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Меры, предпринятые Правительством Тайваня в ответ на финансовый кризис 2008 г.*

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Финансовый кризис, возникший в 2007 г. и достигший пика к 2008 г., оказал значительное влияние на весь мир, в том числе и на Тайвань. В статье рассматриваются и анализируются меры, которые Правительство Тайваня приняло для ограничения влияния кризиса и повышения устойчивости в будущем. Структура статьи такова: часть I знакомит с предпосылками и последствиями финансового кризиса на Тайване; часть II обобщает опыт различных стран по выработке ответных мер на последствия кризиса в контексте сравнения и выбора наиболее оптимальных ответов на вызовы кризиса для экономики Тайваня; часть III представляет меры, предпринятые Правительством Тайваня; в части IV анализируются и изучаются последствия этих мер; заключительная часть содержит краткие выводы.

Правительством Тайваня был максимально использован мировой опыт, выработанный в качестве регулятора экономически высокоразвитыми странами мира. На основе анализа опыта Тайваня в статье предлагается более осмотрительно применять общепринятые антикризисные регуляторы при выработке системы антикризисных мер в будущем.

Ключевые слова: антикризисные меры и регулирование, финансовый кризис, Тайвань, Китай, Правительство Тайваня.

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MEASURES TAKEN BY TAIWAN GOVERNMENT IN RESPONSE TO THE 2008 FINANCIAL CRISIS*

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The financial crisis, which emerged in 2007 and reached a peak in 2008, has impacted the world including Taiwan significantly. This article will discuss and analyze the measures that Taiwan Government took for future references. The structure of this article is as follows: Part I introduces the background and the impacts of the financial crisis to Taiwan; Part II summarizes the responses of various countries, as a comparison to Taiwan's responses; Part III details the measures that Taiwan Government took; Part IV analyzes and examines the effects of these measures; Final part provides a summary.

To view it positively, Taiwan government has done all it can to cope with the financial crisis. Negatively, Taiwan government did not analyze pros and cons for each of the measures and simply accepted all prescriptions. This article is for reminding: some policies actually make more harm than good. Learning from the past and we should be more cautious to properly assess the relevant policies when facing this kind of crisis in the future.

Key words: anticrisis measures and regulation, financial crisis, Taiwan, China, Taiwan Government.

I. 2008 Financial Crisis

1. US Low Interest Rates

In late 1990s, US internet economy started to heat up with NASDAQ closing at 5048.62 (peaking at 5132.52in intraday trading) on March 20, 2000. To curb the Internet bubble, the US Federal Reserve Board (FED) raised interest rates six times in a row from June 1999 to May 2000 and the benchmark interest rate was from 4.75% to 6.5%. But after the Internet bubble burst, the US economic situation is declining rapidly, instead forced the FED to cut interest rates nine times in less than one year, from January 2001 to December 2001, and the rate was from 6.5% to 2%, and after June 2003 to 1%.

The stock market and the housing market are two major places for funding, but the Internet bubble caused the investing public to avoid the stock market and turned to the housing market. Low interest rates also provided more conveniences for house purchases. The cost of capital is inversely proportional to the asset prices, and therefore low interest rate environment pushed up the house prices.

2. Housing Policy

President George W. Bush took office in 2001 and pushed hard to expand homeownership. He addressed the importance of lowering the barrier for first-time homebuyers and reiterates goal on homeownership. Afterwards, US federal government funded the Federal National Mortgage Association (FNMA) [1] to help the public on mortgages.

3. Deregulation of the Financial Regulations

(1) Banking Act of 1933

The Banking Act of 1933 enacted on June 16, 1933, often referred to as the Glass-Steagall Act, after its Congressional sponsors, Senator Carter Glass and Representative Henry B.

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Steagall, strictly separated the commercial banks from investment banks. The Act required commercial banks to eliminate their securities affiliates, and prevented securities firms and investment banks from taking deposits. The reasons is the investment banking activities caused a conflict of interest when the granting of credit, lending, and the use of credit / investing, are all by the same entity.

(2) Financial Services Modernization Act of 1999

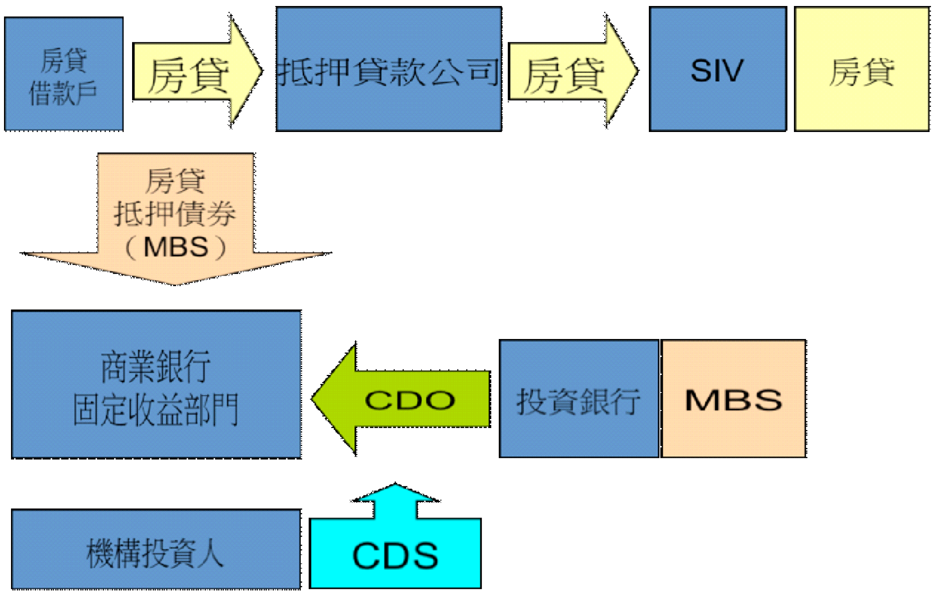
Commercial banks have long been restricted since the Banking Act of 1933. As the commercial banking services developed, the commercial banks wanted more business in addition to just taking deposits. After a long history of lobbying, the passage of the Financial Services Modernization Act of 1999, also called the Gramm-Leach-Bliley Act, after its Congressional sponsors, Senator Gramm, Representatives Leach and Bliley, repealed part of the Banking Act of 1933, removing barriers in the market among banking companies, securities companies and insurance companies which prohibited any one institution from acting as any combination of an investment bank, a commercial bank, and an insurance company. With the bipartisan passage of the Gramm-Leach-Bliley Act, commercial banks, investment banks, securities firms, and insurance companies were allowed to consolidate.

