

PHBS
Peking University HSBC Business School
University Town, Nanshan District
Shenzhen, 518055 China

SPRING 2025

PHBS MAGAZINE

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HSBC Business School

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- Two-year cross-border programs
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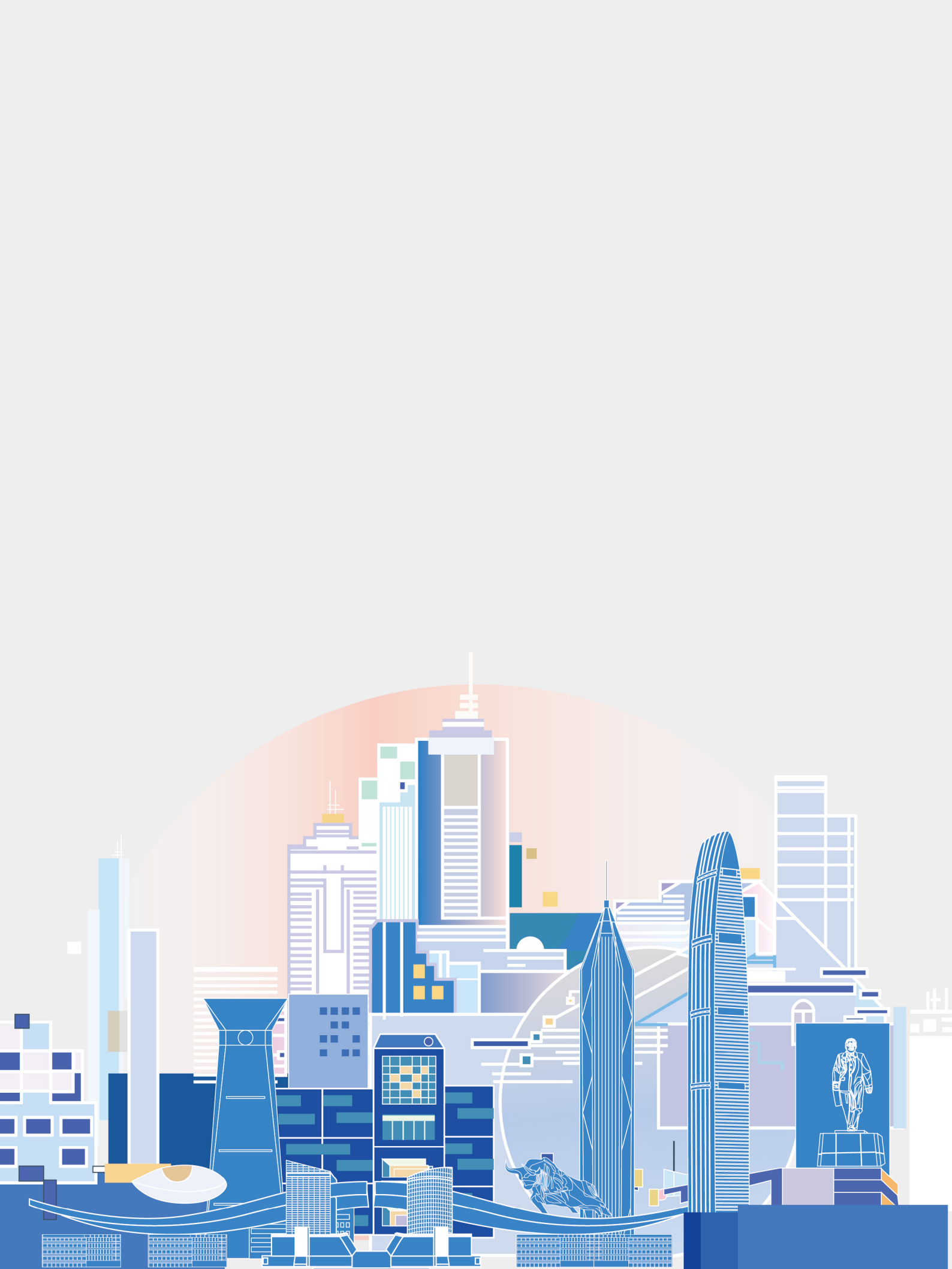
PHBS
Peking University
HSBC Business School

