

General Information

Date

December 5-6, 2014 (Friday-Saturday)

Conference Venue

3F Ballroom, The Sherwood Taipei

Registration

Registration Counter is located outside of 3F Ballroom

Language

The official language of the conference is English, which will be used in speech and printed materials. Chinese-English simultaneous interpretation service is provided.

Catering

- ✧ Coffee break will be served at the hallway of 3F Ballroom
- ✧ Lunch (Buffet) will be served at B1 on December 5.
Lunch box will be provided on December 6.

Mobile Phone

Please note that mobile phone must be switched to vibration mode during all sessions.

Agenda

Dec. 5, 2015 (Fri.)

Time	Activity	Speaker / Discussant
08:30~09:00	Registration	
09:00~09:15	Opening	(I) Chairman Ming-Chung Tseng , Financial Supervisory Commission (II) Chairman Yun-Peng Chu , Taiwan Insurance Guaranty Fund
Session I: Public Governance and Avoidance of Financial Risks		
09:15~10:35	Moderator: Dr. Jia-Dong Shea , Chairman of Board, Taiwan Academy of Banking and Finance	
	(I) Keynote speech (50 mins)	Prof. Richard Werner , Professor of Southampton Management School, University of Southampton, UK
	(II) Presentation (30 mins)	Implicit GUARANTEES FOR Bank Debt: Too much of a "Good(?)" thing? Dr. Sebastian Schich , Directorate for Financial and Enterprise Affairs at OECD
10:35~10:45	Coffee Time	
10:45~12:30	(III) Presentation (30 mins)	Life Insurer's bankruptcies in Japan and developing of solvency regulation. Dr. Nobuyasu Uemura , Managing Director, Capitas Consulting Corporation, Japan
	(IV) Presentation (30 mins)	Prevention and Response: Exploring new global approach to financial stability in Taiwan. Prof. Yin-Hua Yeh , Professor of Finance, National Chiao Tung University
	(V) Discussion 1 (15 mins)	Dr. Cheng-Mount Cheng , President of Taiwan Academy of Banking and Finance
	(VI) Discussion 2 (15 mins)	Prof. Kuo-Bin Lin , Professor of Law, National TaiPei University
	(VII) Q&A (15 mins)	
12:30~14:00	Lunch Break	

Time	Activity	Speaker / Discussant
Session II: Public Governance and Avoidance of Economy-wide Risk		
14:00~15:30	Moderator: Prof. Chen-Min Hsu , Professor of Department of Economics National Taiwan University	
	(I) Presentation (30 mins)	Political Institutions and Sovereign Credibility in Emerging Markets. Dr. Hye-jee Cho , Assistant professor of Division of Social Science, Hong Kong University of Science and Technology
	(II) Presentation (30 mins)	Investigating the Economy-Wide Risk and Performance of Asset Allocation for Taiwan's Life Insurance Industry Dr. Chung-Shu Wu , President of Chung-Hua Institution for Economic Research Dr. Shin-Hui Chen , Assistant Research Fellow of Chung-Hua Institution for Economic Research
	(III) Discussion (15 mins)	Prof. Chen-Min Hsu , Professor of Department of Economics National Taiwan University
	(IV) Q&A (15 mins)	

Dec. 6, 2015 (Sat.)

Time	Activity	Speaker / Discussant
Session III: Public Governance and Alternative Models of Collective Decision-making		
09:00~10:20	Moderator: Prof. Chi-lik Yu , Professor of Department of Public Policy and Management, Shih Hsin University	
	(I) Keynote speech (50 mins)	Applying Deliberative Democracy: From Theory to Practice. Prof. James Fishkin , Professor of International Communication, Stanford University
	(II) Discussion panel 1 (15 mins)	Umbrella Movement– A Broken Promise & New Phase of Democracy Movement. Dr. Ming Sing , Associate Professor of Division of Social Science, Hong Kong University of Science and Technology
	(III) Discussion panel 2 (15 mins)	Umbrella Movement and Democratic Movement in Hong Kong. Dr. Mathew Wong , Visiting lecturer, University of Hong Kong
10:20~10:40	Coffee Time	
10:40~11:45	(IV) Discussion panel 3 (15 mins)	Experiments of Deliberative Democracy in Taiwan. Prof. Yun-Peng Chu , Professor of Economics, National Central University and Chairman of Board, Taiwan Insurance Guarantee Fund
	(V) Discussion panel 4 (15 mins)	Dr. Chun-Ming Chen , Associate professor of Department of Public Policy and Management, Shih Hsin University
	(VI) Roundtable discussion and Q&A (35 mins)	

Session I:
Public Governance and
Avoidance of Financial Risks

Moderator: Chairman Jia-Dong Shea

Affiliation	Taiwan Academy of Banking and Finance
Current Position	✧ Advisor, Taiwan Academy of Banking and Finance ✧ Part-Time Professor, Dept. of Economics, National Taiwan University
Education	Ph.D in Economics, Stanford University
Major Field	Monetary Economics, Financial Development, International Economics

Honors and Awards:

- ✧ Visiting Scholar, Harvard-Yenching Institute, Harvard University
- ✧ Outstanding Research Award, National Science Council
- ✧ President, Taiwan Economic Association
- ✧ Chairman, Taiwan Financial Services Roundtable

Work Experience:

- ✧ Director and Research Fellow, Institute of Economics, Academia Sinica
- ✧ Professor, Department of Economics, National Taiwan University
- ✧ Deputy Governor, The Central Bank of China (Taiwan)
- ✧ Minister, Ministry of Finance
- ✧ Chairman, China External Trade Development Council
- ✧ Chairman, Central Trust of China
- ✧ Chairman, Taiwan Academy of Banking and Finance

Keynote Speaker: Dr. Richard Werner

Affiliation	Management School, University of Southampton, UK
Current Position	✧ Professor of International Banking at the University of Southampton. He is founding director of its Centre for Banking, Finance and Sustainable Development. ✧ A member of the ECB Shadow Council. ✧ Chair of Local First, a community interest company establishing not-for-profit community banks in the UK.

In the past Richard has been a professor of monetary and development economics at Frankfurt University and Sophia University, Tokyo. He was also chief economist at Jardine Fleming Securities (Asia) Ltd., Senior Managing Director at Bear Stearns Asset Management Ltd., senior consultant to the Asian Development Bank and visiting researcher at the Japanese Ministry of Finance, the Bank of Japan and the Development Bank of Japan.

Richard proposed the disaggregation of credit and its impact on asset markets and growth with his ‘Quantity Theory of Credit’ in 1992 at Oxford. He advanced the concept of ‘quantitative easing’ in Japan in 1994. His book ‘Princes of the Yen’ (M. E. Sharpe, 2003), was a No. 1 bestseller in Japan. In it, he warned of the coming creation of credit bubbles and banking crises in the eurozone. So did his 2005 book ‘New Paradigm in Macroeconomics’ (Palgrave Macmillan). The World Economic Forum, Davos, selected him as “Global Leader for Tomorrow” in 2003.

Speaker: Directorate Sebastian Schich

Affiliation	Financial and Enterprise Affairs at OECD
Current Position	Principal Economist
Education	Ph.D. in Economics
Major Field	Finance and Economics

Sebastian Schich (OECD) is Principal Economist in the Financial Affairs Division of the Directorate of Financial and Enterprise Affairs at the Organisation for Economic Cooperation and Development (OECD), supporting the work of the OECD's Committee on Financial Markets (CMF). He also services its Insurance and Private Pensions Committee and represents the OECD in various other fora including working groups of the Financial Stability Board (FSB), such as the Analytical Group on Vulnerabilities.

Previously, he worked as economist in the Economics Department of the OECD, the Deutsche Bundesbank, and the United Nations Conference for Trade and Development (UNCTAD), as well as investment manager at Deutsche Bank.

He holds a PhD in Economics from the London School of Economics. Sebastian Schich has published articles on a wide range of financial issues in the OECD Journal Financial Market Trends as well as in books and refereed academic journals, including the Review of Economics and Statistics and the Journal of International Money and Finance. He is the 2014 Emerald Literati Network Award Outstanding Paper winner for Journal of Financial Regulation and Compliance. Sebastian Schich is also member of the Policy Division of the Advisory Board of the European Commission's Systemic Risk Tomography (SYRTO) project, the Advisory Board of the Brunel University London and the Editorial Board of the Journal of Contemporary Management.



IMPLICIT GUARANTEES FOR BANK DEBT: TOO MUCH OF A “GOOD(?)” THING?

Sebastian Schich*

Presentation at *Public Governance and Avoidance of Collective Risks Conference*, 5 to 6 December, Chinese Taipei.

* The work presented draws on work prepared by the author for the OECD's Committee on Financial Markets, but does not necessarily reflect the views of the OECD nor its member countries.

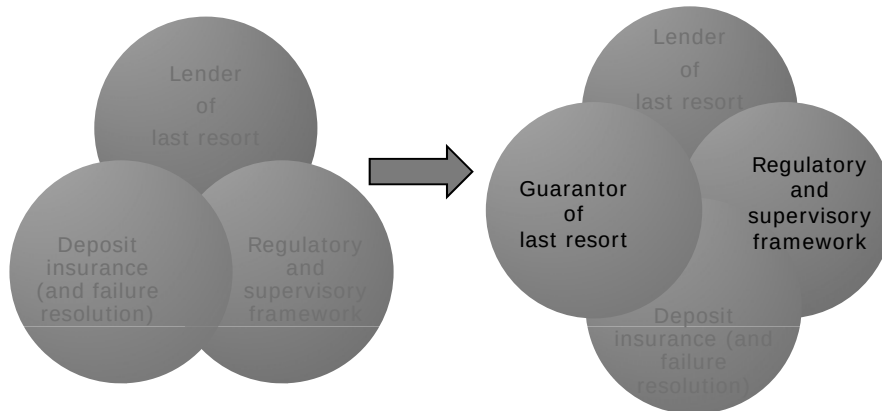


Looking back: Policy response to global financial crisis

- First, a reminder that systemic financial crises are not meant to be exclusively dealt with by deposit insurance schemes, but by the wider financial safety net.
- Second, the financial safety net has been extended and made available to a wider set of institutions than deposit-taking banks.
- Third, policy response implied that the guarantor-of-last resort function has become a more explicit part of the financial safety net.



De facto change in traditional financial safety net definition



Note: Examples of the guarantor-of-last-resort function included blanket guarantees for bank deposits, government guarantees for newly issued unsecured bonds, excess loss guarantees on assets, and central bank assurance that liquidity would always be ample, etc..

Source: "The government as guarantor of last resort: benefits, costs and the case for premium charges", by S. Schich in: Managing Risk in the Financial System, edited by LaBrosse et. al., Edward Elgar, June 2011.



OECD Committee on Financial Markets: Response might have been necessary, but was not costless

- Safety net extension has further entrenched the perception that debt of (some) financial institutions benefits from an *implicit guarantee* provided by public authorities.
- Even though implicit debt guarantees are only *perceived*, they matter for bank funding costs.
- Implicit bank debt guarantees create economic costs (moral hazard, competitive distortions, contingent liabilities, growth, inequality, stability).



OECD survey on implicit bank debt guarantees

- Policy makers have recognised these costs and announced their intentions to rein in the values of implicit bank debt guarantees.
- To support such efforts, the OECD's Committee on Financial Markets (CMF) conducted a *survey on implicit bank debt guarantees* in 2013/14, covering i) measurement, ii) analysis and iii) policy response.
- 35 countries including 33 from the OECD responded to the survey; results published in two reports released in June and September 2014.

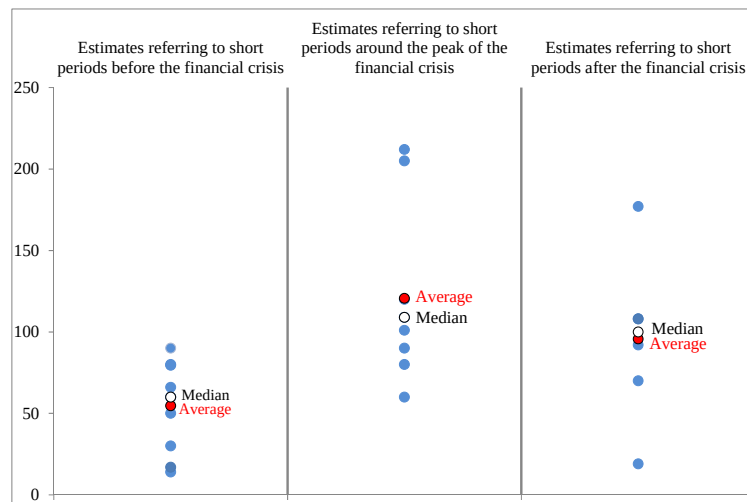


i) Measurement: How is the value of implicit bank debt guarantees measured?

- Public authorities have no *official* estimates of implicit guarantees.
- Different methods (funding cost advantages, contingent claims analysis, event studies), but whatever method is used, the value of implicit bank debt guarantees is substantial.
- It is often estimated to represent the equivalent of 1% of domestic GDP; in crisis situations, this value could rise to close to 3% of domestic GDP.



Value of implicit guarantees has declined from its peak, but implicit guarantees persist



Source: OECD/CMF Survey on implicit guarantees on bank debt (Schich and Aydin, 2014a). Notes: Estimates of funding cost advantages in basis points of interest rates. Aggregating estimates from respondents. "Peak of financial crisis" refers to the years 2007 to 2009. "Short periods" refer to estimation periods between one to three years.

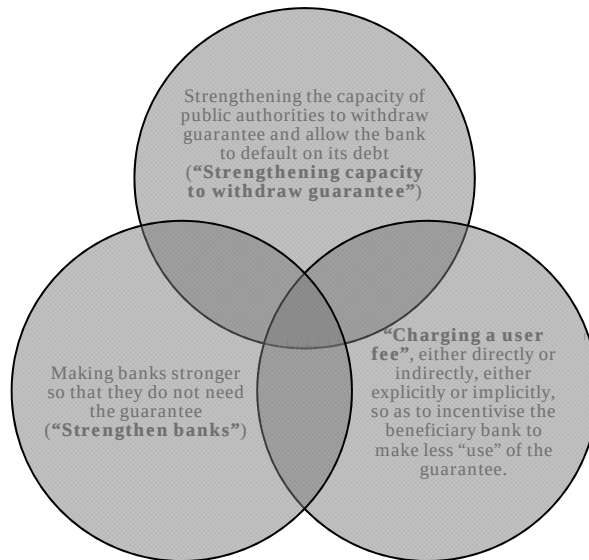


ii) Analysis: What drives the value of implicit debt guarantees?