(3) Commodity Futures Modernization Act of 2000

The Commodity Futures Modernization Act of 2000 (CFMA) clarified the law so that most over-the-counter (OTC) derivatives transactions would not be regulated as "futures" under the CEA or as "securities" under the federal securities laws. Prior to CFMA, the OTC derivatives market was generally understood to be subject to regulation under the Commodity Exchange Act (CEA), because OTC products were a form of futures contracts. Under the CEA, all futures contracts were required to be traded on publicly transparent and fully regulated exchanges such as Chicago Board of Trade. In other words, CFMA removed OTC derivative transactions from all requirements of exchange trading and clearing under the CEA. Therefore, the major dealers of these derivatives, including credit default swap (CDS), would continue to have their dealings in OTC derivatives with less supervision compared to those regulated by CEA and security laws.

a. The Architecture of the Subprime Mortgage Credit Derivatives

1. The architecture of the subprime mortgage credit derivatives is shown as follows:



房貸借款 - Mortgage borrower 房貸 - Mortgage

抵押貸款公司 - Mortgage bank

機構投資人 - Institutional investor 投資銀行 - Investment bank

商業銀行固定收益部門 - Commercial bank fixed income department

2. Explanation:

(1) Mortgage borrowers applied for mortgages from mortgage banks[2].

(2) Mortgage banks packaged and sold the mortgages to structure investment vehicles (SIV) set up by commercial banks or investment banks.

(3) SIV used the mortgages as collateral and issued bonds. It's called mortgage-backed bonds (MBS).

(4) The investment banks then make short-term financing from the money market funds to buy MBS. MBS is mixed with other loans, such as credit cards, school loans, car loans, and then be layered (tranche) to form a combination of collateralized debt obligation (CDO).

(5) In order to improve the CDO's credit rating, investment banks may purchase CDS from insurance companies or other financial institutions. Because the insurance company or financial institution itself has high credit rating, and it is willing to sponsor the risk of default, so the CDO's credit rating would improve to the level equal to the insurance company or financial institution's credit rating.

(6) The investment banks then sold the stratified CDO to institutional investors or the general investing public according to the level of risk appetite.

b. Spread

With the mortgage packaged for sale, the original bank or mortgage bank could transfer out the risk of default and recover funds for the next round of loans. Since the original bank/mortgage bank does not bear the risk of default, it does not really consider the borrower's ability of repayment when lending. Therefore, those homebuyers who once could not get loans now can obtain mortgage (with higher interest rates) because of the loose audit mechanisms. This type of mortgage is risker than prime loans and Alt-A mortgage, and called sub-prime loans. The industry gives it a nickname: NINJA - the borrower has no income, no job and asset.

Subprime mortgages, by the above-mentioned "financial engineering" of package, layered, portfolio, insurance, transform into a high-income, low-risk financial dream product. It is popular and welcome by labor retirement funds, insurance companies, hedge funds, asset management companies and other institutional investors, and even the original lending banks have forgotten the prototype of these derivative financial instruments and investment on it. The subprime mortgage spread out across the world by these financial derivative products.

c. Outbreak

Commercial banks, mortgage banks, and investment banks usually have aggressive financing behaviors: after accepting public deposits (very short agreed term of period, or demand deposits), the commercial banks lend to borrowers, generally with an agreed term of certain period, such as short-term (1 year), medium term (5-7 years), or long-term (over 7 years). Mortgage banks and investment banks cannot accept public deposits and therefore they often raise funds from the money market where the funds are usually short-term (less than one year) funds. The biggest risk for aggressive financing is a run on the bank. Commercial banks have accompanying mechanisms to cope with a run. First, banks must help themselves. The banks must have capital of bank shareholders as the first line buffer to protect depositors. Second, banks can seek rescue from other banks through the interbank call loan to schedule funds. Moreover, banks can seek help from the central bank. Finally, there is deposit insurance. These mechanisms, however, are not available for mortgage banks and investment banks. They are extremely weak when faced with the liquidity risks. Many of the powerful financial institutions fell due to the lack of liquidity - Northern Rock[3], New Century Financial Corporation[4], Bear Stern Companies[5], Merrill Lynch[6], Lehman Brothers[7], etc.

d. Impacts to Taiwan

1. Funds Pulled Out, the Stock Market Fell

According to the statistics from the Financial Supervisory Commission (FSC) in Executive Yuan, foreign capital sold over NT$ 292.6 billion in the Taiwan stock market (about $ 8.9 billion based on then exchange rate of one US dollar exchanging for NT$ 32.9). Meanwhile, the stock market fell 9744 points on July 25 to 8090 points on August 17, dropping 17%.

September 15, 2008, financial crisis came to a climax - Lehman Brothers filed for bankruptcy, Bank of America acquired Merrill Lynch, and the US Dow Jones Industrial Average dropped 504 points on that day. Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX) dropped 1094 points (6813 → 5719, 16%) in September 2008, 849 points in October (5719 →

4870, 14.8%), and then 410 points (4870 4460, 8.4%) in November. In three months, TAIEX had dropped 2353 points, a drop of 34.5%. If compared with TAIEX 9744 points before July 25, 2007 (before the crisis hit Taiwan), the drop of 5284 points was down as much as 54.2%. Within half year from June 2008 to November 2008, foreign capital oversold TAIEX NT$ 509.6 billion (about 15.5 billion US dollars).

2. Export Hardship

The total value of Taiwan's export trade is still positive growth in August 2008, but from September 2008 to September 2009, the annual growth rate[8] of Taiwan's export trade value showed a negative growth:

2008		Aug.	Sep.	Oct.	Nov.	Dec.			
		18.2	- 1.6	- 8.3	- 23.3	- 41.9			
2009	**Jan.**	**Feb.**	**Mar.**	**Apr.**	**May**	**June**	**July**	**Aug.**	**Sep.**
	- 44.1	- 28.6	- 35.8	- 34.3	- 31.4	- 30.4	- 24.5	- 24.6	- 12.7

3. Increased Un-employment Rate

Taiwan's unemployment rate[9] had raised since July 2008:

2008	July	Aug.	Sep.	Oct.	Nov.	Dec.			
Unemployment rate	3.99	4.02	4.27	4.39	4.68	5.08			
2009	**Jan.**	**Feb.**	**Mar.**	**Apr.**	**May**	**June**	**July**	**Aug.**	**Sep.**
Unemployment Rate	5.38	5.59	5.79	5.82	5.91	5.97	6.02	6.03	6.02

4. Weak Consumption

From September to December 2008, the annual growth rate[10] for Taiwan's wholesale industry, retail industry, and food services industry almost all showed a negative growth:

	Wholesale industry	Retail industry	Food Services industry
September	3.70	-4.58	-3.93
October	-3.20	-3.42	-3.68
November	-13.33	-6.97	-0.51
December	-19.31	-9.96	-6.91

5. Derivative Financial Instruments Loss (Financial Institutions, Investors)

According to the FSC press release on January 29, 2008, Taiwan's banking industry had a loss of NT$ 19.07 billion in the subprime mortgage crisis, the insurance industry NT$ 4.63 billion, a total of about NT$ 23.7 billion. Compared to the NT$ 2 trillion of the total assets of financial institutions, it's only about 1% and would not cause harm. But for general investors, the loss incurred, due to buying financial products linked to the subprime, was about NT$ 400 million, even higher than the losses suffered by financial institutions themselves.