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AND
INNOVATE**

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北大汇丰

Eleventh
Issue



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PHBS MAGAZINE

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NEWS BRIEFINGS

1 PHBS Financial Media Program Engages in Academic Exchanges with ADM+S

In October 2024, four scholars from Automated Decision-Making and Society (ADM+S) visited Shenzhen, where they engaged in a four-day academic exchange with faculty and students from the Financial Media Program of Peking University HSBC Business School (PHBS). Their visit also included tours of leading companies

such as Tencent, BGI, and DJI. During their visit, PHBS Associate Dean and Associate Professor Young Joon Park, along with Financial Media Program Coordinator Ye WeiMing, held a meeting with the ADM+S delegation, reaching a broad consensus on topics such as collaborative research. In addition, the delegation embarked on a series of insightful tours and discussions at leading institutions and businesses in Shenzhen. Despite the brevity of their visit, both sides have already begun to discuss future collaboration opportunities, with a shared commitment to advancing technological and social research.



2 PHBS International Students Win Second Prize at the 2nd International Business Simulation Competition

On November 12-13, the highly anticipated 2024 Rush Hour International Business Simulation Competition for International Students in China was held at the Shanghai University of Finance and Economics. A team of two international students from Peking University HSBC Business School (PHBS), Chee Weng Yan (Master of Finance, Malaysia) and Ri Sang Yong (Master of Finance, North Korea), stood out to win the second prize. Organized by the Shanghai International Education Exchange Association, this year's competition attracted 117 teams and 425 participants from 32 top universities across China, with students representing 67 nationalities, demonstrating the event's international reach. After an intense preliminary competition, 30 teams from 23 universities were selected as the finalists. According to Ri, the PHBS team's award-winning strategy was rooted in their guiding principle, "Be Extraordinary," inspired by PHBS Founding Dean Hai Wen's emphasis on creating uniqueness to avoid homogeneous competition and strive for world-class status. "Despite our thorough preparations, including studying various strategic models and consulting professionals, the competition's dynamic nature, particularly shifting demands and market environments, required constant strategic adjustments. This opportunity allowed us to learn and practice strategic decision-making in real-time," Chee remarked.



3 Employment Report for PHBS Full-Time Master's Graduates Released

PHBS has announced the employment outcomes for its 2024 full-time master's graduates. All 2024 full-time graduates from both the MA and MBA programs achieved a 100% high-quality employment rate, reaffirming the school's reputation as a "business education powerhouse" with strong industry recognition. For the MA program, 294 Chinese graduates demonstrated exceptional career readiness. While nine pursued advanced studies at top-tier global universities, the remaining 285 entered the workforce, achieving a perfect employment rate. Nearly 70% of these graduates have

joined the financial sector, where they apply their expertise in banking, securities, and asset management. For the MBA program, the employment landscape for full-time graduates was diverse: 35% entered the financial sector, 27% joined government or public institutions, 19% embarked on entrepreneurial ventures, 11% moved into the tech and internet industries, and 8% joined the biopharmaceutical sector. Graduates secured positions at leading financial firms, central and local state-owned enterprises, and other industry pioneers. This year's employment report underscores the school's commitment to cultivating talent that excels across diverse sectors, balancing academic rigor with real-world impact. Its emphasis on career development and industry engagement continues to set its graduates apart in the competitive job market.

NEWS BRIEFINGS

4 2024 International Business Model Roundtable Forum Held

From December 13 to 14, the 2024 (6th) International Business Model Roundtable Forum took place at PHBS, which attracted over 120 scholars, experts, and entrepreneurs from around the world to discuss business model innovation in the AI era. Wang Pengfei, dean of PHBS, delivered a welcome speech. Raphael Amit, professor at the University of Pennsylvania; Zhu Wuxiang, professor at Tsinghua University; and Wang Haijun, chief business design specialist of Huawei Cloud BU, delivered keynote speeches, respectively. Assistant Professor Zhang Kun presided over the forum. Co-initiated in 2013, the forum serves as a platform to bridge academia and industry, driving progress in business model research and innovation.