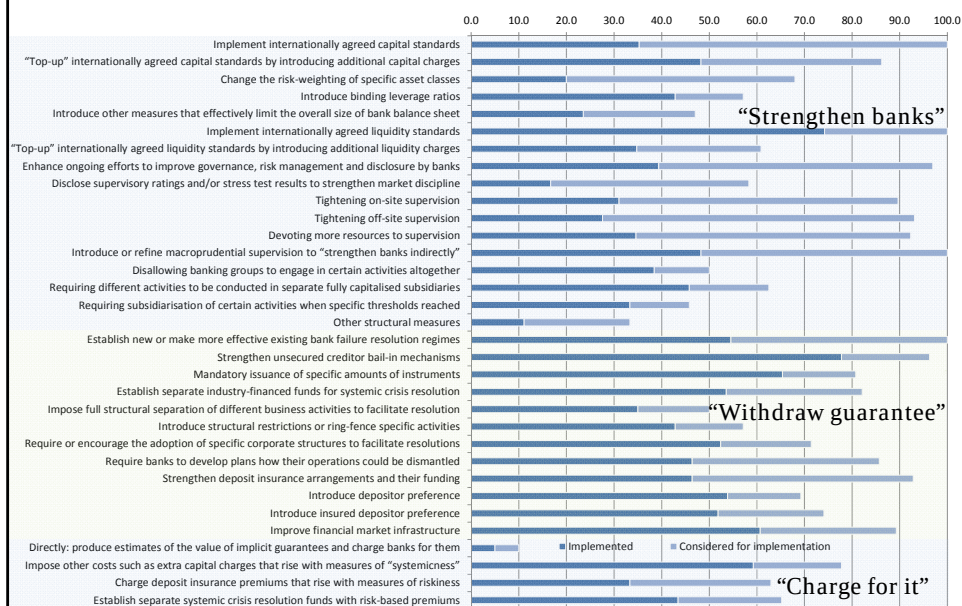
- Not only strength of debtor, but that of sovereign matters as well (Estrella and Schich, 2014):
 - The lower a bank's intrinsic strength (and the greater its size), the larger its *credit rating uplift* due to assumed government support.
 - That uplift also larger, the stronger and larger the sovereign where a bank is headquartered.
 - Role of sovereign first appears in 2009; much of the recent decline in the bank credit rating uplift reflect declining sovereign strength.
- OECD work also suggest that efforts to improve resolution regimes are most effective in reducing the value of implicit bank debt guarantees
 - when new resolution tools are applied in practise and
 - unsecured creditors are involved in burden-sharing.



iii) Policy response: What is the focus of the policy measures taken that limit the value of implicit bank debt guarantees?

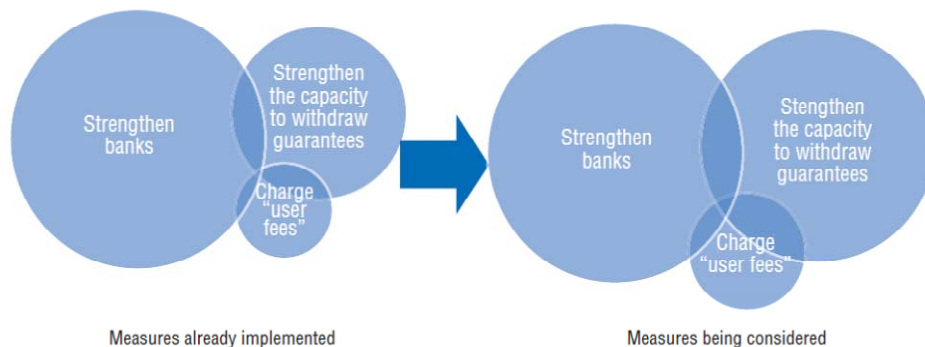


Specific policy measures implemented or considered (background colour-shading indicates "focus" of policy)





How would you describe the overall thrust of the mix of policy measures taken or considered with a bearing on the value of implicit bank debt guarantees?



Note: Responses to the OECD questionnaire on implicit bank debt guarantees. Respondents were asked to describe the overall thrust of the mix of policy measures that they have either implemented ("measures taken") or are currently considering for implementation ("Measures being considered"). The size of each circle is a summary measure of the responses, with each response stating the relevant type of policy measure is "very relevant" being given a weight of 5, "moderately relevant" a weight of 3, and "not relevant" a weight of zero, respectively. Source: Schich and Aydin (2014).

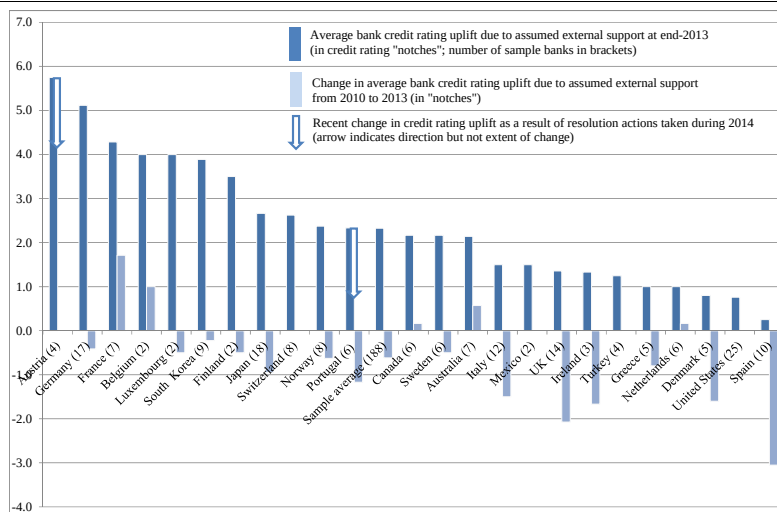


Outstanding items on reform agenda that focus on "withdrawing guarantees"

- Making bank failure resolution more effective (e.g. *EU Bank Recovery and Resolution Directive*, *FSB Key Attributes*, resolution plans, resolvability assessments, cross-border cooperation).
- Bank structural reforms (e.g. Volcker, Vickers, Liikanen) aim to confine safety net provisions to a subset of 'core' banking activities by separating them from capital market activities (also facilitating resolution).
 - FSB, in collaboration with OECD and IMF to (update) report to G20 on consistencies of national structural reform choices.
 - OECD collaborates with EC JRC in follow-up to Liikanen proposal



Where do we stand?



Source: Update from Schich (2013), "How to reduce implicit bank debt guarantees?: A framework for discussing bank regulatory reform", Journal of Financial Regulation and Compliance, Vol. 21 (4), <http://www.emeraldinsight.com/doi/abs/10.1108/JFRC-03-2013-0006>



Concluding remarks regarding efforts to limit implicit bank debt guarantees

- Implicit bank debt guarantees have declined (not always for "good reasons"), but they persist; rating agencies do not foresee revising their perceptions of them to zero.
- OECD survey respondents describe their own efforts to limit their value as a mix of measures to "strengthen banks" and "strengthening capacity to withdraw" them, but labelling policy measures as "charging a premium" is considered problematic.
- Open issues: Is there a need for improving communication by policy makers about the issue of implicit bank debt guarantees? What are the costs and benefits of additional reduction in their values? How low is low enough?



Suggested questions for discussion

- What are the implications of bank regulatory reform efforts for insurers as investors in bank debt?
- How relevant might be the issue of implicit debt guarantees and of access to the financial safety net for insurance companies, including those considered globally or domestically important?
- Notwithstanding the differences in exposure to risk of “run” between deposit-taking and insurance entities, what can be learned from the experience of deposit insurance in the crisis about the extent to which policyholder protection schemes can be relied upon to act as ultimate backstops, and how they need to be best designed to do so?
- The 2015/16 work programme of the OECD’s Insurance and Private Pensions Committee (IPPC) includes the topic of policyholder protection schemes; the OECD would be happy to continue its collaboration with insurance guarantees schemes.



Thank you for your attention

Selected references:

- OECD (2012), “Policyholder protection schemes: selected considerations”; http://www.oecd-ilibrary.org/finance-and-investment/policyholder-protection-schemes_5k46l8sz94g0-en
- Schich and Aydin (2014a), “Measurement and analysis of implicit guarantees for bank debt: OECD survey results”, OECD Financial Market Trends, September, <http://www.oecd.org/daf/fin/financial-markets/Measurement-Analysis-Implicit-Guarantees-Bank-Debt.pdf>
- Schich and Aydin (2014b), Policy responses to the issue of implicit bank debt guarantees: OECD survey results, OECD Financial Market Trends, June, <http://www.oecd.org/daf/fin/financial-markets/Implicit-bank-debt-guarantees-policy-responses.pdf>

Speaker: Dr. Nobuyasu Uemura

Affiliation	Capitas Consulting Corporation, Japan
Current Position	Managing Director, Capitas Consulting Corporation, Japan
Education	✧ Ph. D. in Waseda University in 2008, a study of insurer's bankruptcy in Japan ✧ Graduated from Tokyo University (Faculty of History) in 1990
Major Field	Risk Management of insurance company, solvency regulation for life and non-life insurance companies, and so on

Publications:

- ✧ “The failure without management : Truths behind the Seiho crisis in the Heisei era ”, published by Nikkei Publishing Inc. on September, 2008.
- ✧ Publishing five books about insurance industry, also many reports and lectures

Work Experience:

- ✧ Managing Director of Capitas Consulting Corporation where he is responsible for supporting and encouraging ERM framework development for both domestic and foreign insurers since 2012.
- ✧ Specialist for insurer's ERM, Financial Services Agency (FSA) since 2010, mainly in charge of risk analysis of insurance industry and solvency regulation
- ✧ Prior to joining FSA Japan, working at Rating and Investment Information, Inc. (R&I) for an analyst, mainly in charge of Japanese life and non-life insurance industry since 1997
- ✧ working at Sompo Japan, one of the major non-life insurance company, mainly asset management related job since 1990

Life insurer's bankruptcies in Japan and developing of solvency regulation

TIGF "Public Governance and Avoidance of
Collective Risks" Conference, December 2014

Nobuyasu UEMURA, Ph.D.

Nobuyasu UEMURA

- Managing Director, Capitas Consulting Corporation
 - Based on experience analyzing and assessing life and non-life insurers' management as a credit analyst and regulatory officer for about 20 years
- As a credit analyst at Rating and Investment Information Inc. (R&I), covering mainly insurance companies, both life and non-life (1997-2010)
- In FSA Japan, mainly in charge of monitoring and encouraging enterprise risk management (ERM) framework of insurers (2010-12)
 - also in charge of upgrading of solvency regulations
- At Japan's Waseda University, received Ph.D. in 2008
 - study of midsize insurers' bankruptcy in Japan

Today's Agenda

1. Bankruptcy of Midsize Life Insurers

- A series of midsize life insurance companies failed from the late 1990s to the early 2000s.

2. Trend in Solvency Regulations for Insurance Industry in Japan

- A developing of solvency regulation, from the view of my regulatory experience in FSA Japan.

3

1. Bankruptcy of Midsize Life Insurers

■ the Seiho Crisis in the Heisei Era

- From 1997 to 2001, seven mid-size life insurers failed in just five years
 - Some of the major life insurers suffer from solvency problem later
- Life insurance liabilities are usually long term
 - The mismatch between the durations of assets and liabilities
 - As the need for a whole-life protection is strong in Japan
- Market and credit risks are also important
 - Stock price volatility risk
 - Bad loan problem in life insurers

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1. Bankruptcy of Midsize Life Insurers

Life insurer's bankruptcy								
	Nissan	Toho	Daihyaku	Taisho	Chiyoda	Kyoei	Tokyo	Yamato
period of bankruptcy	Apr-97	Jun-99	May-00	Aug-00	Oct-00	Oct-00	Mar-01	Oct-08
procedure	insurance business law				rehabilitation procedure			
negative net worth	302.9bn.	650.0bn.	317.7bn.	36.5bn.	595.0bn.	689.5bn.	731.0bn.	64.3bn.
financial help	200.0bn.	366.3bn.	145.0bn.	26.7bn.	no	no	no	27.8bn.
cut of reserve	0%	10%	10%	10%	10%	8%	0%	10%+
goodwill	123.2bn.	240.0bn.	147.0bn.	7.0bn.	約320.0bn.	364.0bn.	32.5bn.	3.2bn.
guaranteed rate								
– before bankruptcy	unknown	4.79%	4.46%	4.05%	3.70%	4.00%	4.20%	3.35%
– after bankruptcy	2.75%	1.50%	1.00%	1.00%	1.50%	1.75%	2.60%	1.00%
early surrender charge	7 years	8 years	10 years	9 years	10 years	8 years	10.5 years	10 years
rehabilitation sponsor	no	GE	Manulife	Yamato life	AI	Prudential	Taiyo & Daido	Prudential

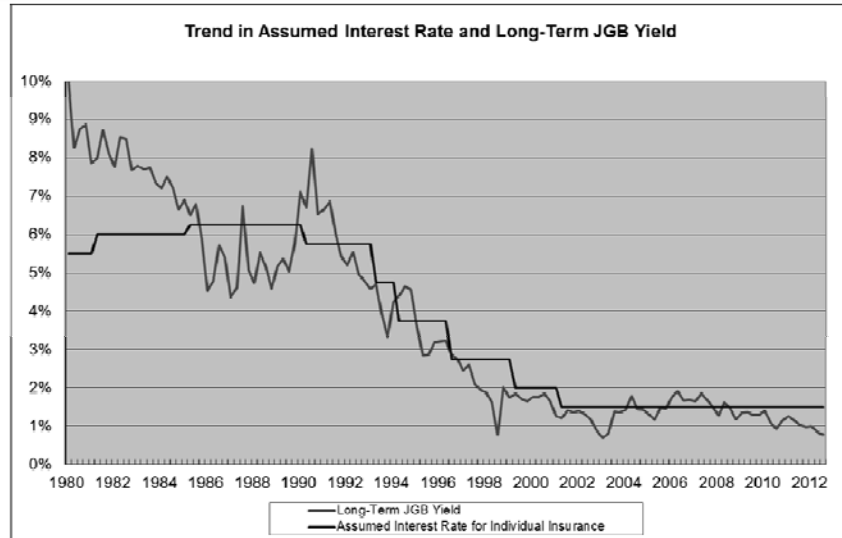
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What Caused the Failure?

- View that “failure was inevitable”
 - Impact of the burst bubble economy
 - Decline in interest rates
 - Drop in stock and land prices, etc.
 - Business environment in 1980s
 - Assumed interest rate (guaranteed rate) raised
 - Burden from dividends to policyholders
 - Supervisory attitude of regulator, etc.
- Were these the only external factors accounting for the bankruptcies?

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Decline in Interest Rate



Bankruptcy and Internal Factors

- Detailed examinations of individual cases
 - Interviews with relevant individuals
(Managers and actuaries at that time)
 - Internal factors unique to individual companies played important roles
 - (1) Related to business models
 - (2) Related to management team
 - (3) Related to management structure
 - The chain of internal and external factors ultimately drove insurers to bankruptcy

Nissan Life

Total assets		100 million yen, %		
	Nissan life		Industry	
		yoy		yoy
FY 1985	3,680	19.1%	538,706	17.8%
FY 1986	4,441	20.7%	653,172	21.2%
FY 1987	6,964	56.8%	792,684	21.4%
FY 1988	13,230	90.0%	970,828	22.5%
FY 1989	16,270	23.0%	1,173,439	20.9%
FY 1990	18,555	14.0%	1,316,188	12.2%
FY 1991	19,443	4.8%	1,432,341	8.8%
FY 1992	20,285	4.3%	1,560,111	8.9%
FY 1993	21,029	3.7%	1,691,221	8.4%
FY 1994	21,461	2.1%	1,779,655	5.2%
percentage of the individual annuity in total reserve				
<FY 1986>		<FY 1989>		
Nissan	Industry	Nissan	Industry	
12.3%	2.9%	55.9%	6.8%	

- Rapidly expanded by sales of high-interest-rate saving-type products through “bank Ag”, which later became a burden on the management

<Testimony>

“Actuaries warned management, but couldn’t restrain the sales division and warnings fell on deaf ears.”