II. Responses from Major Countries

This article summarizes the measures that major countries took in response to the financial crisis as follows:

	USA	UK	Germany	Japan	China	Taiwan
Lower interest rate and deposit reserve ratio	•	•	•		•	•
Direct injection of market funds	•	•	•	•		•
Taking over troubled financial institutions	•	•	•			•
Raised deposit guarantee	•	•	•			•
Pause shorting stocks	•	•				•
Adjusted price limits on stock market volatility						•
Using national fund to stabilize stock market						•
Lower tax rate	•				•	•

All the major countries of the world took some rescue measures in response to the financial tsunami, mainly for financial stability; the measures taken could roughly categorized as: cut interest rates, lower deposit reserve ratio (loose money supply), directly injecting capital in the market, taking over troubled financial institutions, raised deposit guarantee, etc.

The above table shows that Taiwan government has took all kinds of measures, including those other countries did not implement. The pros and cons of such a practice would be analyzed in the later part of this article.

III. Taiwan Government's Responses

Taiwan government's responses to the financial crisis can be divided into five parts: First, financial stability - financial sector bears the brunt of the crisis, so it is imperative to stabilize the financial industry; the second is to promote employment - the goal is to avoid higher unemployment rate; the third is to boost domestic demand to make up the gap in export decline; the fourth is to strengthen financial supervision to prevent local type of financial crisis; and last is remedial measures to deal with problems arising from the financial crisis.

a. Financial Stability

Financial sector bears the brunt of the crisis, so financial stability is the top priority. Funds needed to run the enterprise are either from indirect financing (loans from the public through banks) or direct financing (financing from the public through the stock market). Therefore, in order to stabilize financial industry, the measures can be divided into the stabilizing of financial institutions and the stabilizing of the stock market. The core of financial institution is bank. Taiwan government proposed the "3S policy" as the spindle to stabilize financial institutions and related measures to stabilize the stock market.

1. 3S Policy

The 3S Policy refers to "government supporting banks, banks supporting enterprises and enterprises supporting employees."

(1) Government supporting banks

Although the underlying cause of the financial crisis is the loose of loan checks, the proximate cause is the lack of bank liquidity. Commercial banks, mortgage banks, and investment banks all male aggressive financing and the greatest risk is a run. To prevent the illiquidity by a run, the Taiwan government wanted to eliminate the motivation of a bank run by increasing the money supply.

A. Monetary easing policy

Taiwan's Central Bank announced on September 18, 2008 (the third day after Lehman Brothers filed for bankruptcy) to lower various deposit reserve ratio for 1.25%[11], releasing approximately NT$ 200 billion based on the then deposits of NT$ 13 trillion.

In addition, on September 26, 2008, Taiwan's Central Bank declared " expanding the 'repo operation mechanism' in response to the domestic and international economic and financial situation; the operation target includes banks, bills companies, postal companies, securities firms and insurance companies; the operation is within 180 days, to provide longer-term liquidity in the market"[12].

Meanwhile, Taiwan's Central Bank cut interest rates seven times in a row[13], for a total decrease of 2.375 %, since September 26, 2008. The rediscount rate, rate on accommodations with collateral, and rate on accommodations without collateral decreased from 3.625%, 4%, and 5.875% down to 1.25%, 1.625%, and 3.5% accordingly.

Date	Drop	Rediscount Rate	Rate on Accommodations with Collateral	Rate on Accommodations without Collateral
2008.9.26.	0.125%	3.5%	3.875%	5.75%
2008.10.9	0.25%	3.25%	3.625%	5.5%
2008.10.30.	0.25%	3%	3.375%	5.25%
2008.11.10.	0.25%	2.75%	3.125%	5%
2008.12.12.	0.75%	2%	2.375%	4.25%
2009.1.8.	0.5%	1.5%	1.875%	3.75%
2009.2.19.	0.25%	1.25%	1.625%	3.5%

B. Blanket guarantee

The original deposit insurance provided in Taiwan was up to NT$ 1.5 million. October 8, 2009, in view of the global and domestic economic and financial crisis remains unsolved, to ensure stability of financial market, Taiwan's government announced that the blanket guarantees of all bank deposits are set to run through December 31, 2010.

(2) Banks supporting enterprises

Banks were required to support the enterprise after accepting the supports from the government. The specifics are:

• October 1, 2008, the Executive Yuan set up a "government assistance for business capitals ad hoc group" responsible for assisting the government to develop policies of stable funding for the enterprise. The group members include the heads from the Ministry of Finance, the Ministry of Economic Affairs, the Central Bank, the Council for Economic Planning and Development, Economic and Financial Supervisory Commission, and the Financial Supervisory Commission. The Minister of Finance was the convener. Those with corporate debts due but operate normally with short-term cash flow problems could apply for extension, 6-month renewal, or other credit and debt negotiation.

• Small and Medium Enterprises (SMEs) account for over 98% of the total Taiwanese companies, employing about 80% in the job market. SMEs are in fact the lifeblood of Taiwan's economy. Therefore, the Executive Yuan on October 16, 2008 announced the "domestic banks strengthening the SME lending program" to increase the loan balance of NT$ 300 billion. Small and Medium Enterprise Credit Guarantee Fund of Taiwan (SMEG) accelerated the claims processes, reduced guarantee fee rate, raised additional 10% for the authorized guarantee (up to 80%), and increased the ceiling of financing guarantee from NT$ 100 million to 120 million, as incentives for the banks to make loans to SMEs. At the same time, the Central Bank would refuse to accept the bank's negotiable certificates of deposit if the bank's lending to SMEs was found declined.

• November 12, 2008, "economic stimulus special loans and credit guarantees for non-SMEs" was announced to provide loans of NT$ 6000 billion for non-SMEs to apply.

• Companies with returned checks could apply for six months grace period of normal credit records; the reporting of dishonored account would be delayed if approved.

• "Self-discipline Standards for Members of the Bankers Association of the ROC in Handling Corporate Debt Negotiation Cases"[14] was set up. Financial institutions may, upon application, extend 6 months to the enterprises that were in financial need and their principle of loans fell due before December 2009. If further extension was needed, the Ministry of Economics and the creditor bank would decide after assessment to extend, renew, or negotiating settlement. The Bankers Association also approved the "Provisional Supplementary Principles for Banks Handling Stock Collateral in Line with the Government's Economic Response Program"[15] to change credit conditions by lowering the stock collateral maintenance ratio, extending the repayment period to pay interest, or interest-rate cut to those who pay interests normally when the stock market fell and the value of the collaterals decreased.

