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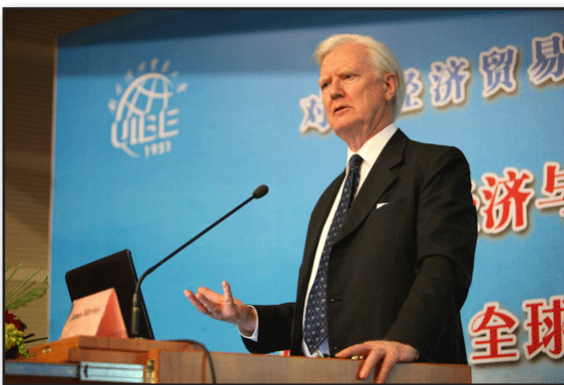
UIBE June 2, 2009 - by Alex Goldsborough

### UIBE welcomes Nobel Laureate Professor Mirrlees; and hosts forum on “Dealing with Recessions.”

Nobel Laureate, Professor Sir James Alexander Mirrlees, was granted the title of honorary Professor by UIBE’s President Chen Zhunmin May 31, 2009. Following the official ceremony Professor Mirrlees opened the forum on “Dealing with Recessions”, with a speech on “How to Stimulate the Economy.” He outlined some prescriptive suggestions, and how they might apply to the case of China.

Wikipedia has an excellent profile of Professor Mirrlees.

Also participating in the forum organised by UIBE’s School of International Trade and Economics, were Vice-



President Lin, Professor Zhao of UIBE’s School of International Trade and Economics; Mr. Fred Dubee, Senior Advisor from the United Nations General Secretary’s Office; Ms. Liu Xuhong from the Foreign Capital and Overseas Department of the National Development and Reform Commission; and Mr. Tan Weidong, President of the Sino-US Institute for Strategic Studies. All discussed various aspects of the forum’s theme.

Nobel Laureate, Professor Mirrlees opened the forum, his discussion was centered on explaining the current global

recession, specifically addressing issues pertaining to China. Invoking John Maynard Keynes, who advocated that government should play an active role in the lives of people regarding business and the economy, through implementation of fiscal measures, Professor Mirrlees argued, “the question today is not whether government should stimulate, but rather how much.”

“The underlying forces for today’s recession already existed before the advent of the credit crunch and the ensuing global financial crisis.” Citing the high price of oil, and that interest rates which were too high, “consumers were



resilient, but in the end were forced by banks to react to the changing economic circumstances.” The Global Financial Crisis led to a relatively quick change in consumption patterns, accentuating pre-existing problems, and leading to a recession.

Professor Mirrlees asked many questions, and delivered elegant responses. In times of uncertainty, “how fast do both governments and people need to react to changing economic conditions? How much stimulus should be introduced by governments, at what point, and who should be stimulated?”

He focused on China specifically, he argued that China is a country that looks to be in a recession”, explaining that with “high unemployment, and exports exceeding imports, government policies needed to work towards mitigating controls on imported goods.” Commenting on China’s reaction to the global financial crisis, and its plummeting export sector, “the government responded purposefully,



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however they stimulated too little, and in projects that are too long term in perspective.”

“You have to think of everything in global terms, the whole world would have benefited if China had gone anywhere near eliminating its trade surplus. Why not do this? This is too big a leap into the unknown,” he stated. It is better to focus and work with what is done, rather than wishing for what could have been.



In his concluding remarks, Professor Mirrlees mentioned that many valuable economic lessons are being learned from the current global financial crisis. For one, “economic tools wielded by governments have become available for quicker response, as well as the use of bigger financial stimulus specifically targeted at specific areas where none would have been used before.” Stabilization remains the key, every recession has its own problems, and matching solutions, “this is not the last recession.”

Vice-President Lin followed with a discussion targeted more specifically at China’s need to “continue on the path of reform.” Inspired by Nobel Laureate Professor Mirrlees, Professor Lin launched into a very eloquent outline of major opportunities for China as a result of the global financial crisis.

He saw three main areas where progress could be made. In the area of consumption versus savings for example, he discussed finding ways of using China’s surplus to stimulate domestic demand and the development of the goods and services sectors, rather than buying financial products.

He also discussed China’s recent growth pattern, highlighting that issues of income distribution, and low domestic demand stemming from uncertainty, along with market forces being absent in many sectors. Finally, on the subject of reforms, Professor Lin argued for the need for enterprise reform, trade liberalization, the need for a greater spirit of entrepreneurship, and the need for greater visibility. Citing examples, he mentioned the inefficiencies of State Owned Enterprises, and Collectives.

Mr. Fred Dubee, Senior Advisor of the United Nations Secretary General’s Office followed with a speech on how to contribute towards building a more harmonious world,



and getting not only governments, but also businesses involved in the process of sustainable development. He cited many examples of companies active in this area.

Last but not least were two contributions from the Ms. Liu Xuhong from the Foreign Capital and Overseas Department of the National Development and Reform Commission; and Mr. Tan Weidong, President of the Sino-US Institute for Strategic Studies.

Article provided by UIBE’s Director of International Marketing and Communications: Alex Goldsborough