“The only information reaching the president was that ‘things were all right because ...’

“The nominal data was apparently good, but did not reflect the actual state of business.”

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Chiyoda Life

- Suffered from a large number of bad loans
 - “Bad loans” concentrated the lending in the 2.5 years between 1988 to 1990
 - high-interest-rate saving-type products were being sold

<Testimony>

“The president assigned a close Mr. A, who was his right-hand person, with no experience in asset management.”

“Because he was backed by the president, and following the unusual transfer of several objectors, no one dared to speak him up.”

“To reduce criticism, the number of participants in asset management meetings was gradually reduced, and later, leading to a system in which plans were directly brought only to Mr. A.”

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Speaker: Dr. Yin-Hua Yeh

Affiliation	Graduate Institute of Finance, National Chiao Tung University
Current Position	Professor
Education	✧ 09/1989 – 06/1993 Finance - Ph. D. in Finance, National Taiwan University ✧ 09/1987 – 06/1989 Business Administration – MB, National Cheng Kung University

Yin-Hua Yeh is the Professor of the Graduate Institute of Finance at NCTU from August 2012. He received his Ph.D. degree in finance from National Taiwan University in 1993. Before joining NCTU, he served as the Commissioner of Financial Supervisory Commission, Executive Yuan, from July, 2008 to June, 2012. He also served as professor and director of the Graduate Institute of finance at Fu-Jen Catholic University.

Professor Yeh published the book “Cross-strait finance and RMB market” in September, 2013 to promote the correct concepts of cross-strait financial business. In addition, he is also devoted himself to popularizing the corporate governance and constructed Taiwan corporate governance rating system which applied to practice. In 2011, he lectured on corporate governance and social responsibility for chairman and CEO of all listed companies; at that time, the Premier, the vice Premier, and the Minister of relevant ministries also attended the lectures.

His academic research and teaching areas mainly focus on corporate governance, merger and acquisition, and cross-strait finance. Many of his monographs are published in international academic journals like the Journal of Corporate Finance, Financial Management, Journal of Banking and Finance etc. He also served as one of the member of editorial board of Corporate Governance: An International Review (SSCI Journal), and Journal of Financial Studies (TSSCI Journal).

Professor Yeh’s experience includes committee member of Special Committee on Corporate Governance Reform of Executive Yuan, R.O.C., Vice-Head of The Valuation Division of Financial Restructuring Fund, the resident supervisor of Taiwan Stock Exchange Co., the supervisor of Gre-Tai Securities Market, the director of Securities and Futures Investors Protection Center, the director of Taiwan Insurance Guaranty Fund.

For practical promotion, Professor Yeh published more than 300 writings of professional comments on prestigious newspapers and magazines, like Economic Daily News, China Times, Commercial Times, Liberty Times, Business Weekly and Banker. He also was interviewed by the print media, radio, the TV stations, and the foreign media including Asian Wall Street Journal, Asia Investor, Economic Daily (Beijing), 21st Century Business Herald, Asahi Shimbun, British Council, and America Institute in Taiwan.

Prevention and Response

Exploring a new global approach to
financial stability in Taiwan

Yin-Hua Yeh
Professor of Finance,
National Chiao Tung University



Concepts

- **Prevention** : Fire prevention
(building design and materials)
- **Response** : Fire Extinguisher





Causes of the Financial Crisis

3



Boiling frog



- If you put a frog in a pot of cool water and very gradually increase the heat of the burner, you can boil the frog before it knows what's going on.
- Frog: Investors, Regulator or CEO?
- The heat of the burner: Economic growth , overconfidence and irrational exuberance

Causes of the Financial Crisis



- Privatized Profits, *Socialized Risks*
- Excessive risks taken by financial institutions
- Generation of external cost - external cost internalized

Enhancing prudent supervision

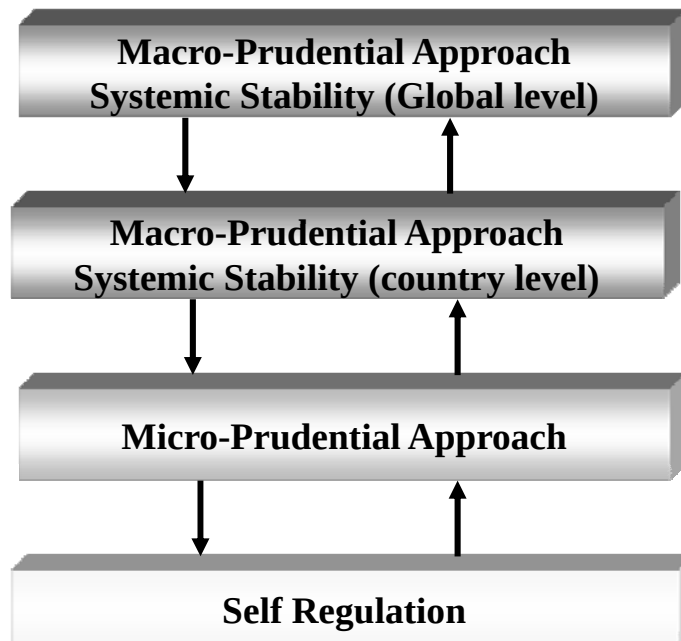


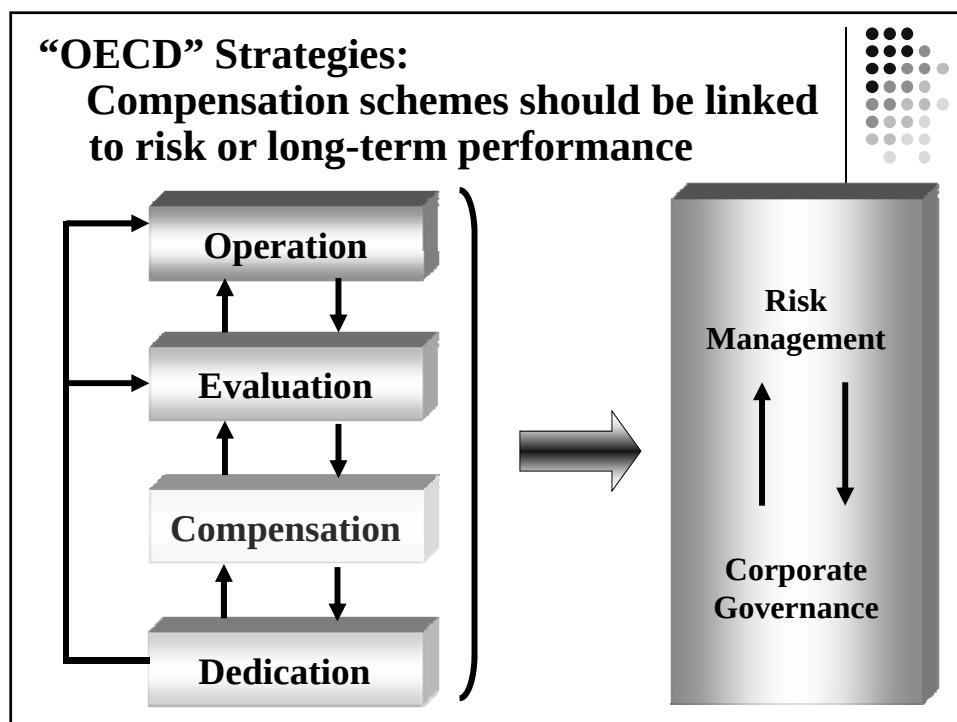
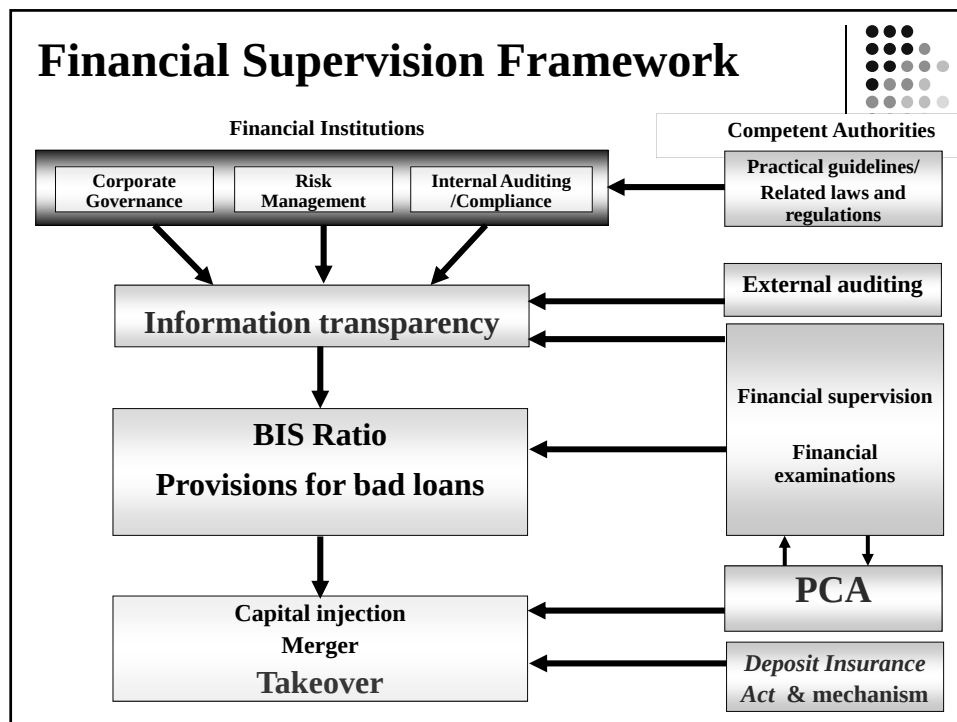
- Deregulation v.s. Re-regulation: It is not a true-false question.
 - Deregulation → Return
 - Re-regulation → Risk
 - **Two sides of one coin**
- **To encourage a prudent balance between risk and the search for return in the broadly-defined financial system (shadow financial system)**
- **Restoring confidence in financial systems**



Fire prevention :Exploring a new global approach to financial stability

7





Why the Crisis occurred?

- Dolphin phenomenon
- Risk adjusted return on capital
- What to do?
 - Deferred payments
 - Claw back provision



Fire Extinguisher :
Evidence from Taiwan

Central Bank of ROC (Taiwan)



- **Safeguarding financial stability is the common goal among central banks. The Central Bank of China Act stipulates that maintaining financial stability is one of its legal objectives.**
- **The financial stability assessment framework**
 - Financial soundness indicators, FSIs

Macro-Prudential Approach



- Real estate bubble and related loans
- Set some constraint: Loan to Value
- Luxury tax
- *Capital gain tax for property income*
- *Increase the provision for bad loans related to real estate*
- *The Early Warning System*

Fire Extinguisher :Stock market



- **The Joint Settlement and Clearing Fund (JSCF)**
 - **6.4 billion NT**
 - Purchase or sell stocks without sufficient settlement funds or stocks
- **The Investor Protection Fund**
 - **7.2 billion NT**
 - Legal recourse (i.e. Class action suites)
 - Corporate malpractice (fraudulent reporting, inside trading, stock price manipulation)
 - Security firm's insolvency
 - Shareholder activism

Fire Extinguisher: Bank market



- **Deposit Insurance System**
 - **The Central Deposit Insurance Corporation**
- **A bank or banks go bankrupt**
 - Compensate the shortfall
- **Financial Restructuring Fund**
 - **government financial business tax revenue from banks (17 billion NT, every year)**
 - deposit insurance premium income (8 billion NT, every year)

Fire Extinguisher : Insurance market



- **Taiwan Insurance Guaranty Fund**
- **Insurance companies go bankrupt**
 - Compensate the shortfall
- **Fund resources**
 - **government financial business tax revenue** from the non-banking financial institutions (**8 billion NT, every year**)
 - Policy premium income (**3 billion NT, every year**)

Conclusion



- The financial stability system is to enhance the people confidence rather than to lower their attention
- **Ensure the information transparency of Financial institutions**
- **發現要早、出手要快、子彈要足**
Early intervention + timely resolution + sufficient funds

Discussant: Dr. Cheng-Mount Cheng

Affiliation	Taiwan Academy of Banking and Finance
Current Position	President
Education	✧ Master degree and a doctoral candidate qualification from University of Wisconsin-Madison. ✧ Economics bachelor degree from National Taiwan University. ✧ Registered at National Taipei University for Ph.D program for over 2 years.
Major Field	Overall economic and other related macroeconomic topics

Work Experience:

- ✧ Before current position Mr. Cheng was Chief Economist for Citibank Taiwan Limited for 10 years, mainly focusing on economics and the financial markets of both Taiwan and Hong Kong with special emphasis on forecasts of economic growth, policy rates, direction of FX and interest rates.
- ✧ Worked as an Assistant Research Fellow at Taiwan Institute of Economic Research, whose main function was to forecast Taiwan GDP growth and to do research on overall economic and other related macroeconomic topics. Cheng's research interest include, economic forecasting, international trade theory, and policy analysis. He had participated on behalf of Taiwan for Pacific Economic Outlook (PEO).

Honor:

- ✧ Asia Money Magazine as "The Best Overall Economic Research Team of Taiwan's Foreign Exchange Bank" from 2007-2010.

Discussant: Dr. Kuo-Bin Lin

Affiliation	College of Law, National Taipei University
Current Position	Professor
Education	J.D., University of Pennsylvania
Major Field	Corporate law, Securities Regulations, M&A, Insurance Regulation

Publications:

TSSCI & Other Law Review over 30 papers.

Work Experience:

Attorney-at-law, Director & President of TIGF, Executive Committee Member of IFIGS.

Session II:
Public Governance and
Avoidance of Economy-wide Risk

Moderator and Discussant: Dr. Chen-Min Hsu

Affiliation	Department of Economics, National Taiwan University
Current Position	Professor
Education	Ph.D. of Economics, The Johns Hopkins University
Major Field	Finance, Money and Banking, International Money

Publications:

- ✧ “The Role of Financial Development in Economic Growth: The Experiences of Taiwan, Korea and Japan,” *Journal of Asian Economics*, Vol.17, No.4, pp667-690, 2006.
- ✧ “Current Account, Capital Formation and Terms of Trade Shocks: A Revisit of the Harberger-Laussen-Metzler Effect,” *Journal of Economics*, Vol.88, No.2, pp.179-201, 2006.
- ✧ “Demand Changes and Real Exchange Rate Dynamics in a Finite-horizon Model with Sectoral Adjustment Costs,” *Southern Economic Journal* , Vol.75, No.4, pp.1191-1211, 2009. (SSCI)
- ✧ “Profit Performance of Financial Holding Companies: Evidence from Taiwan,” *Emerging Markets Finance and Trade*, Vol.50, Supplement 3, 99. 190-200, 2014. (SSCI)

Work Experience:

- ✧ President, Taiwan Academy of Banking and Finance, 2008-2012.
- ✧ Independent Director, Hua Nan Securities Co., Ltd.
- ✧ Exchange Research Scholar at the Graduate School of Business, University of Chicago, 1991.
- ✧ Fulbright Visiting Scholar at Department of Economics, University of Chicago and Stanford University, 1988-1989.