(3) Enterprises supporting employees

Similarly, the Taiwan government also required companies to assist employees, not hundreds of layoffs. "Caring enterprises" that pledge not to lay off employees are provided loans at reduced interest rates.

2. Package: stabilize the stock market

(1) Prohibit the emptying

FSC announced on September 22, 2008 that stocks of 150 listed companies could not be short sale under unchanged. It further announced on the 30th that margin trading and short selling was temporarily prohibited from October 1, 2008 to the 14th, which was also a ban on day trading.

(2) Reduce the change limit

Following the prohibition of short selling, the FSC announced on October 13, 2008 that change limit of the stock market would be reduced from 7% to 3.5%, and later extending the reduced change limit for another week.

(3) National Financial Stabilization Fund[16] to support the market

September 18, 2008, the Executive Yuan announced that the National Financial Security Fund would enter to support the market for one month. With the US stock market fell and the reduced change limit for Taiwan stock market could not stop the decline, Taiwan government once again coordinated the Fund to support the market with extended period, until September 18, 2008 when Taiwan's stock market came to a more stable status.

(4) National Development Fund to support the market

October 23, 2008, the Executive Yuan approved the expansion of the function and use of the National Development Fund, the fund size expansion from the previous NT$ 200 billion to 1 trillion, and is ready to revise the "Executive Yuan National Development Fund safekeeping and utilization of the balance of payments" Article 5 (now Article 14, paragraph 2) to allow increased portion from previous 5% to 20% of purchasing securities of listed companies, which means the maximum amount of its investment would increase from NT$ 10 billion to NT$ 200 billion. It did not pass the Congress since there were doubts that the revision was contrary to the mother law, Statue for Industrial Innovation.

b. Promote employment

1. Caring enterprise financing program

For those "caring enterprises" operating and paying interests normally, banks would provide better interest rate if the enterprises sign to promise not to lay off more than 1% of their employees. The program promotes the assistance from the enterprises to employees.

2. Short term measures to promote employment[17]

Since November 2008, the Executive Yuan launched a "short-term measures to promote employment." The measures were to reinforce general measures to promote employment, where in a short period the government provided more job opportunities to help unemployed workers obtain employment as soon as possible in order to alleviate the unemployment situation and reduce social problems that may arise due to the unemployment. In other words, the government agencies, in place of business, provided short-term (one year) employment opportunities.

What worth paying attention to is the "immediate start work plan." The plan provided direct subsidies to enterprises that hired the employees, payment up to NT $ 12,000 per person per month.

3. To promote the cultivation of high-quality manpower plan

Executive Yuan in February 2009 launched the "cultivation of high-quality manpower plan." The plan covers 16 sub-plans, with 5 departments (Ministry of Education, Ministry of Economic Affairs, the National Science Council, Council of Labor Affairs, and the Council of Agriculture), elementary schools, high schools, colleges, county and city governments, libraries, businesses nationwide, non-profit institutions, educational foundations, and other relevant units. The plan provided 69,156 jobs, 42,200 refresher training opportunities and 50-60 joint research projects of key technology industries, aiming to reach the "foster quality manpower for stable employment" objective.

c. Boost Domestic Demand

1. Expand fiscal expenditure

Legislative Yuan on January 13, 2009 passed "The Special Act for Expanding Investment in Public Works to Revitalize the Economy", agreeing a special budget of NT$ 500 billion, from January 25, 2009 and expiring on December 31, 2012. Subsequently, the Executive Yuan approved the "Economic Revitalization Policy - Project to Expand Investment in Public Works." The main framework was for six major goals, 20 major focuses of investment and construction, 64 execution plans. Among them, a special budget of NT$ 150.6 billion was listed for 2009 with the estimation of raising the real GDP in 2009 for 0.68% compared with no implementation, and the creation of 190,000 to 220,000 job opportunities.

2. Consumption vouchers

November 18, 2008, to cope with the tightening spending by the financial crisis, the Executive Yuan decided to issue coupons to promote consumption; the Legislative Yuan thus passed the "Special Act for the Distribution of Consumption Vouchers to Revitalize the Economy" and issued bonds as the sources for the "Central Government Special Budget for the Distribution of Consumption Vouchers to Revitalize the Economy" of NT$ 85.653 billion. The issuance of the vouchers could be based on per person, without restrictions on income, age, and identify. The total amount is about NT$ 82.8 million (NT$ 3,600 per person, roughly 23 million people as Taiwan's population). The vouchers must be redeemed by September 30, 2009.

3. Tax reduction

(1) Lower capital gain tax (not adopted)

The Executive Yuan proposed an amendment to the Securities Transaction Tax Act on September 10, 2008, lowering the tax from 0.3% to 0.15% for a period of six months. It did not go through the Legislative Yuan.

(2) Lower estate and gift tax

The amendment to the Estate and Gift Tax Act was adopted on January 12, 2009 and effective on January 23, 2009. The highest marginal tax rate was from 50% down to a single rate of 10%. The exemption that may be deducted from the gross estate was increased from NT$ 7,790,000 to NT$ 12,000,000. The annual exemption that may be deducted from total amount of gift for each donor was increased from NT$ 1,110,000 to NT$ 2,200,000. It was aimed at attracting overseas capital back.

(3) Lower personal income tax

The annual exemption was raised from NT$ 77,000 to NT$ 82,000 per person, standard deduction from NT$ 146,000 to NT$ 152,000; special deduction of income from salaries/wages from NT$ 100,000 to NT$ 104,000.

(4) Lower fixed excise duty for motor vehicles

Article 12-1 was adopted on January 12, 2009 and effective on January 19, 2009. The commodity tax for passenger sedans, trucks and dual-purpose vehicle with cylinder volume not exceeding 2,000c.c. which have been purchased and completed registration during the period from January 19, 2009 to December 31, 2009 could be cut NT$30,000 each. The commodity tax for motorcycles with cylinder volume not exceeding 150c.c. which have been purchased and completed registration during the period from January 19, 2009 to December 31, 2009 could be cut NT$4,000 each.

d. Strengthening financial supervision

Because Taiwan's financial system was not like the US and did not have the subprime mortgage and financial derivatives instruments, the focus of financial supervision would be the bank's liquidity and bank constitution, and to strengthen the supervisory authority of power. In addition, due to the complexity of financial products, financial institutions should improve the transparency of financial products, and be required higher obligations to its consumers.