Cover and commemorative plaque for The Economist of the Year from *China Newsweek*

5 Professor Hai Wen Named 2024 Economist of the Year by China Newsweek

On January 1, 2025, *China Newsweek* unveiled its 2024 Cover Figures Annual Edition, Professor Hai Wen, vice chairman of Peking University Council and founding dean of PHBS, named the 2024 Economist of the Year. A trailblazer in higher education, Professor Hai has co-founded or founded several leading institutions, including the Peking University China Center for Economic Research, PHBS, the School of Transnational Law, and the PKU UK Campus. As an economist, his work in international and development economics has influenced generations, with his

“Principles of Economics” course becoming a cornerstone of Peking University’s curriculum. Known for bridging theory and practice, he has consistently addressed real-world economic challenges, emphasizing the enduring relevance of economic principles. This year’s *China Newsweek*, celebrating the magazine’s 25th anniversary, selected 17 individuals and groups shaping industries and the future as cover figures. Professor Hai’s recognition demonstrates his profound impact on economics, education, and China’s academic landscape.

6 PHBS 2024 Research Breakthrough: 97 Papers Published, 20 in Global Top Journals

In 2024, PHBS faculty and students published 97 academic papers, with 84.5% appearing in top-tier journals indexed by SSCI, SCI, or CSSCI—a 3.5-percentage-point increase from 2023. Among these, 37 papers were published in leading economics, finance, and management journals, including *Management Science*, *Journal of Financial Economics*, and *Review of Financial Studies*. Notably, 20 papers landed in globally renowned journals, up 17.6%



Global top journals

year-on-year. The authors of these 20 high-impact studies spanned PHBS’s academic ranks: 3 professors, 4 tenured associate professors, 7 assistant professors, and 1 doctoral student, reflecting the school’s collaborative research culture and rising global scholarly influence. This milestone highlights PHBS’s growing footprint in cutting-edge research and its commitment to advancing knowledge across business disciplines.

PHBS Reaccredited by AACSB with a Maximum Period of 6 Years

By Annie Jin

Recently, the Association to Advance Collegiate Schools of Business (AACSB) announced that Peking University HSBC Business School (PHBS) has once again been accredited by AACSB for a maximum period of 6 years.

In June 2024, a peer review team comprising Peter Verhoef, vice rector and dean of the Faculty of Economics and Business at the University of Groningen, Gregory J. Whitwell, former dean of the Business School at the University of Sydney, and Maryam Omari, executive dean of the Business and Law School at Edith Cowan University, conducted an onsite re-evaluation

“The review team gave full credit to the remarkable progress PHBS has made in recent years, noting that the school boasts top-notch teaching facilities and has achieved impressive accomplishments in academic research, internationalization, employment competitiveness, and other areas.”



PHBS



The peer review team with the school leaders

of PHBS. The peer review team conducted 17 in-depth discussions with the school's leadership, meticulously scrutinizing facets including the school's vision and mission, strategic development, teaching and research, faculty development, talent cultivation, personnel management, social responsibility, and impact.

Furthermore, they engaged in dialogues with program directors, faculty members, students, alumni, and employers to gather a holistic view of their assessments and recommendations for the school and its various programs. The review team gave full credit to the remarkable progress PHBS has made in recent years, noting that the school boasts top-notch teaching facilities and has achieved impressive accomplishments in academic research, internationalization, employment competitiveness, and other areas. Meanwhile, they also provided suggestions for the school's sustainable devel-

opment in the future.

Located in Shenzhen, PHBS was founded in 2004 with the vision to advance Peking University's commitment to global economics, finance, and management research, and develop as a center of international excellence in business education. In August 2018, the school successfully passed the AACSB accreditation for five years. In May 2024, the Association of MBAs (AMBA) also sent a letter confirming that PHBS has once again been awarded accreditation for the maximum 5-year period. Though a young institution, PHBS has set its sights on global recognition and is now among only a selective few of the best business schools worldwide to hold the “Triple Crown” — AACSB, AMBA, and EQUIS, granted by the world's three most influential business school accreditation organizations.