Honors and Awards:

- ✧ Dr. Sun Yat-sen Academy Award, 1990.
- ✧ Fulbright Regular Research Grant, 1988-89.

Speaker: Dr. Hye-Jee Cho

Affiliation	Division of Social Science, Hong Kong University of Science and Technology
Current Position	✧ Assistant Professor, Division of Social Science, HKUST, 2009-present ✧ Faculty Associate, HKUST Institute for Emerging Market Studies (IEMS), 2013-
Education	✧ Ph.D., University of California, Los Angeles, Department of Political Science ✧ M.A., University of California, Los Angeles, Department of Political Science ✧ M.A. coursework, Ewha Womans University, Department of Politics & Diplomacy, Seoul Korea ✧ B.A. (Magna Cum Laude), Ewha Womans University, Department of Politics & Diplomacy, Seoul Korea ✧ B.A. (Dean's List; one-year exchange program), Smith College, Department of Government, MA, USA

Previous Employment:

Post-Doctoral Fellow in International Politics, Department of Political Science, the University of Rochester, 2008-2009

Research:

Refereed Journal Publications and Working Papers

- ✧ “Impact of IMF Programs on Perceived Creditworthiness of Emerging Market Countries: Is There a ‘Nixon-Goes-to-China’ Effect?” forthcoming (2014), *International Studies Quarterly*.
- ✧ “Democracy and Sovereign Credit Ratings: Do Democratic Institutions Boost Investor Confidence?” (2009), *The Korean Political Science Review* 43 (5).
- ✧ “Do IMF Programs Discipline Budget Deficit? The Effects of IMF Programs on Government Budget Balance, Expenditure, and Revenue,” (2009), *The Korean Journal of International Relations* 49 (6).

- ✧ “Political Risk, Labor Standards, and Foreign Direct Investment,” revise and resubmit, Studies in Comparative International Development.

Book Manuscript

- ✧ Political Ideologies, Institutions, and Credibility in Global Financial Markets

Speaker: President Chung-Shu Wu

Affiliation	Chung-Hua Institution for Economic Research
Current Position	✧ President, Chung-Hua Institution for Economic Research ✧ Adjunct Research Fellow, Institute of Economics, Academia Sinica ✧ Adjunct Professor, Department of Economics, National Taiwan University ✧ Chairman, Taiwan Economic Association ✧ Chairman, Chung-Hua Association for Financial and Economic Strategies
Education	✧ Ph.D. in Economics, Northwestern University ✧ B.A. in Economics, National Taiwan University
Major Field	Monetary Theory and Policy, International Finance, Economic Forecast

Experience:

- ✧ Resident Supervisor, Taiwan Stock Exchange Corporation
- ✧ Director, GreTai Securities Market
- ✧ Chief Economist, Chinatrust Commercial Bank
- ✧ Committee Member, Financial and Economic Advisory Task Force of the Presidential Office
- ✧ Advisory Committee Consultant, Council for Economic Planning and Development, Executive Yuan
- ✧ Dean and Professor, Department of Finance, College of Management, National Dong Hwa University
- ✧ Member, Foresight Taiwan of National Science Council (NSC)
- ✧ Member, Financial Stability Committee, Central Bank
- ✧ Assistant Governor, Partition 11, District 3520, Rotary International

Speaker: Dr. Shin-Hui Chen

Affiliation	Chung-Hua Institution for Economic Research
Current Position	Economic Researcher
Title	Assistant Research Fellow
Education	Ph.D., Department of Economics, National Dong Hwa University, Taiwan
Major Field	Specialized in Econometrics and Behavioral Finance with an emphasis on Macroeconomics, Time Series Analysis, Investments, Portfolio Management and Market Microstructure

Publications:

- ✧ Lin Jin-Lung and Shin-Hui Chen (2013), “Estimating Potential Output for Taiwan with Seasonally Unadjusted Data,” *Taiwan Economic Forecast and Policy*. Vol.43, No.2, pp23-49. [TSSCI][In English]
- ✧ Shin-Hui Chen and Jin-Lung Lin (2012), “Bayesian Estimates of Potential Output and the NAIRU for Taiwan,” *Academia Economic Papers*, Vol.40, No.4, pp483-523. [JEL] [TSSCI] [In English]
- ✧ Chiao, Chaoshin, Shin-Hui Chen, and Jia-Ming Hu (2010), “Informational Differences among Institutional Investors in an Increasingly Institutionalized Market,” *Japan & The World Economy*, Vol. 22, pp. 118-129. [SSCI] [2010 Impact factor: 0.414]
- ✧ Chiao, Chaoshin, Shin-Hui Chen, and Chun-Kai Huang (2011), “The Dynamic Investment Preferences of Institutional Investors in Taiwan,” *Journal of Management*, Vol. 28, No. 2, pp 97-126. [TSSCI]

Work Experiences:

- ✧ Assistant Research Fellow, Center for Economic Forecasting, Chung-Hua Institution for Economic Research. 2012.8-present.
- ✧ The main responsibility is to compile and publish the monthly Taiwan Purchasing Managers’ Index and to assist the Taiwan Economic Forecast from the perspective of financial markets.

Honors and Awards:

- ✧ Special Jury Award for Best Speaker and Excellent Work Award, Ching-Zong Wei Statistics Ph.D. Dissertation Award (魏慶榮統計論文獎評審獎最佳演說獎與佳作), Taiwan, 2011.
- ✧ Scholar of the Chung Hwa Rotary Educational Foundation (財團法人扶輪教育基金會 2008 - 2009年度中華扶輪獎學金), Taiwan, 2008-2009.
- ✧ Excellent Work Award, Ching-Zong Wei Statistics Ph.D. Dissertation Award (魏慶榮統計論文獎佳作), Taiwan, 2010.
- ✧ The First Prize of the 2nd Graduate Student Gold-pen Award Thesis Contest, (國立東華大學第二屆研究生金筆獎學術論文競賽), National Dong Hwa University, Taiwan, 2007.

Session III:
**Public Governance and
Alternative Models of
Collective Decision-making**

Moderator: Dr. Chi-lik Yu

Affiliation	Department of Public Policy and Management, Shih Hsin University
Current Position	Professor
Education	✧ Doctor of Public Administration, University of Georgia (1996) ✧ Master of Public Administration, University of North Texas (1987) ✧ Bachelor of Political Science, Tunghai University (1981)
Major Field	Public Policy, Public Administration, Public Management, Integrity and Governance

Professional Experience:

- ✧ Vice President, Shih Hsin University, 2008.8-
- ✧ Dean, Office of Research and Development, Shih Hsin University, 2006.8-
- ✧ Professor, Department of Public Policy and Management, Shih Hsin University, 2002.1-
- ✧ Chair, Transparency International's Chapter in Taiwan, 2010.5-2011.12
- ✧ Chair, Taiwanese Political Science Association, 2008.8-2010.12
- ✧ Executive Director, Transparency International's Chapter in Taiwan, 2003.1-2010.5
- ✧ Chair, Department of Public Policy and Management, Shih Hsin University, 2000.8-2006.7
- ✧ Associate Professor, Department of Public Policy and Management, Shih Hsin University, 1996.8-2001.12

Selected English Publications: (Recent)

- ✧ Yu, Chilick, Chun-Ming Chen, and Min-Wei Lin. "Corruption Perception in Taiwan: Reflections upon a Bottom-up Citizen Perspective" presented at Controlling Corruption in Greater China: Practices and Trends Workshop, organized by Department of Public and Social Administration, City University of Hong Kong, Hong Kong, June. 3-4, 2011.
- ✧ Lin, Min-Wei and Chilick Yu. "Perceived Corruption, Citizen Trust, and Access to Public Services in Asia: Results from the Asian Barometer Survey" presented at 8th Annual ICPA-Forum Workshop: Corruption, Trust, the Public Sector and Public Policies, organized by Lee Kuan Yew (LKY) School of Public Policy, National University of Singapore, Singapore, April. 27-29, 2011.

Keynote Speaker: Dr. James Fishkin

Affiliation	International Communication, Stanford University
Current Position	Professor
Title	Janet M. Peck Chair in International Communication and Director, Center for Deliberative Democracy, Stanford University
Education	PhD in Political Science (Yale University) and PhD in Philosophy (Cambridge University)
Major Field	Deliberative Democracy, Political Science and Communication

Publications:

- ✧ When the People Speak: Deliberative Democracy and Public Consultation (Oxford University Press, 2009)
- ✧ Democracy and Deliberation: New Directions for Democratic Reform (Yale University Press 1991)

Work Experience:

Professor at Stanford, University of Texas, Austin and Yale.

Honors and Awards:

Guggenheim Fellowship. Fellow of Center for Advanced Study in the Behavioral Sciences at Stanford, Fellow of the Woodrow Wilson International Center for Scholars (Smithsonian Institution), Fellow of the American Academy of Arts and Sciences.

STANFORD
UNIVERSITY



Center for Deliberative Democracy
Deliberative Polling ®

1

■ Public consultation:
Two basic questions

- Who is consulted?
- What kind of opinion is solicited?

2

■ Public Opinion:
Three Problems

- Rational Ignorance
- Phantom Opinions
- Selectivity of Sources

3

■ Key components:

- Balanced information
- Small group deliberation
- Expert Q & As

4

■ Key components:

- Random sampling/
representative samples
- Control groups who do not
deliberate

5

Projects Around the World

- Deliberative Polls have been conducted in 20 countries (plus some additional jurisdictions): Argentina, Australia, Brazil, Bulgaria, Canada, China, Denmark, Greece, Hungary, Italy, Japan, Korea, Macao, the Netherlands, N. Ireland, Poland, Thailand, UK, and US.
- In addition, European-wide with all 27 countries (twice)
- Multiple DPs, in the UK, US, China, Italy, Japan, Bulgaria, Australia and Hungary.

6

China - April 2005



7

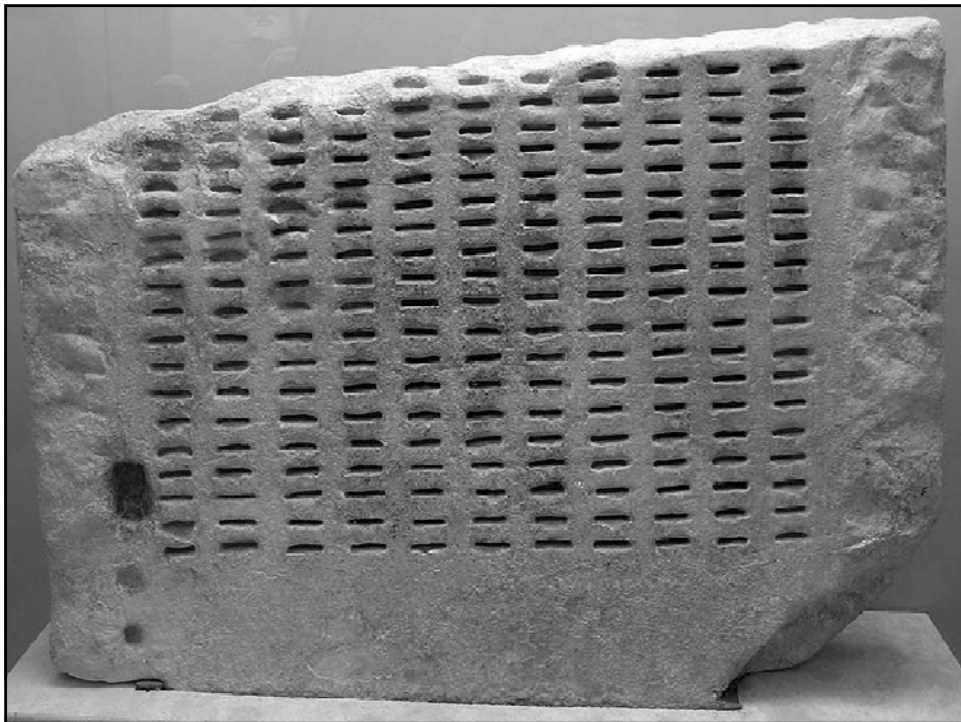
Table 1: Policy Changes (slide 1 of 2)

	Before Mean	After Mean	
Treatment of sewage, earlier stage	8.916	9.658	*
Urban and countryside environmental projects (city plan)	8.642	9.239	*
Wenchang Main Ave	8.261	9.23	*
Danyan environmental project (sewage disposal)	7.531	9.145	*
Muyu environmental project (sewage disposal)	7.301	8.866	*
Citizen park (first stage)	6.693	7.44	*
Urban environmental constructions	7.551	7.313	
Danyan hill park	7.612	7.231	
Muyu hill park	7.11	7.04	
Auxiliary environmental construction for Muyu industrial zone; Lianshu industrial zone; Shuichang industrial zone	6.667	6.895	
Bridge	7.422	6.521	

8



9



Greek Deliberative Poll for Candidate Selection Preliminary Results June 2006



11

National Issues Convention 1996



Bulgaria (2007)

- National Project on Policies Toward the Roma
 - “The Roma schools should be closed and *all* the children should be transported by buses to their school.” Agreement rose from 42 to 66 percent.
 - “Roma schools should be preserved.” Agreement fell from 46 to 24 percent.