1. To strengthen the bank's liquidity

During the financial crisis, the bank faced the financial risk even with adequate capital because of the failure of prudent management of liquidity risk. In order to strengthen liquidity risk management of banks, Basel Committee on Banking Supervision published "Basel b!: International framework for liquidity risk measurement, standards and monitoring" in 2000, proposing Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as quantitative index for global liquidity. It further published in 2013 "Basel b!: The Liquidity Coverage Ratio and liquidity risk monitoring tools" to determine the method of calculation of the liquidity coverage ratio. The main purpose of the liquidity coverage ratio is to strengthen the bank's short-term liquidity resilience under pressure situations by assessment of whether banks have enough qualified high-quality liquid assets to respond to the future cash outflow demand for thirty days. It will help the banking sector better manage the liquidity risks and therefore a sound banking system. Therefore, Taiwan's Central Bank and FSC set the "Standards Implementing the Liquidity Coverage Ratio of Banks."

In addition, the FSC also strengthened the bank's liability structure management to avoid liquidity problems easily led by the high proportion of large deposits. The so-called large deposit usually refers to more than NT$ 100 million. The average ratio for large deposits in financial institutions was 20-30%, so FSC would make a closer look if a financial institution had large deposits higher than the average ratio.

2. To strengthen the financial institutions constitution

FSC also strengthened the supervision on the financial institutions with proper capital adequacy ratio but run a higher risk on operation, the measures including closer look on credit glued to the interested parties and other major investment plan, to avoid the risk to increase. As for the banks lack of proper capital adequacy ratio, FSC urged the banks for improvement by enforcing Article 44-2 (immediate corrective measures), 62 (takeover) and 64 (deadline to make up capital) of The Banking Act.

3. To strengthen supervisory authority of power

Taiwan had experienced many financial crises earlier and the supervisory authority did not have administrative measures to deal with the troubled financial institutions. Therefore, Article 62[18] and Article 64[19] was amended on March 5, 2007, before the financial tsunami. The amendment authorizes the supervisory agency to close down the business and the deadline to clean up, to stop partial business, to take over, and the deadline to make up the capital.

After the financial tsunami occurred, Taiwan again on December 9, 2008 updated Article 44-2[20] of The Banking Act 2, to establish immediate corrective measures. Based on different capital levels, the supervisory authority would take timely adoption of different restrictions as soon as possible and remedial measures to protect the safety and soundness of the bank's operations.

4. To increase the transparency of financial products

November 11, 2011, the Financial Supervisory Commission issued the "rules for financial services provider in advertising and sales promotion activities to attract business," "rules for financial services provider to ensure that financial products or services fit for financial consumers," and "rules for financial services provider disclosing the important contents and risks of the contract. "

The reason behind the "rules for financial services provider in advertising and sales promotion activities to attract business" is that these activities are the major sources for financial consumers to obtain relevant information of financial services industry. If there is hypocrisy, fraud, concealment or other misleading contents or expression when the financial services provider advertises, solicits, or promotes its business, the consumer's rights will be seriously affected and easily lead to financial disputes.

The "rules for financial services provider to ensure that financial products or services fit for financial consumers" requires the financial services provider, before entering contract with financial consumers, to have in-depth knowledge of the financial consumers' relevant information, such as basic information, financial background, sources of income, risk preferences and past investment experiences, to assess the appropriateness and establish risk management mechanism. In addition, the financial services provider shall ensure that the goods or services fit to the consumer. The so-called fitness refers to the reasonable belief the financial services provider possesses when providing financial products or services to financial consumers. There should be a reasonable basis to believe that the transaction is suitable for financial consumers, including consideration of the sale target's age, knowledge, experience, financial status, risk tolerance, etc. The purpose is to prevent the financial services industry from self-benefit by providing financial products or services not suitable and therefore damage the financial interests of the consumers.

The reason behind the "rules for financial services provider disclosing the important contents and risks of the contract" is to have consumers protected by sufficient information when facing the financial products. The financial products provided by the financial service industry are innovative and complex and the usually there is a gap on the information and risk perception between the financial service providers and the general financial customers which could easily lead to disputes. Therefore, it is necessary to set financial product or service information described in line with the principles of openness and transparency and to strengthen the protection for financial consumers, and maintain transaction order and establish market confidence. The rules require the financial products/services provider to explain and disclose the risks before entering the contracts, in order to facilitate financial consumers to fully understand the rights, obligations, and risks of the products/services, to protect the financial interests of consumers, and to avoid the disputes.

January 17, 2013, the FSC will further announced the "Directions for Sale of Investment-linked Insurance Products" and "Compliance Matters for Disclosure of Information on Investment-linked Insurance Products" which categorized investors into "professional investor" and "non-professional investor". Professional investors can be either a professional institutional investor or a nature person. A nature person, as a professional investor, should has sufficient professional knowledge or trading experience in financial products, and has proof of financial capacity of at least NT$ 30,000,000. Non-professional investors are classified into three risk categories - aggressive, steady, and conservative. When the product sold is linked to a structured product, higher protection should be provided to non-professional investors.

e. Remedial Measures

1. FSC temporary measures

Lehman Brothers filed for bankruptcy protection in September 2008. Taiwanese investors suffer loss due to the purchase of linked debt disputes arose between the investors and the commission of financial institutions. Taiwan's FSC took the following measures[21]:

(1) The handling of disputes of linked debts is a dual system - the Bank Association appraisal mechanism and customers reconciliation system. The banks should consider its fiduciary duty and assess the negligence based on the maximum goodwill. For disputes from the investors who are senior citizens, with low education, or with major injuries, there should be greater flexibility in the process and a priority to settlement.

(2) Bank Association Review Committee had completed deliberations of all cases on January 5, 2010. Up to April 23,2010, there were 20,797 cases (88.44%) settled through the assistance of the Committee.

(3) For the establishment of a single foreign structured commodity review mechanisms and

related measures, the integration of the relevant existing review of legislation to facilitate the relevant industry to follow, and to strengthen our investor's protection, with reference to the management structure of the offshore fund, the " Regulations Governing Offshore Structured Products" was adopted on July 23, 2009.

(4) "Directions for Banks Conducting Financial Derivatives Business "was modified for the introduction of customer classification management system and to strengthen the regulations for client fit, promotion propaganda, and risk disclosure obligation, etc., in order to improve customer rights protection. In addition, the directions for other structural bank commodity and equity derivatives of TAIEX goods were issued to strengthen the management of bank commitments for related products.

2. Financial Consumer Protection Act and Financial Ombudsman Institution

It is increasingly common for the general public to buy financial products and services provided by the financial services industry, and the offer of financial products and services from the financial services industry is more and more complex. Disputes could easily arise due to unequal information. It is costly both in time and money to seek judicial remedy when there are disputes between the financial institutions and financial consumers. It is necessary to provide another dispute resolution for financial consumers, with fair and reasonable financial professionals and as a quick mechanism to deal with the disputes effectively.