PHBS Hosts the Grand Final of the 2024 PHBS-CJBS Global Pitch Competition

By Annie Jin

Co-organized by Peking University HSBC Business School (PHBS) and Cambridge Judge Business School (CJBS), the Grand Final of the 2024 PHBS-CJBS Global Pitch Competition, along with the PHBS-CJBS Bay Area Entrepreneurship and Venture Capital Forum, was held on the afternoon of December 5, 2024 at PHBS in Shenzhen, China. The 2024 season kicked off in January, and to continuously expand the competition's influence, new roadshow locations were added for the season, including Wuhan, Beijing, and Suzhou.

This season received a total of 506 registrations from entrepreneurial projects. The organizing committee, together with industry experts, screened out 126 high-quality projects and conducted 14 preliminary round roadshows. Ultimately, 36 entrepreneurial teams advanced to the semifinals, with projects spanning industries such as artificial intelligence, biomedicine, energy and carbon neutrality, smart manufacturing, semiconductors and chips, and new materials.

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The strategic cooperation between PHBS and CBBC



The strategic cooperation between PHBS and HKTD



In his speech, Hai Wen noted that the 2024 season marked the fourth consecutive year that PHBS and CJBS had jointly organized this competition. The event aimed to empower innovation and entrepreneurship in the Greater Bay Area and even across China, to support international innovation cooperation, to provide valuable opportunities and platforms for entrepreneurs to showcase their startup projects, and to help investors identify better investment opportunities. He emphasized that PHBS would deepen international cooperation in future innovation and entrepreneurship endeavors, strengthen collaboration within the Greater Bay Area, and expand its domestic influence.

Niyazi Taneri emphasized the importance of collaboration in driving innovation. He pointed out that over the years, the cooperation between PHBS and CJBS yielded fruitful results with growing influence, which is expected to deepen further in the future. He expressed that

innovation was not only about pursuing economic benefits but also about promoting social progress. The competition, he said, served not only as a platform to showcase talent and creativity but also as a bridge connecting PHBS with CJBS, China with the United Kingdom, and even the entire world.

Peter Burnett noted that CBBC had always been committed to promoting trade and investment relations between the UK and China, and actively collaborating with universities to nurture leadership talent. He pointed out that the Greater Bay Area is gradually emerging as a global hub for technology and innovation. He looked forward to deepening cooperation with the two world-class business schools through the competition platform, leveraging the advantages of CBBC members to broaden the competition's reach, attracting more talents and innovative ideas from diverse fields, and supporting the incubation and realization of these ideas.

Zeng Yijing stated that the Greater Bay Area boasted robust consumer power, comprehensive industrial supporting facilities, active venture capital, strong policy support, and a favorable business environment. It was noteworthy that its globally leading technological application scenarios could provide vast market demand for technology enterprises. He pointed out that HKTDC would strengthen its cooperation with PHBS to jointly promote the high-quality development of the innovation ecosystem in the Greater Bay Area and help startups achieve rapid growth and expansion.

During the event, the International Innovation and Entrepreneurship Cooperation Launch Ceremony was held, marking another significant initiative by PHBS to promote innovation and entrepreneurship integration in the Guangdong-Hong Kong-Macao Greater Bay Area. Hai Wen and Peter Burnett jointly initiated the strategic cooperation between PHBS and CBBC on



From left to right: Zhang Kun, executive director of the Center for Innovation and Entrepreneurship at PHBS (CIE); Wei Wei, vice chairman of PHBS Council and director of CIE; Liu Xiangning, deputy general manager of Shenzhen Angel FoF Management CO., LTD; Xu Hui, director of the Engine Built by PHBS; Tan Lin, partner and chief ecosystem officer at Haichuanghui; and Liang Huanhuan, founder of Enmai Biotech



From left to right: Huang Zhimin, PHBS-CIE; Li Chengyi, chairman of Heroad Investments and co-founder of QF Capital; He Haonan, partner at G&O Capital; Li Yanru, founding partner of 1898 Venture Capital; Li Shihao, founder of E3A Healthcare; Zhu Hanqi, founder of Enhanced Robotics; Xu Ke, founder of LaSense Technology