YOMIURI, Aug. 6, 2012

原発比率 世論調査

2011年3月11日の東日本大震災以降、福島第一原子力発電所から放出される放射性物質の危険性について、国民の間でさまざまな議論が巻き起こっている。その中でも、最も注目されているのが、原発の廃止と、原子力発電の維持の是非だ。政府は、2011年12月に、原子力規制委員会を設置し、原子力発電の安全確保と、原子力発電の廃止の是非について、国民の意見を聴くという方針を示している。その中で、最も注目されているのが、原発の廃止と、原子力発電の維持の是非だ。政府は、2011年12月に、原子力規制委員会を設置し、原子力発電の安全確保と、原子力発電の廃止の是非について、国民の意見を聴くという方針を示している。

この調査は、2011年12月に、原子力規制委員会が実施した。この調査は、2011年12月に、原子力規制委員会が実施した。この調査は、2011年12月に、原子力規制委員会が実施した。

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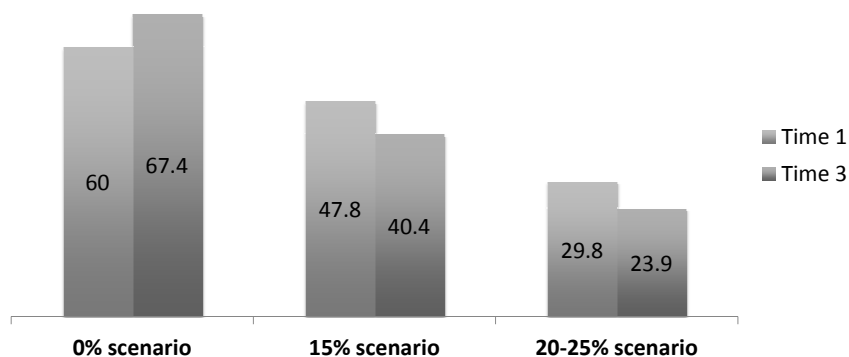
この調査は、2011年12月に、原子力規制委員会が実施した。この調査は、2011年12月に、原子力規制委員会が実施した。この調査は、2011年12月に、原子力規制委員会が実施した。

Japan (2011)

- National Project on Pensions
 - Support for the “funded” (private account) system decreased from 69 to 35 percent
 - Increase in consumption taxes – Agreement increased from 64 to 75 percent and Disagreement fell from 32 to 19 percent

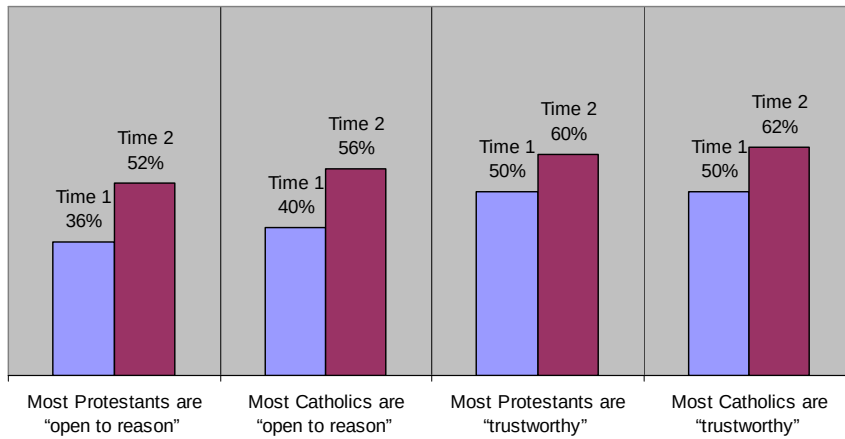
Japan, National DP on Energy

% Support for Three Nuclear Energy Scenarios



Northern Ireland Deliberative Poll® Omagh, January 27, 2007

Community Perceptions



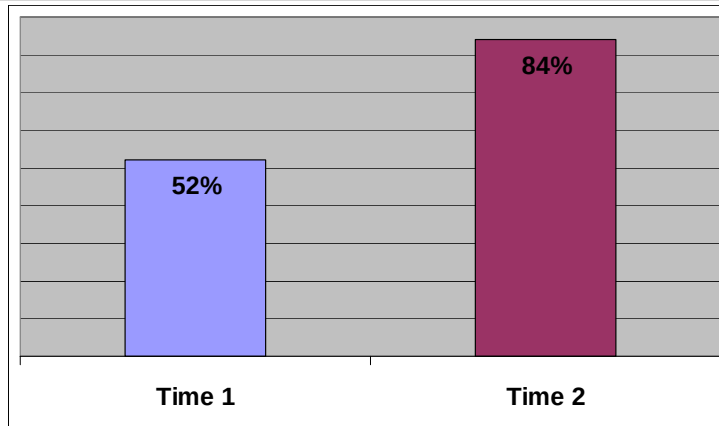
Utility Deliberative Poll®



18

Illustrative Preference Changes

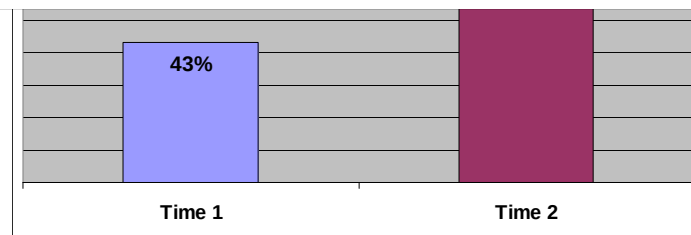
Average of 8 Utility Deliberative Polls	Time 1	Time 2
Percentage willing to pay extra for increased wind and solar power	52%	84%



19

Illustrative Preference Changes

Average of 8 Utility Deliberative Polls	Time 1	Time 2
Percentage willing to pay more to reduce the need for electricity (demand side management)	43%	73%



20

What's Next California? (WNC)

- State-wide Deliberative Poll
 - Torrance, CA
 - June 24-26, 2011
 - 412 registered voters participated (93% attendance!)
 - Topics: Initiative Process, Legislative Representation, State/Local Reform, Taxation

21

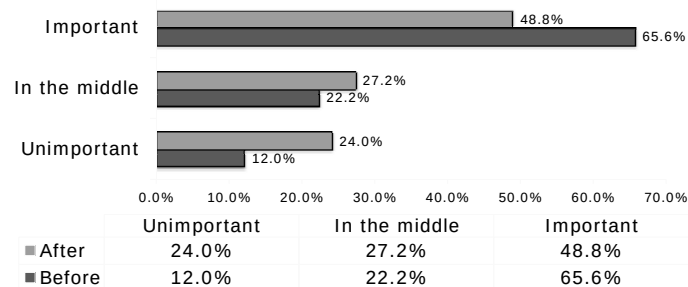
Proposal	Before Discussion	After Discussion
Establish clear goals for government programs, assess and report on progress toward them at least once every ten years.	86%	90%*
Require the Governor and the Legislature to adopt two-year instead of one-year budgets.	56%	72%*
Require the Governor and the Legislature to publish three and five year budget projections prior to the budget vote each year.	80%	83%*
Transfer from the state to local governments control and financing of services provided at the local level and require minimum standards for delivering them.	67%	73%*
Require state and local governments to identify policy goals and publish progress toward meeting them.	89%	92%*
Require legislation creating new programs or tax cuts costing \$25 million or more to indicate how they will be paid for.	84%	88%*

Brazil Rio Grande do Sul

23

Career reform results

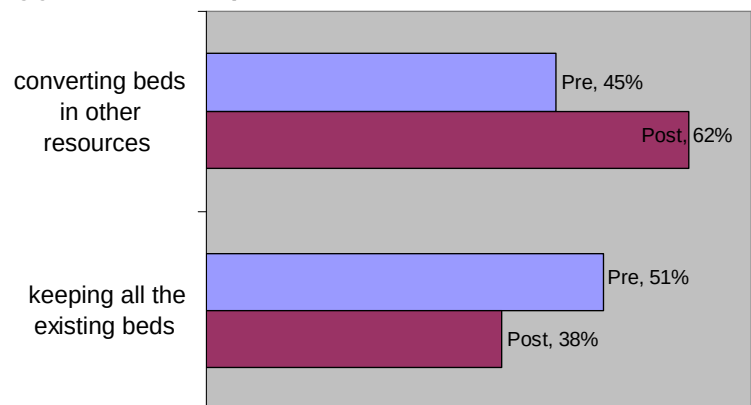
- The percentage thinking "years in service" was important in awarding pay increases went from 65.6% before deliberation to 48.8% afterward ($p < .01$).



24

Rome Deliberative Poll Italy December 2006

**% who said they
strongly or somewhat prefer:**



25



Butaleja, Uganda Deliberative Poll

26



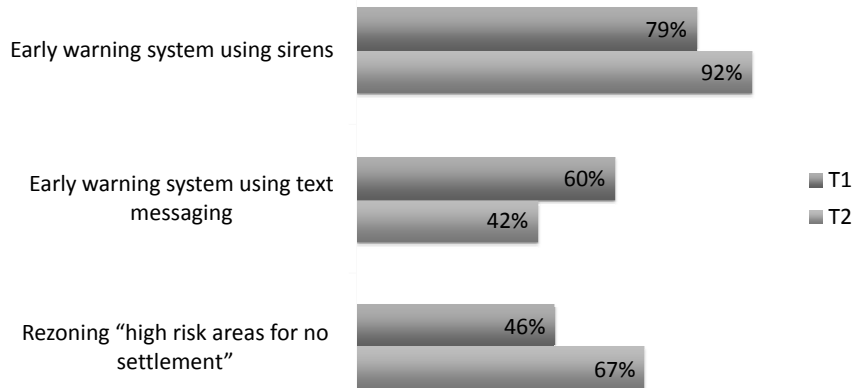
27

Butaleja District Uganda Sample Recruitment

- **Random selection of households, random selection within households.**
- **232 initial interviews only 11 refusals**
- **217 completed the two day deliberation**

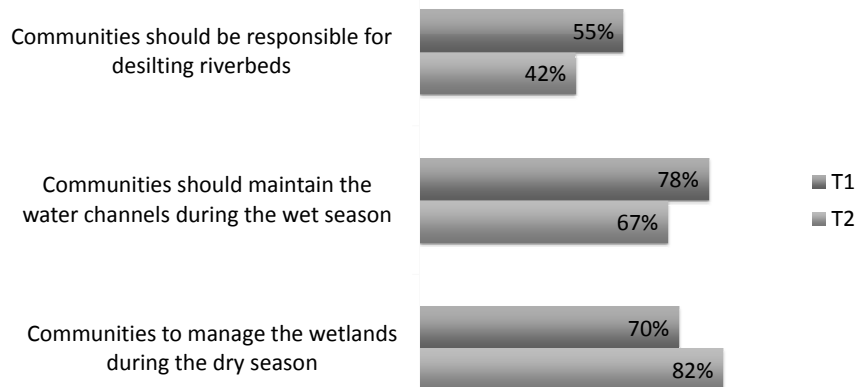
28

Policy Attitudes: Butaleja



29

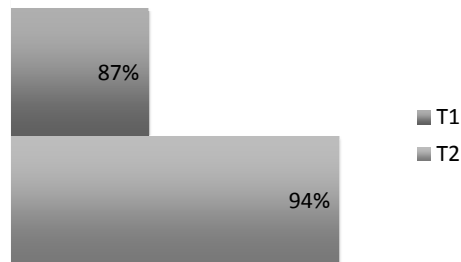
Policy Attitudes: Butaleja



30

Policy Attitudes: Butaleja

Support for the government enforcing
the minimum age for marriage of 18
years



31

Top Priorities After Deliberation

- Government assisting in drilling for clean water is the top of the list with mean of .927 (increasing from 95% to 99%).
- The community should encourage girls to go to school as well as boys with mean of .917 (increasing from 97% to 99%).

32

Criteria For Evaluation

- representation
- opinion change
- information gain
- avoiding distortions
- impact on policy
- better citizens

33

Small Group Mechanisms Across 15 Deliberative Polls: Polarization

Poll	No. of Small Groups	No. of Indices	Proportion of small group means moving away from midpoint	Proportion with decreasing variance
Australia	24	5	0.525	0.617
British Crime	20	5	0.460	0.530
British Europe	16	4	0.563	0.328
British General Election	15	4	0.383	0.650
British Health	15	13	0.518	0.564
British Monarchy	15	4	0.567	0.567
Bulgaria I	17	13	0.394	0.511
China	16	10	0.475	0.706
Greece	15	6	0.333	0.233
New Haven	16	3	0.479	0.542
NIC I	26	7	0.582	0.637

Source:
Robert C. Luskin, James S.
Fishkin, Kyu Hahn, and Alice Siu,
"Downsides of
Deliberation? Polarization,
Consensus, and Social Influence
in Small Group Discussion."
Center for Deliberative
Democracy, Stanford University
<http://cdd.stanford.edu>

Dataset	Proportion of small groups moving towards: T1 Male	Proportion of small groups moving towards: T1 Higher Educated	Proportion of small groups moving towards: T1 Higher Income	Proportion of small groups moving towards: T1 White
Australia	0.4	1	0.6	-
British Crime	0.4	0.6	-	0.2
British Europe	0.75	0.5	-	0.25
British General Election	0.5	1	0.75	0.25
British Health	0.538	0.538	0.462	0.615
British Monarchy	0.25	0.5	-	0
Bulgaria I	0.692	0.692	0.692	0.385
China	0.4	0.5	-	-
Greece	0.167	0.333	0.167	-
New Haven	0.333	1	0.667	0.333
NIC I	0.286	0.571	0.429	0.571

Source: Robert C. Luskin, James S. Fishkin, Kyu Hahn, and Alice Siu, "Downsides of Deliberation? Polarization, Consensus, and Social Influence in Small Group Discussion." Center for Deliberative Democracy, Stanford University <http://cdd.stanford.edu>

Discussant: Dr. Ming Sing

Affiliation	Division of Social Science, Hong Kong University of Science and Technology
Current Position	Associate Professor
Education	D. Phil from Oxford University in Sociology
Major Field	Comparative study of democracy and democratization, political culture, civil society, quality of life, and Hong Kong politics

Ming SING has been the author or editor of four books and over thirty articles. His refereed publications can be found in the Journal of Politics, Journal of Democracy, Democratization, Government and Opposition, Social Indicators Research, among others.

He has also been an active commentator on Hong Kong politics, whose comments have been solicited by local and international media including BBC, CNN, Bloomberg, Financial Times, New York Times, International Herald Tribune, and Wall Street Journal. He was awarded the Fulbright scholarship for visiting the University of California, San Diego in 2007, and the POSCO Visiting Fellowship by the East-West Center, University of Hawaii in 2010.

UMBRELLA MOVEMENT

– A BROKEN PROMISE & NEW PHASE OF DEMOCRACY MOVEMENT



1

WHAT IS TRUE AND NOT TRUE OF THE MOVEMENT

<https://www.youtube.com/watch?v=Si2hxYgjDPQ>

<https://www.youtube.com/watch?v=0S2rHyPgKmo>

No evidence that it has been funded or driven by foreign power(s)

Not only a student movement: in the last few weeks, between 60% and 82% occupiers in Admiralty were NOT students

Far from unruly mob: over 80% of them have had post-secondary education: polite, mutually helpful & creative.

Why so many (100,000-200,000) people unprecedentedly joined the law-breaking protest? Why so determined & willing to sacrifice?