Therefore, Financial Consumer Protection Act was passed on June 3, 2011 and based on this Act, the Financial Ombudsman Institution was established to handle the disputes arising from the purchase of financial products and services.

IV. Effect Evaluation

The financial tsunami, caused by the United States subprime mortgage, surfaced since March 2007 as the New Century Financial Corporation filed for bankruptcy and Bear Stearns was acquired. However, Taiwan has yet to feel the financial crisis power until September 2008 when Lehman Brothers declared bankruptcy and Merrill Lynch was acquired. Taiwan's stock market dropped 2353 points (34.5%) in three months from September to November 2008,. Foreign oversold TAIEX NT$ 509.6 billion (about USD 15.5 billion) from June to November 2008. The annual growth rate of gross exports showed negative growth from September 2008 to September 2009. The unemployment rate climbed to a peak and then subsequently depressed consumer strength. In such an emergency, it is hard to blame the then government of Taiwan for the measures introduced. However, we should learn from past. Even it is hindsight, it may also benefit in the future.

a. Blanket Guarantee for Bank Deposits

Article 1 of Taiwan's "Deposit Insurance Act" expresses the purpose of the Act is to "protect the rights and interests of depositors in financial institutions, to maintain credit order, and to enhance sound development of financial businesses." If the bank needs to face the massive depositors' withdrawing deposits (i.e., bank run) when a problem just occurred, the run will make matters worse. It will collapse even when it originally would not have to close down, and therefore leading to a domino effect and cause more harm to the overall financial system. With deposit insurance, depositors will not worry about the loss of their deposits with bank failures and therefore will not run. In this connection, it is necessary to have deposit insurance.

However, once the bank counts on the protection of deposit insurance and engage in high-risk operations, it will lead to moral hazard. Therefore it is more of a compromise where deposit insurance covers only a portion of the amount of the deposit in order to curb bank moral hazard. It too makes depositors to bear partial risk. After all, the financial resources of the deposit insurance compensation come from all taxpayers. Article 13 section 1 of the Deposit Insurance Act states that "the maximum insurance coverage that the CDIC offers to each depositors of any insured institution shall be determined by the competent authority along with the Ministry of Financial and the Central Bank." The maximum insurance coverage before October 7, 2008 was set as NT$ 1.5 million.

October 7, 2008, the Executive Yuan raised the deposit insurance coverage to the full amount of the deposits until December 31, 2009. Later, it was extended to December 31, 2010. Although the move was due to the situation and the government was eager to pacify the depositors, was it necessary to cover the full amounts? The original insurance set the coverage to NT$ 1.5

million because it was considered the "protection" for desired life of depositors, and those exceeding NT$ 1.5 million belong to the category of "investment." When it comes to investment, investors should bear the risk and therefore the depositors should bear the risk of bank collapse.

In addition, the then premium for Taiwan deposit insurance was only 5~6.2 / 10,000[22]. The difference was so small to achieve the desired effect on the banks for awards and punishment. The blanket guarantee on October 7, 2008 was in fact a punishment for sound and stable banks and a reward for speculating banks.

The Emergency Economic Stabilization Act of 2008 adopted by the US on October 3, 2008 only raised the deposit insurance coverage from $ 100,000 up to $ 250,000[23], rather than a full amount coverage. Taiwan government may consider, next time when there is a need to raise the insurance coverage, rather than a blanket guarantee, to raise the coverage to close to NT$ 5 million.

b. Reduce the Change Limit

FSC reduced the change limit of the stock market from 7% to 3.5% between October 13 and October 24, 2008. Taiwan's stock market dropped from 4996 points on October 13, 2008 to 4579 points on October 24, 2008, about 8.3%. October 27, 2008, the first day for the change limit back to 7%, the stock market still dropped 213 points and closed at 4366 points.

Taiwan's stock market dropped 5.5% every 10 days as an average from September to November 2008 (the stock market dropped 2353 points (34.5%) in three months (63 transaction days)). Compared to the period of reduced change limit where the stock market dropped 8.3% in ten days, the stock market did not react positively to the administrative measures. In contrast, it dropped even more when the government reduced the change limit.

There were only Pakistan, Vietnam, and Taiwan to adjust the change limit of the stock market in the worlds. It is obvious that most countries do not think this measures beneficial to their stock markets. In fact, if this measure would work, the government could simply reduced the change limit to 0% — but everyone knows a change limit of 0% would not work since the liquidity of the stock market will disappear. Therefore, a reduced change limit is not a good measure to save the stock market.

c. Consumption Vouchers

Taiwan is the first country to issue overall consumption vouchers. Before Taiwan, only Japan issued regional consumption vouchers in 1999 and that was limited to specific groups of people.

Taiwan Government issued the consumption vouchers, hoping to achieve the economic growth rate of 0.66%[24]. However, the post evaluation by CEPD (now National Development Council) shows that the economic growth rate by the consumption voucher was only 0.28% - 0.43%[25]. 72% of the people used the consumption vouchers for their ordinary daily expenses rather than extra shopping[26]. The vouchers were issued on January 18, 2009 and the merchants could exchange for payment from the next day to October 31, 2009 (the period of use of vouchers expiring on September 30). More than 80% of the vouchers were already exchanged for payment by the merchants from the financial institutions by the end of February and the money multiplier effect was lost. Taiwan's government raised NT$ 85.6 billion debts to issue the vouchers, in which the budget for the issuing counts over NT$ 700 million and budget for the printing and payment coupons over NT$ 1 billion. The then prime minister, Sean Chen, expressed frankly during the Q&A session in the Legislature Yuan on October 26, 2012 that the issuing of the consumption vouchers made the government's cap space for debt financing sacrificed.

d. Lower Estate Tax and Gift Tax

The attract overseas capital back, the highest marginal tax rate for estate tax and gift tax in Taiwan was lowered from 50% down to a single rate of 10% in January 2009. The exemption that may be deducted from the gross estate was increased from NT$ 7,790,000 to NT$ 12,000,000. The annual exemption that may be deducted from total amount of gift for each donor was increased from NT$ 1,110,000 to NT$ 2,200,000. However, the capitals returning were not properly re-invested into real industries, but rather mostly to real estates taking advantages of the loopholes in Taiwan's real estate tax system. The prices of real estates in Taiwan increased dramatically and further expanded the gap between the rich and the poor.

e. National Security Fund Entering to Support the Stock Market

Although the stock market is sometimes called the economic indicator, Taiwan government often mistakenly thinks the economic development responsibilities equals to the stock market performance and then use the national budget to "protect" the stock market. In fact, what the government should "protect" is fair, transparent and efficient stock market, not the stock price index. On one hand the government is the banker of the stock market; on the other hand, the government buys shares in the stock market. It is inevitable ridicule a player and referee, and even more, the risk of insider trading. Taiwan probably is the only country that uses its national budget to set up a fund into the stock market.

f. Short-Term Measures to Promote Employment

Promoting employment is government's responsibility, but the premise is to be able to promote the national welfare. If the government hires two persons - one digs a hole and the other fills it back, although the creation of two jobs bring the GDP growth, it will not bring any economic value. The "short-term measures to promote employment" proposed by the Executive Yuan employed 7.3 million people, all labor outsourcing, for the period of only one year. Since it's outsourcing and only a year, it implies that the administrative authorities do not need this manpower for their regular governance. Then no matter what name was the crown, these jobs for 7.3 million people are no difference from the dig-and-fill example.

