

The global economic crisis and industrial restructuring in Asia

The conference on the Global Economic Crisis: Impacts and Implications for Industrial Restructuring in Asia was held in Tainan, Republic of China, 19–20 August 2009, hosted by National Cheng Kung University (NCKU) and organized by the APO, Asian Development Bank Institute (ADBI), and China Productivity Center (CPC). The 160 participants from more than 15 countries included government officials, university professors, industry experts, and students. This conference was held immediately after the expert group meeting for the APO research project on the Impact of the Global Financial Crisis on SMEs, and several of the national experts attended the conference as speakers or discussants.

Professor Jagdish N. Bhagwati, Economics Department, Columbia University, USA, an international trade economist widely regarded as a future Nobel Prize laureate, gave the keynote speech on Capitalism after the Crisis: Myths and Fallacies. He pointed out that the current financial crisis had been caused by information asymmetry. Prof. Bhagwati emphasized that it was important to distinguish between innovations in financial products and nonfinancial products. Innovation in financial products can lead to “destructive creation,” while that in nonfinancial products may contribute to “creative destruction.” Meanwhile, the myth of the market should not overrule moral considerations. The current form of capitalism would function better if family and community values were strengthened and healthcare and education improved.

In the context of industrial restructuring, Conference Chair Professor Wen-jen Hsieh, NCKU, pointed out that the impact of the global financial crisis had been most significant in export-oriented economies, but those with strong domestic markets had managed to survive. Prof. Hsieh also stated that developing innovative



APO Secretariat Research and Planning Department Director (standing) delivering the opening address

services through the integration of manufacturing and service operations would be needed for national industrial restructuring and developing competitive advantage.

In comparison with the Asian financial crisis of 1997–1998, the current financial crisis is more complex. The analyses presented indicated that developing a more efficient service sector would promote domestic demand, employment, and economic growth. For example, the impact of the global economic crisis has been less severe in countries not as heavily dependent on exports and with a service sector contributing substantially to GDP. 🌀