2

Movement:
Explosion of cumulative discontent
with dramatic erosion of HK's

A. Social justice

B. Freedoms and political rights

C. Political accountability

D. HK-Mainland relationship

Threats to Prosperity, Stability, Freedoms and General Governance in HK

Partly confirmed by a survey conducted with 850 supporters of the
Umbrella Movement in Admiralty

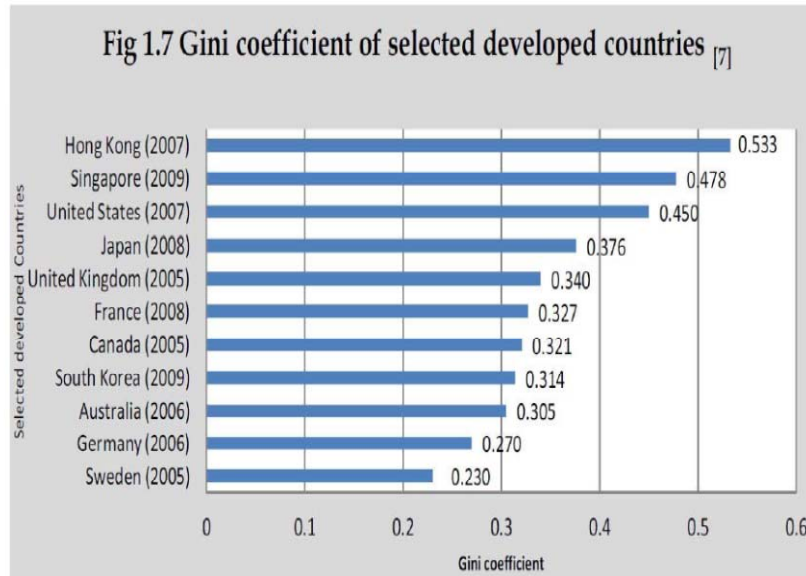
E: Delay again and again democratization: threat to Hong
Kong's core values threat of Mainlandization

3



4

Gini rose to .537 in 2011 in Hong Kong



5

Mind the Gap | Hong Kong's wealth gap is growing, making it hard for the young to afford property in the city.

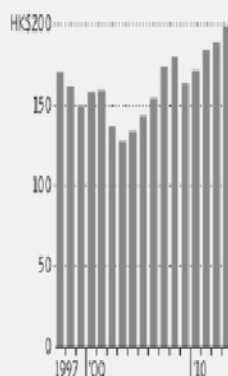
Ratio of combined wealth of billionaires to total annual economic output as measured by GDP

RANK	COUNTRY/REGION	IMF RATIO
1	Swaziland	99.4%
2	Hong Kong	74.4
3	Georgia	32.2
4	Lebanon	28.2
5	Sweden	18.2
6	Singapore	17.8
7	Russia	17.7
12	US	14.1
15	Switzerland	12.3
44	China	4.3

¹For the academic year ending in the year shown

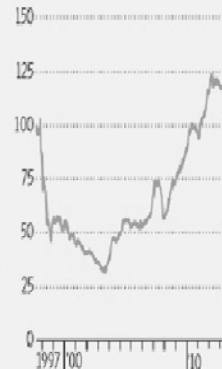
Sources: IMF; Welch Consulting (rank); Hong Kong government's University Grants Committee (Salary); Centaline Property Agency (index)

Average annual salary of Hong Kong graduates, in thousands*



Home prices in Hong Kong, Centa-City Leading Index

100 as starting point after hand over



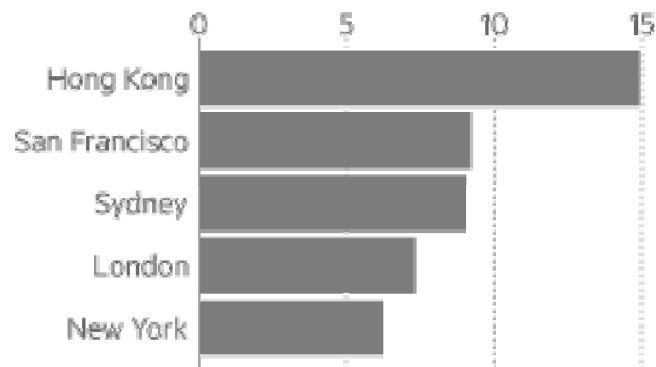
The Wall Street Journal

6

**House prices: the most expensive in the world. HK:
14.9 times median household income**

Hong Kong has world's least affordable housing

Median house price divided by median household income



7

Non-democratic system:

**lopsided in favor of the capitalists who blocked the
passage of motions that may reduce income
inequality:**

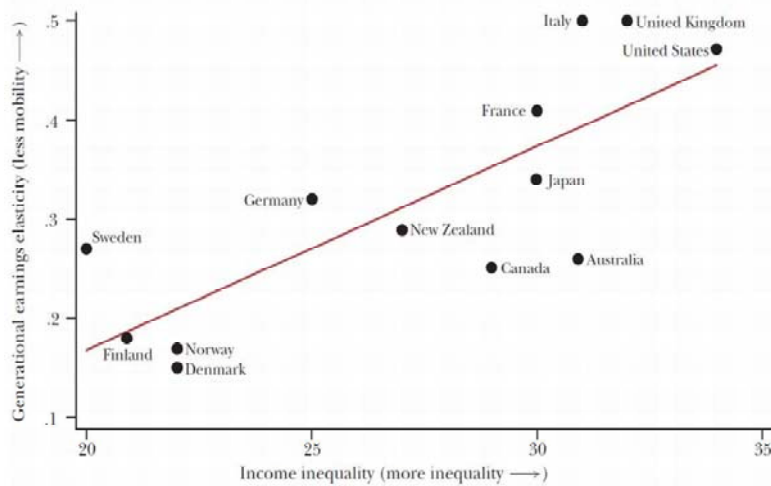
- 1. Legislation of Minimum wage: rejected for
several times**
- 2. Poverty of Women: rejected**
- 3. Legislation for Competition Law: rejected and
finally diluted**

8

1.2 Dwindled Chance of Upward Social Mobility

Figure 1

The Great Gatsby Curve: More Inequality is Associated with Less Mobility across the Generations



Source: Corak (2013) and OECD.

9

The crony-capitalism index

Billionaire wealth as % of GDP
Ranked by crony-sector wealth, 2014



Sources: Forbes; IMF; World Economic Forum; The Economist

收地600公頃
僅36公頃建公營房屋

新界東北，
香港人的新市鎮？

收地範圍只有
6%興建公屋或居屋咋！



10

Walled City:



Usable Space for flats in Hong Kong??

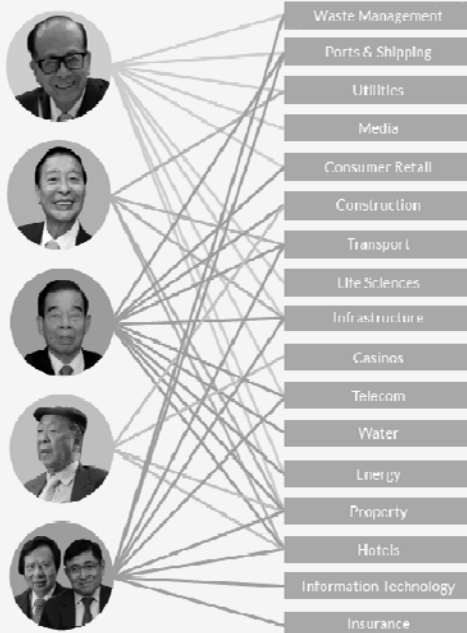
Veto Competitive Law / Anti-trust Law Repeatedly:



5 companies: a/c for 70% of private residential market ; and government concessions in industries such as telecommunications, ports and transportation.

Some own retail outlets in highly concentrated industries such as supermarkets, where two tycoon-owned chains dominate sales, and they have franchises for goods such as Coca-Cola. (AWSJ)

Can the present crisis be resolved by just reducing income inequality and enhance upward social mobility?

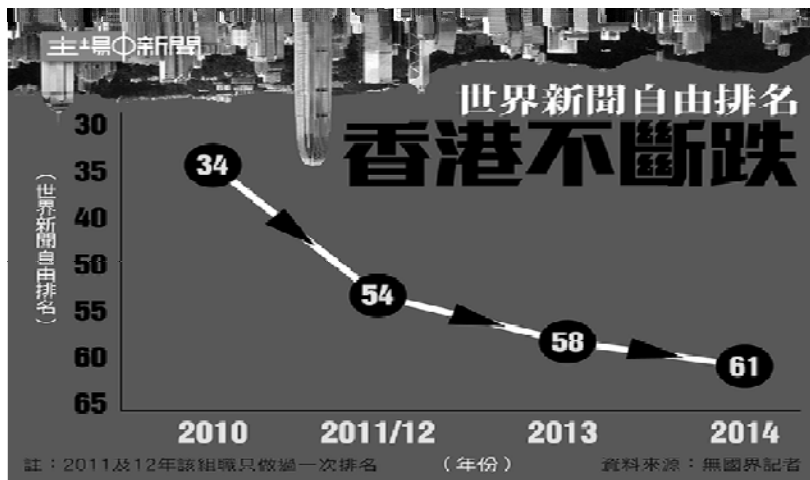


Source: Company data, Hurun Report; Getty Images

2. EROSION FREEDOMS AND POLITICAL RIGHTS

2.1 Big Decline in Press Freedom: Fell from 18 in 2002 to 61 in 2014.

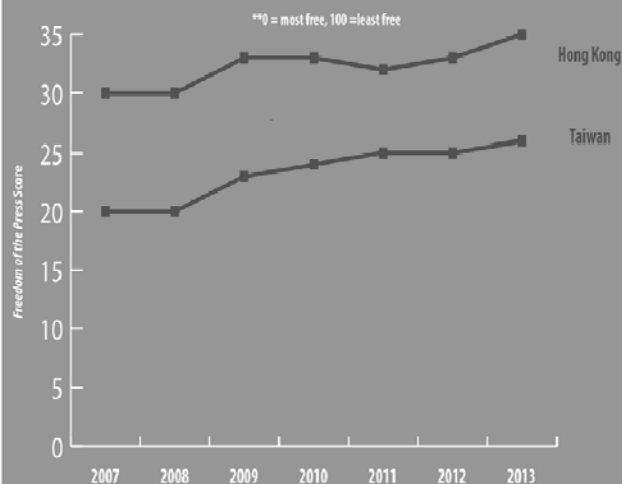
Source: Reporters without Borders



13

Recent Media Freedom Deterioration in Hong Kong and Taiwan

Freedom House's Freedom of the Press Scores from 2007 to 2013 for Hong Kong and Taiwan



Both Hong Kong and Taiwan have registered moderate declines since 2007 in their performance on Freedom House's annual Freedom of the Press index. Hong Kong was downgraded from Free to Partly Free status in the 2009 edition. Although the declines are not solely the result of pressures related to mainland China, trends described in this report have contributed to the negative trajectories.

14

-Housenews : closed owing to political pressure!

HSBC, Standard Chartered Bank: withdrew advertisement from Apple Daily

-HKTV : not given a license for broadcasting as a free TV station, despite recommendation from a consultant of HKSAR Govt. and high public rating

Decline in Press Freedom --→ foreign direct investment falls --→ negative for Economic Development

Decline in Press Freedom --→ freedom of information falls → negative for financial center → negative for Economic Development

15

2.2 Threats to Academic Freedom:

Many liberal-minded scholars under sensational, groundless attacks in 2012-14, especially Robert Chung, Pollster of HKU

**Government tried to Manipulate Public Opinions/
Manufactured "Reality"**



16

2.3 White Paper issued by National People's Congress of China (June 2014):

- Judges need to be Patriotic
- Beijing has the right to meddle with Hong Kong's domestic policies, not confined to its defense and diplomacy.
- Violate Basic Law, "One Country Two Systems"!



17

3. EROSION OF POLITICAL ACCOUNTABILITY

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18

3.2 Less Procedural Justice: Legislature could not check against power abuse

3.3 Pro-government Chair of Finance Committee in Legislature cut short the time for questioning about the development of North East in Hong Kong's suburb to 1 minute for each legislator.



19

4. INTENSIFYING CHINA-HONG KONG TENSIONS

Individual Travel (40 million individual travelers from Mainland to Hong Kong in 2013, expected to rise to 100 million in 2023!) : deepen overcrowding in HK!

-Tourists: Mainlandized; shops: serve tourists from Mainland selling jewelry, milk-powder, drugs.

-Some uncivil behavior of some tourists aggravate tensions. (urinating in public places; jump the queue, grapping milk powder etc.; occupying hospital beds to give birth to babies for securing the permanent right of residence in Hong Kong etc.)

-does not help upgrade HK's economy

20

Principal Official, Mr. So and CY Leung: acted as mouthpieces for Beijing.



21

**5. EXCESSIVE USE OF TEAR GAS / POLICE
CONDONING OF SUSPECTED TRIAD GROUP
USING VIOLENCE TO ATTACK PEACEFUL
PROTESTERS**



22

6. BROKEN PROMISE OF
UNIVERSAL SUFFRAGE:
Realize Hong Kong People Ruling
Hong Kong and One Country Two
Systems: A hope for the last 30
years dashed!

23

告訴我，我會看見普選的一天嗎？

一位從1984年等到2005年，現年78歲的香港人



蘋果日報

24

三立新聞

關天氣訊息。

天生有權還有

防鄭捷道歉

不是奴隸

16:03 "54專線" 你好大

一切權力歸於人民
滅亡還是反抗？港人須自決命運！
希望在於人民 改變在於抗爭

25

FOR SUPPORTING MOVEMENT? ----
"SUPPORT FOR DEMOCRACY"
PREVAILS

1/ Democracy/universal suffrage

Top: 41%; 2nd: 9.4%

2. Freedoms/human rights

Top: 4.8%; 2nd: 4.6%

26

ABUSE OF POWER BY POLICE

Police used tear gas:

Top: 6.5% ; 2nd: 5.3%

Police used violence (other than tear gas):

Top: 3.4%; second: 8.2%

27

IMPROVING LIVELIHOOD DOES NOT MATTER

Stepping down of CY Leung as Chief Executive

Top: 3.7%; 2nd: 0.8%

Improve Quality of Life /Livelihood

Top: 4.3%; 2nd: 7.4%

28

IMPLICATIONS:

1. Short-run: Uncertainties of Endgame

-Government's tactic of waiting it out seems to be working: raise public pressure against continued occupying (70%).

-However, no less than 70% of those occupying would like to continue occupy.

-In early Nov., among the 73% supporting retreating from the occupied sites, 39% positively evaluated the occupy movement, as they thought the goal has been achieved, and further occupying will not reach the goal.

Only 13.5% had negative evaluation of the movement.

-without bloody crackdown, plus an illegitimate Chief Executive, how to preclude the return of protesters and provoking greater support for the movement?

29

SHORT-RUN: 2. NO BLOODY CRACKDOWN & CONCESSION

2. Beijing: Confirmed Juan Linz's prediction – Tear down the Basic Law and Stopped democratization in a sub-polity to preclude threat to the one-party-rule

Yet, no Tiananmen Square-style massacre or severe crackdown: Economic importance of Hong Kong for China has been underestimated

HK's democratic struggle: continue to be a marathon but in a new phase with more intensive and frequent confrontations/civil disobedient acts.

Endgame: Q1: when will a sustained economic recession and legitimacy crisis emerge in China?

Q2: Will a political reformer gain power in China and allow political experimenting in Hong Kong?

30

3. Medium-run / Long-run: Semi-democracy breeds political Instability:

i.) Beijing stifled pro-democratic opposition: winners-take-all

(selective appointments; proportional representative system; separate voting; minority overwhelms majority; govt-business collusion)

ii.) Polarization: heightened conflicts (e.g. filibusters)

iii.) Mass mobilization: Beijing mobilized its own supporters against pan-democrats in professional sectors (lawyers, doctors), civil society organizations (church, labor unions) and grassroots groups .

