

Wu Xiaoling: Be objective and scrupulous to promote China's financial theoretic research

Speech by Ms Wu Xiaoling, Deputy Governor of the People's Bank of China, celebrating the publication of Professor Huang Da's books, Beijing, 3 June 2005.

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Professor Huang Da, Distinguished guests:

Today, experts and scholars from the financial sector, education sector and publishing sector gather at the Great Hall of the People celebrating the publication of the *Collected Works of Huang Da* as an effort to promote China's financial theory development. This is an important event for developing philosophical science and advancing China's financial theoretic study. On behalf of Mr. Zhou Xiaochuan, Governor of the People's Bank of China and the President of the China Financial Institute as well as the two institutions, I warmly congratulate the publication of the *Collected Works of Huang Da* and the convening of the conference.

Professor Huang Da is a famous economist and educator, well known both at home and abroad. He is one of the scholars who first conducted monetary theory research in China and who established the discipline of finance in China. As early as when the People's Republic of China was founded, professor Huang Da began to conduct education and research activities on finance. With a scrupulous attitude, he has long conducted research on theoretical and empirical issues of China's money, banking, price, public finance and macroeconomic development, etc. His research work has been essential to the development of fiscal and finance research framework and the evolution of financial theory study in China.

Given his outstanding contribution and position in financial research, he was a deputy to the eighth National People's Congress (NPC), a member of the NPC's Financial and Economic Committee and the President of the Renmin University. He was also appointed a member of the first Monetary Policy Committee of the People's Bank of China and the Head of China Financial Institute. At present, he remains its honorary president. The *Collected Works of Huang Da* centralized his research work on financial theory.

As we cheer for the publication of the collected Works, we shall not forget the efforts of researchers on financial theory development in a time horizon ever since the founding of the People's Republic of China, in particular from the commencement of economic reform and opening up. With these efforts, a solid theoretical foundation has been laid for future development of the financial discipline and the reform of China's financial system. However, we shall be more aware that China's financial system may face a series of challenges arising from financial globalization and China's WTO accession. A great deal of topics are to be studied, giving rise to crucial tasks for scholars in the field of finance.

Nevertheless, I would like to stress that researchers are also lucky as they are in a transition period and the country is undergoing unprecedented economic and financial reform, where many economic and financial phenomena are hard to be well explained by existing theories and experiences. China's practice has provided researchers with abundant materials and room for innovation in such areas as sequence of financial market development, coordination of the development of money market, capital market and insurance market, the roadmap and institutions associated with the evolution of multi-layer financial markets, in particular capital markets and financial risk management system. Moreover, Chinese authorities have been conducting monetary policy management, exchange regime reform, rural financial system reform, policy bank reform and related legal system reform under very complicated circumstances. These issues unique to China also provide scholars with sufficient room for research.

China's financial researchers have been exposed to the frontier by the great time. This is not only a precious opportunity, but also a great challenge. Modern economic and financial theory emerged in the western countries after long-term observation and research by western economists. The theory is subject to relatively strict conditions, which may not be appropriate in China's practice. Nevertheless, we believe that China's financial researchers will take a scrupulous attitude and not confine to the existing theories and historical experiences. With these efforts, theoretical development will be brought to a new stage on the basis of China's reform practice, giving rise to financial theory development in the world.

Passion is needed in the reform, while cool mind is necessary for research. Researchers need to be objective, independent and scrupulous with the research work. Economic and financial performance involves the interaction of interests of different parties. The objective of financial theoretical research is to objectively describe the pattern of interests and the rule of its change, providing guidance to economic and financial policy making aimed at establishing appropriate incentive mechanisms. In this vein, the China Financial Institute will take measures to further mobilize research resources to conduct pioneering study on important theoretical issues with respect to China's reform and development under the support of financial supervisory agencies, commercial banks, securities firms, insurance companies, publishing houses, schools and financial research institutes.

In conclusion, I wish professor Huang Da continued success in economic and financial research, and welcome constructive proposals from the participants of the conference on promoting China's economic and financial theoretic study.