Hai Wen, vice chairman of Peking University Council (former vice President of Peking University) and founding dean of PHBS

Niyazi Taneri, professor of innovation and operations management at CJBS

Peter Burnett OBE, BBS, chief executive of the China-Britain Business Council (CBBC)

Zeng Yijing, director of the Greater Bay Area Service Centre, the Hong Kong Trade Development Council (HKTDC)

behalf of both parties. Meanwhile, Ren Ting, party secretary and vice dean of PHBS, and Zeng Yijing jointly launched the strategic cooperation between PHBS and HKTDC on behalf of their respective sides.

Leveraging PHBS UK campus and Qianhai institute of China-Britain as platforms, the strategic cooperation between PHBS and CBBC aims to lead the bilateral exchange and development of British and Chinese enterprises, especially small and medium-sized enterprises and startups, and to establish a high-quality Sino-British innovation and entrepreneurship ecosystem network.

The strategic cooperation between PHBS and HKTDC focuses on events and activities such as the PHBS-CJBS Global Pitch Competition and the Hong Kong “Express Incubation Program” for startups. Through these initiatives, both parties will jointly participate in developing the “Shenzhen-Hong Kong Science and Technology

“The competition, he said, served not only as a platform to showcase talent and creativity but also as a bridge connecting PHBS with CJBS, China with the United Kingdom, and even the entire world.”

Innovation Corridor,” strengthening the interaction within the innovation ecosystem. This cooperation aims to help Hong Kong enterprises to “enter” and explore new markets and business opportunities, while supporting mainland projects to leverage Hong Kong for global expansion and deployment.

Following the launch ceremony, the Greater Bay Area Entrepreneurship and Venture Capital Forum featured a keynote speech, “The Survival Code for the New Era,” given by renowned investor Wu Shichun. He emphasized that in the face of intertwined difficulties in various aspects such as Chinese assets, domestic demand, and investment, startup enterprises

need to adapt to new political and economic trends, cycles, and environments, evolving into comprehensively capable “unicorn” enterprises and earning the Beta dividend of the new cycle.

Zhang Kun hosted a roundtable forum titled “Vision for the Future: Business Breakthroughs and Transformations in the New Era.” Wei Wei, Liu Xiangning, Xu Hui, Tan Lin, and Liang Huanhuan shared their thoughts and insights on topics such as “Industry + AI,” “Innovation and Transformation,” and “Venture Capital Philosophy.”

Huang Zhimin hosted a roundtable forum titled “Enterprise Innovation Development and Venture Capital Trends.” Li Chengyi, He Ha-

onan, Li Yanru, Li Shihao, Zhu Hanqi, and Xu Ke engaged in a lively discussion on topics such as “Future Investment Trends and Industry Opportunities,” “Investment Decision-Making and Investment Judgment,” and “New Quality Productivity.”

During the finals, ten teams presented their roadshows and answered questions from the judges on site. After a fierce competition, the first prize went to SHANMU. Second prizes went to I2Cool, Wayo, and XZD Material Technology, while third prizes were awarded to Daosheng Biological (Shenzhen) Co., Ltd, BrainThink, YUANWEISHIJIE, Synphage, SIPI-MO Technology Group, and Zhiwei Data.

After the event, a launch ceremony was held for the 2025 PHBS-CJBS Global Pitch Competition. The 2025 season will continue to focus on early-stage technology teams before the B round, with a special emphasis on Shenzhen’s “20+8” industrial clusters.



