Overall, the policy still advantages the present situation.
4. However, the manufacturing businesses might have short-term upturn. In the long run, manufacturing industries need to counter the fundamental problem-advanced technology prevails in South Korea, Taiwan, and developing countries. They must strengthen their competitiveness.

Mr. Hsieh (Host):

1. The central bank of Japan, announced following measures: launched Monetary Policy and Asset Purchase Program. The government prospect GDP 2.3%.
2. In recent Asian currency market, Won has been appreciating most. But Yen has been depreciating.
3. Financial market in Taiwan is relatively sluggish. Financial Supervisory Commission takes regulative measure on overseas investment.

C.F. Lee:

1. I took pessimistic attitude toward the brain drain in Taiwan. My China students are relative excellent. Yi Gang is now Deputy Governor of the People's Bank of China (PBC) and Administrator of the State Administration of Foreign Exchange (SAFE). Based on much academic training, he is prudent. Another student, Chang Kuang-Ping, is vice director of China Banking Regulatory Commission Shanghai Office. Mr. Chang possesses much experience on industry, academy, and authorities. No one in Taiwan can compare with him. Chinese students who studied abroad in the States perform well, far better than Taiwanese students. Mainland China not only draws elites to work there but cultivate its professionals. We need to concern the competition with Mainland China.

Mr. Hsieh (Host):

1. The global interest rate remains low. 18% preferential interest rate for retired civil servants, teachers, and military personnel in Taiwan needs to reform.
2. Recently, more and more Taiwanese borrow money from local bank for RMB time deposits.
3. After Chinese New Year, NTD may depreciate.

S.Y. Lee:

1. The U. S., Europe, and Japan take Quantitative Easing Monetary Policy; therefore capital flow to Asian market. In my opinion, only Mainland China can withstand this situation. Most Asian currencies appreciate.
2. Three traditional measures are taken to depreciate currencies: intervene exchange market, undertake the risks and lower interest rate.
3. For NTD, it's difficult to depreciate to 30 NTD dollars to the dollar in three months.
4. Yen might depreciate to 95 yens to the dollar. If yen comes to 110 to the dollar, there will be a

disaster.

Mr. Hsieh (Host):

Japan's bonds rose to 238%, and overseas purchase account for 9.1%. If Yen depreciates too much, it will get out of control.

C.F. Lee:

1. I had the chance to participate in economic reforms in Taiwan and Mainland China. I am always concerned about the Asian economic situation.
2. The stock market is one of the indexes to indicate a country's economy. The volume of 8.8% in Taiwan's stock market in 2012 is the lowest in Asian stock markets. Compared to the States, Taiwan's stock market is rather sluggish in the beginning of 2013.
3. President Ma should employ experts on the economy, and also convene an International Economy Perspective Conference instead of a National Conference, to incorporate different opinions from experts of all fields.
4. Also, we need to make efforts to train professionals.