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4. Political showdown especially among the younger generation with the HKSAR /Beijing Government

i) In early Nov., 73% supporting retreating from the occupied sites vs. 58% of the younger ones (18-29) disagreed

ii) Using radical means to express opinions?

June, 2013, only 24% agreed (aged 50 and more).

Younger ones (18 and 29), 42% agreed on it and only 24% disagreed.

iii.) Up to Oct. 15, 38% of the citizens agreed and 36% disagreed on the occupy movement.

Younger ones: (15 and 24) 62% agreed and only 7.7% disagreed.

iv.) HKU's survey: those disagreeing on CY as the CE: 62%. However, for younger ones: 87%.

32

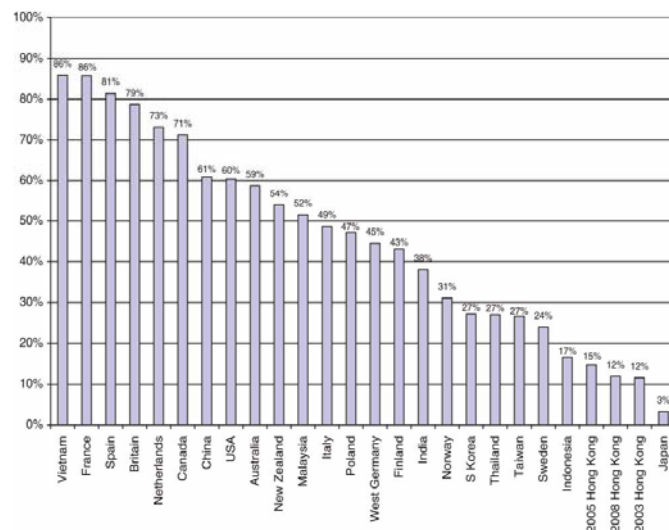


Figure 5. Percentage of respondents who consider 'respect for authority' as a good thing for 10 Asian and 14 western societies.

Source: Data drawn from the fifth wave of World Values Survey from 2004–2008; Hong Kong Surveys were conducted in 2003, 2005, and 2008 by the author.

4. Public Awakening & Aversion to Govt's Use of Excessive Force: : will it trigger more organized and sustained opposition esp. among the younger and educated public?

5. Real Battle Not yet Begun - Social mobilization of civil society organizations to rescue Hong Kong? (Academics; Social Workers; church workers; student bodies..?) ----penetration into community mobilization?

6. Beijing: Tried harder to suppress HK's liberties and democratic development (censorship, use of suspected triad?; hacking)

7. Improvement or Worsening of Press Freedom? Digital divide and political mobilization?

8. Relative economic performance of China vs. Hong Kong (grave doubt over China's economic prospect).

Increasing economic integration between Hong Kong and China will deepen political powerlessness of Hongkongers and even the economic risk.

Discussant: Dr. Y. H. Mathew Wong

Affiliation	University of Hong Kong
Current Position	Honorary Lecturer
Education	BSc (HKUST), MSocSc (CUHK), MSc (LSE), PhD Cand. (Essex)
Major Field	Comparative Politics, Hong Kong Politics

Publications:

- ✧ Forthcoming Wong, Mathew Y. H. "Party Models in a Hybrid Regime: Hong Kong 2007-2012." China Review.
- ✧ 2014 Wong, Mathew Y. H. "The Politics of the Minimum Wage in Hong Kong." Journal of Contemporary Asia, 44 (4), 735-752.
- ✧ 2013 Wong, Mathew Y. H. "Median Voter and Power Resources Revisited: A Composite Model of Inequality." Luxembourg Income Study Working Papers Series - No. 584. www.lisdatacenter.org/wps/liswps/584.pdf

Work Experiences:

- ✧ "Lecturer (University of Hong Kong, Present)
- ✧ Teaching Assistant (University of Essex, University of Hong Kong)
- ✧ Analyst (Morgan Stanley, 2008-10)

Umbrella Movement and Democratic Movement in Hong Kong

Mathew Wong
University of Hong Kong

Democratic Movement & Public Governance

- Long-term lack of democracy + Repeated delay in implementation
 - Prolonged democratic movement
- Established, rigid movement structure
 - Disillusionment with movement & leaders
 - Constant split, innovation in structures and strategies
- Risk to governance

Key Events & Organizations

- June 4th (1989)
 - Alliance in Support of Patriotic Democratic Movements in China (ASPDMC 支聯會)
- July 1st March (2003)
 - Civil Human Rights Front (民間人權陣線)
- Occupy Movement (2014)
 - Occupy Central ? Federation of Students? Scholarism?

ASPDMC 支聯會

- Formed 21 May 1989 in support of the Beijing Student Movement
- Organizes annual commemoration events for June 4th



June Fourth Candlelight Vigil



ASPDMC 支聯會

- “Successor” of the ASPDMC (1986-90)
 - Cross-sector (95 groups from social, religious, labor, education, housing, political)
- Closely intertwined with major political party (HKDP) and trade union (CTU)
 - Overlapping membership or even leadership
- Willingness in civil society to cooperate
 - Democracy as common concern and safeguard against Communism (esp. after 1989)

Civil Human Rights Front



- Successful ad hoc (initially) issue front
 - In response to the national security legislation in 2003
- 40 groups with diverse backgrounds
- Loose organization
 - Unable to serve as a central organization for democratic movement (except the organization of the annual 1 July March)

1st July Protest

- A record of 500,000 people marched in 2003
 - Against Article 23 of Basic Law & Bad Governance
- Continued annually with fluctuating turnout
 - Turnout number a source of controversy
- Issue focus diversified
 - E.g., labor rights, Immigrant status, Environmental, LGBT...



Impact

- Democratic movement in stalemate (~25 years)
 - Repeated performances year after year with no obvious progression
 - Similar criticism for established parties/politicians
 - Disillusionment among the young/radical-minded
- Enthusiasm placed on new parties/politicians
 - They too faded quickly
 - “Radical” performances become routine



Occupy Central



- Civil disobedience proposed by last generation, non-traditional democracy leaders (2 scholars and a pastor)
- 3 deliberation days, 1 popular voting on platform
- Low expected participation no., prepared to be arrested quickly, insisted on no resistance



Occupy Movement



- Highly decentralized, spontaneous
 - No central leadership or visible organization
- Loosely revolved around student leaders (who created the point of breakthrough)
 - Leadership not recognized by all and even challenged
- Not “Occupy Central”
 - Although the organizers pushed forward its initiation in support of students’ actions

Conclusion

- As new generations lose trust in the less confrontational tactic of mainstream democratic movement, innovative strategies like occupation emerge
 - “Occupy Central” movement originally based on a deliberation model, but some still regard it as too conciliatory
 - As Umbrella movement has no recognized leadership, almost impossible to tackle unless with great cost (violent clearance)

Discussant: Chairman Yun-Peng Chu

Affiliation	Taiwan Insurance Guarantee Fund
Current Position	✧ Chairman, Taiwan Insurance Guaranty Fund ✧ Professor of Economics, National Central University ✧ President, Asia Pacific New Economy Association (APNEA) Taipei, Taiwan ✧ Commissioner, Financial and Economic Consulting Commission, Office of the President, R.O.C. ✧ Member of Board of Directors, Seed of Love Education Foundation
Education	✧ National Taiwan University, M.A. and B.A. in Economics ✧ University of Maryland, Ph.D. in Economics (1982)

Career:

- ✧ Minister without portfolio, Executive Yuan
- ✧ Director , Research Center for Taiwan Economic Development, National Central University
- ✧ President, Jin-Wen Institute of Technology, Taipei, Taiwan
- ✧ Director, Sun Yat-Sen Institute for Social Sciences and Philosophy, Academia Sinica, Taipei, Taiwan
- ✧ Commissioner, Fair Trade Commission, Executive Yuan, Taipei, Taiwan
- ✧ Visiting Scholar, Stanford University

Publications: (Recent)

Refereed journal papers and Reviewed papers in edited books

- ✧ C.-H. Cho, L.-J. Yang, Y.-P. Chu, and T.-Y. Kong, (forthcoming), “The Effect of Global Activities and Warming on Oil Price,” *Energy Sources*, Part B (SCI).
- ✧ C.-H. Cho, Y.-P. Chu, and H.-Y. Yang, (forthcoming), “Environment Kuznets Curve for GHG Emissions: A Panel Cointegration Analysis,” *Energy Sources*, Part B (SCI).
- ✧ Chin-Ho Cho, Yun-Peng Chu, and Hao-Yen Yang, (2011), “Oil Demand and Energy Security in Asian Countries,” *Journal of Energy Market*, Vol. 4, No. 2.
- ✧ Yun-Peng Chu and Hsiao-Wen Wang, 2010, “Feasibility Study on the Creation of the

Asia-Pacific High-Tech Industries Stock Trading Platform,” *GreTai Security Market*, Vol. 152, pp.6-24. (in Chinese)

Books

- ✧ Yun-Peng Chu, 2010, *The Key Prescriptions*, Taipei: McGraw-Hill. (in Chinese)

Experiments of Deliberative Democracy in Taiwan

Yun-Peng Chu

Professor of Economics, National Central U. and
Chairman, Taiwan Insurance Guarantee Fund

TIGF International Conference
5th Dec 2014

Parents' Forum on the Entrance System of the Twelve-year Compulsory Education (April 2013)

- **Purpose:**
To obtain the informed opinions from the stake-holders (in this experiment, the parents) on the controversial issue.
- **Issue:**
The entrance system of the twelve-year compulsory education
- **Duration of Project:** 15 Nov 2012 - 20 Apr 2013
- **Population/ The chosen stakeholders:**
Parents of grade 7 and grade 8 children of both public and private high schools in the Keelung-Taipei Area.

- **Introduction:**

- With the transformation from the Nine-year Compulsory Education to the Twelve-year Compulsory Education, many people are confused by the complexity and question the fairness of the entrance selection design of the new system.
- The Parents' Forum resembles the process of the Deliberative Polling® initiated by James Fishkin.
- PIs: Li-Sheng Wang (prof at National Taiwan U.), Yun-Peng Chu (Prof at National Central U.) and associates
- Sponsor: Center for Research on Public Policy, National Taiwan University

3

Methodology: The Process of Deliberative Polling

- The survey generally follows the methods of Deliberative Polling. From the Center for Deliberative Democracy at Stanford University, a Deliberative Polling experiment basically requires:
 1. A random, representative sample is first polled on the targeted issues. After this baseline poll, members of the sample are invited to gather at a single place for a weekend in order to discuss the issues.
 2. Carefully balanced briefing materials are sent to the participants and are also made publicly available.
 3. The participants engage in dialogue with competing experts and political leaders based on questions they develop in small group discussions with trained moderators.
 4. Parts of the weekend events are broadcast on television, either live or in taped and edited form.
 5. After the deliberations, the sample is again asked the original questions. The resulting changes in opinion represent the conclusions the public would reach, if people had opportunity to become more informed and more engaged by the issues.

4

Project Timelines	
Date	Description
15 Nov 2012	"A study on the Design of the Twelve-year Compulsory Education" project commenced
23 Jan 2013	The first meeting of the research team
23 Jan 2013	Completed the first draft of the pre-forum questionnaire
02 Feb 2013	The first meeting of the consultant committee (on the issues of this study and the pre-forum questionnaire)
20 Feb 2013	Research team meeting (on final draft of the pre-forum questionnaire and the invitation of experts for the Forum)
21 Feb 2013	Pilot test
25 Feb 2013	Validity and reliability examination
6-7 Mar 2013	Sent the pre-forum questionnaire to the relevant Education Authorities
25 Mar 2013	Get back the questionnaires, which were sent to polling company for analysis
30 Mar 2013	The second meeting of the consultant committee (on Handbook of the Issue and the post-forum questionnaire)
08 Apr 2013	Finished Handbook of the Forum; sent invitations to the Forum's attendees
09 Apr 2013	Moderators training workshop
16 Apr 2013	Preparatory meeting
20 Apr 2013	The Parents' Forum on the Entrance System of the Twelve-year Compulsory Education

5

Methodology: The process of the Stratified Systematic Random Sampling

- 1) To collect the school list and student count (population) on the website of the Department of Education: There are 153,533 students in grade 7 or grade 8 of both public and private high schools in the Keelung-Taipei Area.

	# of Schools	# of Grade 7 Students	# of Grade 8 Students
Taipei City	89	28,898	28,118
Keelung City	17	4,794	4,447
New Taipei City	97	44,890	42,386
Total	203	78,582	74,951

6

- 2) Deciding the target sample size (1,200) and dividing it by category: There are $(78,582/153,533)*1200 = 614$ samples from grade 7 and $(74,951/153,533)*1200 = 586$ samples from grade 8.
- 3) Calculating the number of samples for each school: Ex. For Taipei Municipal Dunhua Junior High School, samples pick from grade 7 (of total 835) are $(835/78,582)*614 = 6$, those from grade 8 (of total 865) are $(865/74,951)*586 = 6$.
- 4) Ranking the grades 7 and 8 students of any school by their student numbers, then using the random number generator to set the starting number, following the interval equals to the total number of students in that grade divided by the number of samples in that grade. Ex. For the grade 7 of the Taipei Municipal Dunhua Junior High School, the interval should be $835/6 = 139$, the random number is 41, the parents of grade 7 who are included in our survey are #41, #180, #319, #459, #598, and #737.

7

Parents: Sample Description

- | | | | |
|--------------------------|-------|----------------------------|-------|
| • Effective Sample Size: | 1,113 | • Location: | |
| • Gender: Male | 31.5% | Taipei City | 38.5% |
| Female | 68.5% | New Taipei City | 54.5% |
| • Age: <40 | 15.9% | Keelung City | 7.0% |
| 40-49 | 78.9% | • Annual Household Income: | |
| >=50 | 15.2% | <=11.4 Million NTD | 67.7% |
| • Education: | | >11.4 Million NTD | 32.3% |
| <=High School | 47.9% | | |
| >=College | 52.1% | | |

8

Methodology: Experimental Design

1. Implementing the poll: Sampling, pilot test, and pre-meeting. The pre-meeting questionnaires are delivered to parents via local educational authorities and junior high schools; the responded questionnaires are also collected via schools and local educational authorities.
2. Out of the 1,113 parents surveyed, 370 indicated their willingness to participate in the Forum. Sampling them by their background survey data in such a way as to make sure that the invited sub-sample has opinions on key questions similar to the full sample, we got the list of 120 persons to be invited to attend the Forum.
3. Preparing and delivering the handbook of the Forum to the 120 parents; training the moderators on the issue and ways to manage a deliberative forum.
4. An one-day deliberative forum ended with the post-forum questionnaire. 112 parents attended.
5. The team offers each participant a compensation of \$1,500 for full-day attendance.