The launch ceremony for the 2025 PHBS-CJBS Global Pitch Competition



PHBS leaders and guests present awards to winning teams





Thomas Sargent
delivers the keynote

The Inaugural PHBS-IER Conference Held at PHBS

The inaugural PHBS-IER Conference, jointly organized by Peking University HSBC Business School (PHBS) and the *International Economic Review* (IER), took place at PHBS in Shenzhen, China, from December 22 to 23, 2024. Centered on the theme “Financial Frictions for Firms and Households: Implications for Economic Development and Government Policies,” the conference attracted over 130 senior professors and young scholars from prestigious universities worldwide, including Princeton University, University of Pennsylvania, Boston University, University of Southern California, Emory University, University College London, The Chinese University of Hong Kong, Peking Uni-

versity, Tsinghua University, Fudan University, and Cheung Kong Graduate School of Business. Furthermore, the live-streamed sessions garnered a cumulative audience of over 8,600 viewers, which showcased the great influence of PHBS and IER.

Wang Pengfei, Peking University Boya distinguished professor and dean of PHBS, and Dirk Krueger, professor at the University of Pennsylvania and editor-in-chief of IER, each delivered speeches on behalf of the organizers.

Professor Wang expressed his gratitude to the IER editorial board, faculty members, and student volunteers for their exceptional efforts in organizing the conference. He shared his

“Professor Sargent discussed the complex interactions between fiscal, monetary, and tax policies, particularly emphasizing the role of ‘game theory’ in shaping policymaker decisions. He underscored the importance of ‘budget constraints,’ ‘coordination between monetary and fiscal policies,’ and ‘power distribution’ in managing these challenges.”



Wang Pengfei and Dirk Krueger

hope that the event would become a premier academic platform, not only for Shenzhen but also for the entire country and the world, further elevating the international influence of PHBS and IER. Professor Krueger thanked both the participants and organizers, highlighting the distinguished academic contributions of Professor Thomas Sargent. He also expressed his hope that IER would continue to attract outstanding research in the future.

Professor Thomas Sargent delivered the keynote address on the topic “Fiscal Consequences of the US War on COVID.” He began by tracing the historical evolution of U.S. fiscal and monetary policy from the 19th to the 21st century. Professor Sargent examined the early development of financial and monetary systems in 19th-century America, the establishment of U.S. dollar dominance in the 20th century, and the fiscal and monetary challenges faced in the 21st century, including ongoing deficits and inflationary pressures. He highlighted the long-term impact of wars on fiscal and monetary policy, noting that such crises often lead to fiscal deficits, significant price volatility, and enduring institutional changes. Furthermore, Professor Sargent discussed the complex interactions between fiscal, monetary, and tax policies, particularly emphasizing the role of “game theory” in shaping policymaker decisions. He underscored the importance of “budget constraints,” “coordination between monetary and fiscal policies,” and “power distribution” in managing these challenges.

PHBS Assistant Professor Ma Xiao presented a paper titled “How Do Multinationals Impact China’s Technology? The Role of Quid Pro Quo Policy and Technology Spillovers.” The paper quantitatively assessed the influence of multi-



Ma Xiao and Lyu Dan



Wang Neng and Li Kai



Miao Jianjun and Xu Zhiwei



Wang Yicheng and Cui Wei

national corporations on China's technological development from a technological perspective, revealing that foreign direct investment (FDI) has facilitated significant technology transfers and large-scale technology spillovers. To explore this, the paper developed a global trade and innovation model, incorporating the effects of the "Quid Pro Quo" policy on China's economy. The findings showed that removing the "Quid Pro Quo" policy would directly boost China's economic output and lead to a decline in its knowledge stock. Assistant Professor Lyu Dan from the Chinese University of Hong Kong commented on the paper, addressing issues such as stylized facts, model mechanisms, and algorithms.

Wang Neng, professor at Cheung Kong Graduate School of Business, presented the paper titled "Reallocating and Pricing Illiquid Capital: Two Productive Trees." The paper developed a two-sector general equilibrium growth model that incorporates capital accumulation and adjustment costs. In this model, consumers face a trade-off between the benefits of diversification and the costs of redistribution and productivity losses. The allocation of capital between the two sectors influences key economic factors such as the risk-free rate, the

“The conference, which garnered widespread attention and participation from the public, received a total of 211 high-quality paper contributions through an open call for submissions. Among these, eight were ultimately selected for inclusion, six of which were featured in a Special Issue of the *IER*. ”

risk premium, investment, and Tobin's Q , both at the sectoral and aggregate levels. Through this framework, Professor Wang highlighted the critical role of sectoral heterogeneity and capital mobility in driving economic growth and asset pricing. Li Kai, professor and assistant dean of PHBS, noted that this framework could provide valuable insights into a range of topics, including the important risk premium channel that drives business cycles, changes in the aggregate risk premium in financial

markets, and the risk-return trade-off across different sectors.