V. Conclusion

Faced with the huge financial crisis, the main countries in the world, based on their own political and economic situation, adopted the appropriate measures to be taken, but the Taiwan government took all measures adopted by all major countries in the world. To view it positively, Taiwan government has done all it can to cope with the financial crisis. Negatively, Taiwan government did not analyze pros and cons for each of the measures and simply accepted all prescriptions. This article is for reminding: some policies actually make more harm than good. Learning from the past and we should be more cautious to properly assess the relevant policies when facing this kind of crisis in the future.

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[1] Also known as Fannie Mae. The corporation's purpose is to expand the secondary mortgage market by securitizing mortgages in the form of mortgage-backed securities (MBS), allowing lenders to reinvest their assets into more lending and in effect increasing the number of lenders in the mortgage market by reducing the reliance on locally based savings and loan associations (aka "thrifts").

[2] Mortgage banks, like commercial banks, can lend to others. The biggest difference between mortgage bank and commercial bank is that the mortgage bank does not accept deposits from the public but can make financing from other financial institutions. In order to compete with commercial banks, mortgage bank's credit requirements are usually lower than the commercial bank.

[3] Northern Rock was Britain's fifth largest mortgage bank lender. Although Northern Rock bank was a commercial bank and could absorb public deposits, it was highly dependent on wholesale funding % currency markets. At the end of 2006, the deposits only accounted for 26% of its sources of funding. From August 2007, the currency market, due to the US subprime mortgage crisis, declined rapidly and spread to the European money market, resulting in Northern Rock bank liquidity problem. Northern Rock sought help from the British government. The British government was originally interested in having Northern Rock bank acquired by other banks in order to defuse the crisis, but because the British government was reluctant to provide funds to acquire the bank, no bank was willing to take over. Northern Rock applied for financial intermediation on September 13th to the Bank of England (which equals to Britain's central bank), but the news leaked accidently, and the Northern Rock bank had a run on the 14th. The British government was forced to announce on September 17 to protect for Northern Rock bank deposits and on February 18, 2008 Northern Rock bank was nationalized.

[4] New Century Financial Corporation was the second largest US mortgage lender, New York Stock Exchange (NYSE) listed. The company undertook a large number of subprime mortgages. With the FED raised interest rates 14 consecutive times since June 2003 to the highest point in 2007, a lot of households were in default because they could not pay their mortgage interests, the company's creditors (Goldman Sachs, Citigroup Morgan Stanley, GE Capital, etc.) did not provide financing after the maturity of the debts. On

March 8th, 2007 the company announced that because of funding problems, it would no longer grant new loans. Then on the 13th, the NYSE delisted it. April 2, New Century Financial Corporation filed for bankruptcy.

[5] Bear Stearns was US's fifth-largest investment bank in 2007. In June 2007, two of its subprime mortgage-related securities investment (ie, the Bear Stearns High-Grade Structured Credit Fund and the Bear Stearns High-Grade Structured Credit Enhanced Leveraged Fund) came with losses. Merrill Lynch, creditor of the funds with $ 850 million loan, proposed to sell $ 100 million of the debt in exchange for cash. The news caused the fund investors to rush redemption. Under a run, Bear Stearns on June 27 announced the cessation of the redemption of the two funds. March 2008, Bear Stearns' debtor Carlyle Capital filed for bankrupt. Because the loan from Bear Stearns to Carlyle Capital was too large and the recovery hopeless, Bear Stearns's creditors have refused to refinance to Bear Stearns (under normal circumstances, investment banks can use securities as collateral, issuing Asset Backed Commercial Paper to obtain financing in the money market). Within just a week, Bear Sterns lost $ 17 billions in cash, a complete loss of the liquidity of its assets. Eventually it was merged and acquired by JPMorgan Chase Bank on March 24th.

[6] Merrill Lynch was the world's largest securities firm and one of the top three investment banks. Merrill Lynch was only valet for subprime mortgage transaction, but later changed tactics and invested on it own behalf. To expand in subprime territory, it spent $ 1.3 billion and acquired the largest US mortgage company, First Franklin Financial Corp., in December 2006. Merrill Lynch had a loss of $ 7.9 billion because of subprime in the third quarter of 2007 and eventually was acquired by Bank of American in September 2008.

[7] Lehman Brothers was the fourth largest US investment bank in 2007. Similarly, because of the subprime mortgage business losses, it could not obtain further financing from the money market. Meanwhile, many of its investors redeemed and making its liquidity deteriorated rapidly, It finally announced $ 613 billion debts and filed for bankruptcy in September 15th, 2008. It was the largest bankruptcy case in the US history. Unlike Bear Stearns that was bailed out by US government indirectly, Lehman Brothers ultimately did not get the US government bail-out, so it went into bankruptcy. Lehman's bankruptcy was also seen as the culmination of the financial crisis.

[8] Department of Statistics, Ministry of Economic Affairs. URL: http://dmz9.moea.gov.tw/GMWeb/common/CommonQuery.aspx.

[9] Ministry of Labor. URL: http://statdb.mol.gov.tw/statis/jspProxy.aspx?sys=210&kind=21&type=1&funid=q02077&rdm=jckeqxKj.

[10] See Department of Statistics, Ministry of Economic Affairs. URL: http://dmz9.moea.gov.tw/GMWeb/common/CommonQuery.aspx.

[11] Central Bank of the Republic of China (Taiwan) . URL: http://www.cbc.gov.tw/ct.asp?xItem=45641&CtNode=561&mp=1.

[12] Ibid.

[13] Ibid.

[14] Ibid.

[15] Ibid.