9

Agenda of the Forum

Time: 08:30-17:30, 20 April 2013

Location: No. 21 Hsu-Chow Road , Taipei City, College of Social Sciences, National Taiwan University

Time	Event	Moderator
08:30-09:00	Registration	
09:00-09:15	Welcoming Remarks	Principal Investigator
09:15-09:30	Introduction: Procedures of the Forum	Principal Investigator
09:30-10:10	Introduction: Issues of the Forum	Principal Investigator (Experts in related area)
10:10-10:30	<i>Coffee Break</i>	
10:30-12:30	Group Discussion I	Group Moderators
12:30-13:30	<i>Lunch</i>	
13:30-15:30	Q & A	Invited Experts
15:30-15:40	<i>Coffee Break</i>	
15:40-17:00	Group Discussion II	Group Moderators
17:00-17:10	Post-forum Questionnaire	Group Moderators
17:10-17:30	Panel Discussion and Concluding Remarks	Principal Investigator

10

Main Findings

(1) Do you agree that the preference of the student should be given a weight in the entrance evaluation?

%	Pre-forum (1,113)	Pre-forum (112)	Post-forum
Strongly agree	5.8	7.1	9.8
Agree	35.4	31.3	32.1
No comment	27.8	14.3	6.3
Disagree	21.9	33.9	33.9
Strongly disagree	7.2	11.6	17.0
No response	1.9	1.8	0.9

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(2) Do you agree that the result of the Junior High School Joint Examination should be given a weight in entrance evaluation?

%	Pre-forum (1,113)	Pre-forum (112)	Post-forum (112)
Strongly agree	10.5	20.5	33.9
Agree	46.6	53.6	48.2
No comment	26.0	8.9	4.5
Disagree	12.4	11.6	8.0
Strongly disagree	3.1	3.6	3.6
No response	1.4	1.8	1.8

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(3) Do you agree that in the first round of entrance evaluation, students with equal scores should be allocated to senior high schools with excess demand by randomized drawing?

%	Pre-forum (1113)	Pre-forum (112)	Post-forum (112)
Agree	30.2	24.1	19.6
Disagree	68.9	75.0	78.6
No response	0.9	0.9	1.8

13

(4) Do you agree that in the first round of entrance evaluation, students with equal scores should be allocated to senior high schools with excess demand by the rating scales of the Joint Examination?

%	Pre-forum (1113)	Pre-forum (112)	Post-forum (112)
Agree	69.0	73.2	90.2
Disagree	29.4	25.9	8.0
No response	1.6	0.9	1.8

14

(5) Some people think that under the new system, the “traditional elite public senior high schools” will wither while the popularity of the “traditional elite private senior high schools” will rise. Do you agree with that saying?

%	Pre-forum (1113)	Pre-forum (112)	Post-forum (112)
Strongly agree	9.1	13.4	27.7
Agree	29.5	36.6	28.6
No comment	34.7	18.8	12.5
Disagree	22.8	25.0	29.5
Strongly disagree	2.6	5.4	1.8
No response	1.3	0.9	--

15

(6) Do you agree that “for reducing the entrance exam stress on student, the traditional elite public senior high schools should become non-elitist,” or “for maintaining students’ academic achievement and giving a chance to the disadvantaged families, the traditional elite public senior high schools should be kept”?

%	Pre-forum (1113)	Pre-forum (112)	Post-forum (112)
Strongly agree (with the existence of the traditional elite public schools)	21.4	33.9	37.5
Agree	44.9	48.2	52.7
No comment	20.9	4.5	5.4
Disagree	7.6	8.0	2.7
Strongly disagree	3.3	3.6	1.8
No response	1.8	1.8	--

16

(7) What is your most worrisome aspect(s) of the latest released 12-year Compulsory Education policy? (multiple-choice, at most 3 answers)

%	Pre-forum (1113)	Pre-forum (112)	Post-forum (112)
Enrollment decided by drawing lots	43.1	49.1	64.3
Items of the admission priority consideration are unreasonable	26.2	28.6	43.8
It may not reduce students' stress	45.1	41.1	37.5
The entrance system is too complex	49.8	42.0	33.9
It's hard to improve the uneven quality among schools	32.3	39.3	28.6
It may hurt students' competitiveness	27.7	35.7	27.7
It may result in a lower-quality education	31.6	31.3	24.1
It may weaken the role of the vocational schools	9.9	11.6	19.6
Traditional elite public schools may disappear	8.4	12.5	7.1
Others	1.9	3.6	5.4
No response	4	--	-- 17

Deliberative Democracy Workshop on Energy Policy (December 2013)

- **Purpose:**

1. To collect the public opinion on energy.
2. To understand the applicability and effectiveness of the deliberative democracy on energy issues.
3. To provide policy suggestions for policymakers.

- **Issue:**

Energy policy, mainly on the nuclear energy

- **Project Duration:** 01 July 2012 - 21 Oct 2013

- **Population/ The chosen interested party:**

Adults aged 20 and above in Taiwan, Penghu, Kinmen and Matsu.

- **PIs:** Wang Chien-Chuan (VP of Chung-hua Institution for Economic Research) and Yun-Peng Chu

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Methodology: The Process of Deliberative Democracy

- The Process of Deliberative Democracy briefly includes:
 1. Creating the issue
 2. Organizing the consultant committee
 3. Opinion polls and participants invitation
 4. Providing issue related reading materials
 5. Forum
 6. Post-forum polling

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Methodology: Experimental Design

1. **Sampling and polling:** to build a background opinion survey on the chosen issues for the aimed population (uninformed general public) via questionnaire design and telephone survey.
2. **Participants invitation:** to inquiry about interviewees' willingness to participate in the Joint Discussion.
3. **Moderators training:** organizing and training the moderators to understand the principle and mission of this experiment.
4. **Forum on Energy Policy:** Video conferencing in Taipei, Taichung, and Kaohsiung.
5. **Valuating the applicability** of the deliberative decomocracy process on energy policy debates.
6. **Policy analysis and suggestion.**

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Timeline

Date	Description
01 July 2013	The consultant committee is organized.
10 July 2013	Meeting with the Polling Experts
12 July 2013	The first meeting of the consultant committee (on the contents of the pre-forum questionnaire)
15 July 2013	Complete the pre-forum questionnaire; Pilot test (to 19 July 2013)
23 July 2013	Research team's meeting (on final draft of the pre-forum questionnaire)
26 July 2013 - 01 Aug 2013	Pre-forum polling
02 Aug 2013	Moderator training workshop
02 Aug 2013	Done the first draft of the Handbook of the Issue
08 Aug 2013	Research team's meeting (on the draft of the Handbook of the Issue and follow-up the progress)
09 Aug 2013	The second meeting of the consultant committee (on the contents of the Handbook)
12 Aug 2013	Research team's meeting (on the final version of the Handbook)
15 Aug 2013	Moderator training workshop
20 Aug 2013	Printed out the Handbook of the Issue
24 Aug 2013	The Forum on Energy Policy (included the post-forum polls)
30 Aug 2013	Submission of the report of the Forum (Including the conference minutes, pre- and post-forum questionnaire analysis, and the Handbook of the Issue as an appendix)
21 Oct 2013	Submission of the final report

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Agenda of the Forum on Energy Policy

Time: 10:00-18:00, 24 Aug 2013

Location: The video conferencing held in the conference rooms at Taipei (main), Taichung, and Kaohsiung Office of the Centers for Disease Control

Time	Event	Moderator
10:00-10:30	Registration	
10:30-10:35	Welcoming Remarks	Principal Investigator
10:35-10:40	Introduction: Procedures of the Forum	Principal Investigator
10:40-11:00	Introduction: Issues of the Forum	Invited Experts
11:00-12:30	Group Discussion I	Group Moderators
12:30-13:30	Lunch	
13:30-15:30	Q & A	Invited Experts
15:30-15:50	Coffee Break	
15:50-17:20	Group Discussion II	Group Moderators
17:20-17:35	Post-forum Questionnaire	Group Moderators
17:35-18:00	Panel Discussion and Concluding Remarks	Principal Investigator

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Pre-Test Sample Description

- Duration: 26 July 2013 - 01 Aug 2013
- Valid Samples: 3,013 / Refused: 1,022
- Sampling Error: ± 1.79 percentage points under 95% confidence interval
- Polling Area: Republic of China (on Taiwan)
- Population: Adults aged 20+
- Sampling Frame: China Telecom Residential Telephone Number Books

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Locational Distribution of Pre-forum Sample and Population

District	Sample (persons)	Of Total (%)	Population (persons)	Of Total (%)
Taipei City	347	11.5	2,682,372	11.5
New Taipei City	512	17	3,947,608	16.9
Taichung City	337	11.2	2,695,353	11.5
Tainan City	246	8.2	1,882,620	8.1
Kaohsiung City	363	12	2,779,416	11.9
Keelung City	50	1.6	375,834	1.6
Hsinchu City	52	1.7	427,137	1.8
Chiayi City	34	1.1	271,223	1.2
Yilan County	59	2	458,636	2
Taoyuan County	252	8.4	2,038,147	8.7
Hsinchu County	64	2.1	527,609	2.3
Miaoli County	72	2.4	564,806	2.4
Changhua County	166	5.5	1,297,666	5.6
Nantou County	67	2.2	518,531	2.2
Yunlin County	93	3.1	709,202	3
Chiayi County	71	2.4	530,718	2.3
Pingtung County	112	3.7	854,789	3.7
Taitung County	29	1	225,270	1
Hualien County	43	1.4	334,302	1.4
Penghu County	13	0.4	99,387	0.4
Kinmen County	16	0.5	117,229	0.5
Lienchiang County	1	0	11,869	0.1
No Response	12	0.4	-----	24----
Total	3,013	100	23,349,724	100

Pre-forum Sample Description

Among those 3,013 valid questionnaires:

- Gender: Male 49.4%; Female 50.6%
- Education:
Elementary School and below 16.7%; Junior High School 13.5%; Senior High School and Vocational School 28.8%; College 12.7%; University and above 28.2%
- Occupation: Military, Civil Servants, or Teachers 5.1%; Manager or White-collar Workers 25.6%; Blue-collar Workers 19.7%; Specialists and SOHO (self-employed) 5.0%; Top Executives 6.7%; Retirees & No job 14.0%; Housewife & Student 24.0%
- Annual Household Income:
NT\$15,000 and below 5.4%; NT\$15,001-NT\$30,000 12.2%; NT\$30,001-NT\$45,000 13.2%; NT\$45,001-NT\$60,000 14.5%; NT\$60,001-NT\$80,000 11.2%; NT\$80,001-NT\$100,000 8.3%; NT\$100,001 and above 16.6%; Hard to say & No response 18.6%
- Background Knowledge Questions: All (3) correct 12.0%; 2 correct 21.1%; 1 correct 29.9%; None correct 37.0%

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Main Findings

(1) Since there are various sources and forms of electricity generation nowadays, do you agree that Taiwan should maintain nuclear generation as one of the sources of electricity generation?

%	Pre-forum (3013)	Pre-forum (90)	Post-forum (90)
Strongly agree	4.60	13.33	13.33
Agree	26.70	24.44	38.89
Disagree	30.70	24.44	21.11
Strongly disagree	25.50	34.44	21.11
No comment or no response	12.50	3.33	5.56

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(2) Generally speaking, do you think the nuclear electricity generation is safe or not?

%	Pre-forum (3013)	Pre-forum (90)	Post-forum (90)
Very safe	2.10	7.78	3.33
Safe	21.30	26.67	45.56
Unsafe	34.80	22.22	23.33
Very unsafe	30.80	38.89	17.78
No comment or no response	11.00	4.44	10.00

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(3) Some people say that “nowadays we produce too much CO₂ emissions causing serious global warming problems; as nuclear power plants directly emit little or no CO₂, we should not suspend it.” Others say that “nuclear power should be avoided because once a nuclear crisis occurs, the radioactive contamination will damage the environment.” Which saying do you agree with more?

%	Pre-forum (3013)	Pre-forum (90)	Post-forum (90)
Strongly agree with the former	4.7	10	11.11
Agree with the former	20.4	28.89	34.44
Agree with the latter	37.6	13.33	26.67
Strongly agree with the latter	27.1	41.11	24.44
No comment or no response	10.2	6.67	3.33

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(4) Some people say that “for protecting our environment and living safety, we should accept increases in the electricity price if deemed unavoidable from excluding nuclear power generation.” Others say that “under the heavy living burden of the ordinary people, the electricity price should not be increased whichever energy source is chosen”. Which saying do you agree with more?

%	Pre-forum (3013)	Pre-forum (90)	Post-forum (90)
Strongly agree with the former	6.00	13.33	15.56
Agree with the former	27.00	36.67	50.00
Agree with the latter	34.00	11.11	20.00
Strongly agree with the latter	28.00	34.44	12.22
No comment or no response	5.00	4.44	2.22

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(5) Generally speaking, do you support reconstructing or halting the Forth Nuclear Power Plant?

%	Pre-forum (3013)	Pre-forum (90)	Post-forum (90)
Strongly support the former	6.2	18.89	15.56
Support the former	20.7	14.44	28.89
Support the latter	28.1	15.56	23.33
Strongly support the latter	35.9	45.56	25.56
No comment or no response	9.1	5.56	6.67

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(6) Some people say that “The Forth Nuclear Power Plant is not constructed in a coherent way as there have been too many different sources supplying key components, and there have been many problems occurring during the construction phases. It is not safe.” Others say that “If the Plant is completed and if it passes the safety tests by some reliable domestic and international experts before its operation, there will be no safety concerns.” Which saying do you agree with more?

%	Pre-forum (3013)	Pre-forum (90)	Post-forum (90)
Strongly agree with the former	28.70	42.22	24.44
Agree with the former	26.60	20.00	20.00
Agree with the latter	28.60	21.11	43.33
Strongly agree with latter	7.10	14.44	10.00
No comment or no response	9.00	2.22	2.22

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(7) General background questions about nuclear knowledge:
 (7-1) Can a nuclear power plant explode like an atomic bomb?
 (7-2) The radioactive wastes stored in the Lanyu Nuclear Waste Storage Site are of a low- or high-radioation nature?
 (7-3) Has the U.S. phased out nuclear power generation?

%	Pre-forum (3013)	Pre-forum (90)	Post-forum (90)
3 correct	12	15.56	44.44
2 correct	21.1	28.89	32.22
1 correct	29.9	30	16.67
None correct	37	25.56	6.67

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Observation and Conclusion

- Public governance is an important aspect of sovereign risk in any country.
- All countries face the same problem of getting the *educated* opinions of the *general public*.
- Deliberation is a form of democracy deserving more attention, as it can find out the educated collective opinions of the general public. And it is free from the principle-agent problem inherent in an election-based polity. It is also free from possible manipulations by the media. It is a form of direct democracy.

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- If it can be actually implemented in Taiwan, it would be a great service to better-quality democracy as it hinders the damages populism imposes on democracy.
- An article written by the author explores the possible implementation of such democracy in Hong Kong.
- It has been used to prioritize the public investment budget in a town in Wen-lin in the province of Zhejiang in the PRC.

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