Professor Miao Jianjun from Boston University, presented the paper titled "Inflation and Debt Rollover under Low Interest Rates." Using a New Keynesian model with overlapping generations, the paper explored the impact of both temporary and permanent increases in fiscal deficits financed through debt rollover policies, particularly when interest rates are lower than economic growth rates. The findings revealed that while the debt rollover policy can be feasible within the monetary regime, it results in very slow-moving debt. Specifically, this policy leads to persistent inflation in response to a temporary increase in fiscal deficits, but causes persistent disinflation when the fiscal deficit increase is permanent. Professor Xu Zhiwei from Fudan University provided feedback on the paper, offering suggestions such as addressing the issue of multiple equilibria in the model and examining the welfare effects of debt expansion policies.

PHBS Assistant Professor Wang Yicheng presented the paper "Quantifying the Macroeconomic Impact of Credit Expansions," which examines and quantifies how credit expansion influences economic activity by analyzing

demand and supply channels. Using a New Keynesian model with heterogeneous agents in a small open economy, the paper highlights that in the short run, expansionary credit shocks primarily affect household demand, while in the long run, reduced corporate borrowing costs play a crucial role in fostering new business investment. Associate Professor Cui Wei from University College London recommended further exploring the impact of different forms of financial friction on the model mechanism.

Dong Feng, tenured associate professor of the School of Economics and Management at Tsinghua University, presented the paper titled "A Macroeconomic Model of Structural Monetary Policy in China." After providing an overview of the history and current state of structural monetary policy (SMP), the paper developed a quantitative DSGE model based on China's two-sector economy to examine the transmission of SMP. It highlighted the importance of assessing the effectiveness of SMP in conjunction with other conventional monetary policy tools. Professor Feng argued that SMP could be more effective than traditional monetary policies in mitigating the redistributive effects of credit shocks. PHBS Assistant Pro-



Dong Feng and Jia Dun



Fang Hanming and Chen Kaiji



Zhu Wu and Vincenzo Quadrini



Su Yang and Xiong Wei

fessor Jia Dun offered feedback on the paper, suggesting that the model should incorporate the coordination between monetary and fiscal policies and provide additional empirical evidence to support the assumptions and mechanisms underpinning the model.

Professor Fang Hanming from the University of Pennsylvania presented the paper titled “Collateral-Based Monetary Policy: Evidence from China.” The paper used the People’s Bank of China’s June 2018 policy, which expanded the eligible collateral for medium-term lending facilities (MLF), as a natural experiment to examine the causal impact of collateral-based unconventional monetary policy on asset prices and corporate financing costs. Using a triple-difference approach and leveraging China’s dual bond markets, the study found that the policy significantly reduced both secondary market interest rate spreads and primary market financing costs for the targeted bonds, while triggering spillover effects on non-targeted bonds. Professor Chen Kaiji from Emory University praised the paper’s innovative methodology and suggested further differentiation between collateral-based and conventional monetary policies, as well as stronger empirical validation of market segmentation

and a deeper exploration of spillover mechanisms.

Assistant Professor Zhu Wu from Tsinghua University presented the paper titled “Tiered Intermediation in Equity-Holding Networks.” The study examined how financial shocks propagate through equity-holding networks in China, using a comprehensive dataset that covered all registered firms in the country. The findings showed that parent companies transfer bank credit shocks to their subsidiaries, while redistribution between or from subsidiaries back to parent companies is minimal. The paper emphasized that tiered intermediation plays a key role in efficiently allocating resources to financially constrained firms with high investment opportunities, offering valuable insights for resource optimization and policy design. Professor Vincenzo Quadrini from the University of Southern California suggested a further investigation into inter-subsidiary resource redistribution and its potential effects on macroeconomic stability, as well as a comparison with international banking systems to draw broader policy implications.