[16] The National Financial Stabilization Fund, also called the National Security Fund, was established in 2000 in accordance with "the Statute for the Establishment and Administration of the National Financial Stabilization Fund" "for purposes of responding to significant occurrences at home or abroad so as to preserve stability in capital markets and other financial markets and guarantee national stability." Its size is NT$500 billion (Article 4). A National Stabilization Fund Management Committee is established and has 11 to 13 members, including 1 chairman, in which post the vice president of the Executive Yuan shall concurrently serve. Also concurrently serving as Committee members shall be the Governor of the Central Bank of China, Minister of Finance, Minister of Transportation and Communications, Director General of Budget, Accounting & Statistics, Chairman of the Council of Labor Affairs (now Minister of Labor), and Minister of Personnel. The remaining members shall be selected by the Competent Authority from scholars and experts recommended by the party caucuses of the Legislative Yuan (Congress).

[17] For detail and specific contents of the measures, see Executive Yuan. URL: http://www.ey.gov.tw/Upload/RelFile/26/51427/91291081971.pdf.

[18] Article 62 of The Banking Act, "When there is a concern that a Bank is unable to pay its debts when due or there might detriment to the depositors' interests due to obvious deterioration in the Bank's business or financial status, the Competent Authority shall assign officials to take receivership over the Bank, order such a Bank to suspend and wind up business , or take other necessary measures. If deemed necessary, the Competent Authority may notify relevant authorities or institutions to prohibit the Bank's responsible person from transferring, delivering or creating other rights in his/her properties, and/or request the immigration agency to prohibit the responsible person from departing the country.

When a Bank's capital is graded as being seriously inadequate, the Competent Authority shall assign officials to take receivership over the Bank within ninety (90) days from the date the Bank is listed as having seriously inadequate capital. Notwithstanding the foregoing, for Banks that are ordered by the Competent Authority to undertake capital restructuring or merger within a prescribed period but have failed to comply therewith accordingly, the Competent Authority shall assign officials to take receivership over the Bank within ninety (90) days from the next day following the expiration of the prescribed period.

The regulations governing the procedure for receivership mentioned in the preceding two paragraphs hereof, the responsibilities and powers of the receiver, assumption of related expenses and other matters to be complied with shall be prescribed by the Competent Authority.

For Banks that are ordered to suspend business under Paragraph 1 hereof, the winding-up procedure for such Banks shall be deemed as liquidation under the Company Law.

A court that receives a Bank's filing for bankruptcy shall promptly forward a copy of the petition to the Competent Authority and consult the specific opinions of the Competent Authority on whether bankruptcy declaration should be allowed."

[19] Article 64 of The Banking Act, "If the losses of a Bank exceed one third (1/3) of the Bank's capital, the Bank's directors or supervisors shall immediately report such information to the Central Competent Authority.

In the above-described circumstances, the Central Competent Authority shall require the Bank to make up such a deficit within three (3) months. If the Bank fails to do so within such a prescribed period of time, the Central Competent Authority shall send officials to take receivership over the Bank or the Bank shall be ordered to suspend its business."

[20] Article 44-2 of The Banking Act, "The Competent Authority shall take the following actions in part or in whole based on the grading of a Bank's capital:

1. Banks having inadequate capital:

(1) Order the Bank or its responsible person to propose a capital restructuring or other finance and business improvement plans. For Banks that fail to propose a capital restructuring or other finance and business improvement plans as ordered, or fail to carry out the said plan accordingly, supervisory actions for the next capital grade may be adopted.

(2) Restrict the new acquisition of risk assets or take other necessary actions.

2. Banks having significantly inadequate capital:

(1) Apply the provisions in the preceding paragraph.

(2) Remove the responsible person from his/her position and notify the competent authority in charge of company registration to take note thereof on the registered items.

(3) Order the Bank to obtain the prior approval of the Competent Authority before acquiring or disposing of specific assets.

(4) Order the Bank to dispose of specific assets.

(5) Restrict or prohibit credit extension or other transactions with interested parties.

(6) Restrict the investment activities or some businesses of the Bank, or order the Bank to close a branch or department within a prescribed period.

(7) Limit the interest rate the Bank pays on deposits to a level not exceeding the interest rate other banks pay on comparable deposits or deposits of the same nature.

(8) Order the reduction in remuneration of responsible persons, and the reduced remuneration shall not exceed 70% of the average remuneration paid out to the said responsible person within twelve (12) months before the Bank's capital becomes significantly inadequate.

(9) Assign officials to take conservatorship over the Bank's operations or take other necessary actions.

3. Banks having seriously inadequate capital: The Competent Authority shall take actions set out in Paragraph 2 of Article 62 of this Act in addition to the actions prescribed in the preceding subparagraph.

The Competent Authority may examine at any time the implementation status of the Bank's capital restructuring or finance and business improvement plan, if deemed necessary, consult with relevant authorities or institutions and entrust a professional institution to provide assistance t the cost of the Bank.

Where a Bank is under the conservatorship of an official assigned by the Competent Authority, Paragraph 3 of Article 62-2 of this Act shall apply mutatis mutandis.

Where a Bank's business operation is seriously inadequate or its capital might be downgraded, the Competent Authority may adopt supervisory actions for the next capital grade. Where there is a concern of imminent danger of the Bank's continuing operation or adverse effect on the financial stability, the Competent Authority should renew the review or adjustment of the Bank's capital grade.

The regulations related to the procedure for conservatorship mentioned in Paragraph 1 hereof, the responsibility and authority of the conservator, assumption of related expenses and other matters to be complied with shall be prescribed by the Competent Authority."

[21] FSC Annual Report 2008, page 18. URL: http://www.fsc.gov.tw/ch/home.jsp?id=137&parentpath=0,4.

[22] The current rate for the deposit insurance premiums are 5, 6, 8, 11, 15 per 10,000. See Central Deposit Insurance Corp. URL: http://www.cdic.gov.tw/public/Attachment/3102414213471.pdf.

[23] SEC. 136. TEMPORARY INCREASE IN DEPOSIT AND SHARE INSURANCE COVERAGE.

(a) FEDERAL DEPOSIT INSURANCE ACT; TEMPORARY INCREASE IN DEPOSIT INSURANCE.-

(1) INCREASED AMOUNT.-Effective only during the period beginning on the date of enactment of this Act and ending on December 31, 2009, section 11(a)(1)(E) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)(E)) shall apply with ''$250,000'' substituted for ''$100,000''.

[24] See National Audit Office, "Special Account Audit Report on the Central Government Issuing Consumption Vouchers," page 6. URL: http://www.audit.gov.tw/ezfiles/0/1000/attach/89/pta_692_670563_74965.pdf.

[25] See Council for Economic Planning and Development, "Statistics and Impact Assessment of the Implementation of the Revitalizing the Economy Consumption Vouchers" . URL: http://www.ey.gov.tw/Upload/UserFiles/%E6%B6%88%E8%B2%BB%E5%88%B802.pdf.

[26] Id. at 23.