Assistant Professor Su Yang from the Chinese University of Hong Kong presented the

“**Leveraging this opportunity, PHBS and *IER* aim to deepen their collaboration, establishing an annual exchange platform that will ignite research vitality, promote high-level economic research, and contribute valuable insights to advancing economics in Asia and across the globe.**”

paper titled “Mobility and Housing: Cash Resettlement in China’s Shantytown Renovation.” The study explored how cash-based resettlement during China’s 2015-2018 shantytown renovation program affected intercity migration and housing market dynamics by alleviating household financial constraints. Using data from China Development Bank loans and population censuses, the authors found that cash resettlement significantly prompted migration from lower-priced to higher-priced

cities, exacerbating housing price disparities. Professor Xiong Wei from Princeton University recommended further investigation into the unintended consequences of policy design and suggested enhancing the explanatory power of the data to understand immigration behaviors better.

The conference, which garnered widespread attention and participation from the public, received a total of 211 high-quality paper contributions through an open call for submissions. Among these, eight were ultimately selected for inclusion, six of which were featured in a Special Issue of the *IER*. Chen Kaiji, Fang Hanming, Dirk Krueger, Li Kai, and Wang Pengfei formed the organizing and editorial team for this special issue and were present at the conference. Leveraging this opportunity, PHBS and *IER* aim to deepen their collaboration, establishing an annual exchange platform that will ignite research vitality, promote high-level economic research, and contribute valuable insights to advancing economics in Asia and across the globe.

Source : PHBS Research Office and
Public Relations & Media Office
By Hu Weiping, Yu Qi, Sun Bo, and Annie Jin

Advanced Macro Workshop on Machine Learning, Mechanism Design, and Heterogeneous-Agent Models Held at PHBS



Scholars and students attend the workshop

On November 2, 2024, the Advanced Macro Workshop on Machine Learning and Heterogeneous-Agent Models was held at Peking University HSBC Business School (PHBS), co-hosted by the Sargent Institute of Quantitative Economics and Finance (SIQEF) at PHBS, Institute for Advanced Study (IAS) and Economics and Management School at Wuhan University, as well as the University of International Business and Economics. During the event, more than 30 scholars from the Chinese mainland and Hong Kong participated in discussions on the latest academic research in macroeconomics, machine learning, mechanism design, and heterogeneous-agent models.

Professor Nie Jun briefly introduced the workshop, highlighting its significance in bringing together researchers and experts from diverse institutions across mainland China and Hong Kong to discuss topics in machine learning, mechanism design, and heterogeneous-agent models. In addition, the workshop also aimed to foster connections and collaborative learning between professionals in mathematics, data science, and economics.

Professor Thomas Sargent introduced the current research status and challenges surrounding the framework of decision problems known as “equilibrium Markov processes.” He emphasized that, despite the conceptual simplicity, this high-dimensional structure poses significant challenges in fully characterizing it.

However, with recent advancements in statistics, function approximation, and computing power, researchers are now better equipped to delve into the realms of machine learning and artificial intelligence. Professor Sargent expressed his hope that the presentations at the workshop would showcase innovative applications of these breakthroughs.

Professor Lv Qi from Sichuan University presented his coauthored paper titled “Optimal Control of Stochastic Evolution Equations: Some Recent Progresses,” discussing advancements in control theory for Stochastic Distributed Parameter Systems (SDPSs). Since existing methods for deterministic distributed parameter control systems and stochastic finite-dimensional control systems do not apply to SDPSs, it is necessary to develop new mathematical tools even for simple SDPSs. The paper mainly focuses on the controllability of stochastic hyperbolic equations and the Pontryagin-type maximum principle for controlled stochastic evolution equations, concluding with open questions and future research directions in SDPS control theory.



Nie Jun from
Wuhan University



Thomas J. Sargent, the 2011
Nobel laureate in economics
and honorary director of SIQEF



Lv Qi



Mathieu Laurière



Jentzen Arnulf

Mathieu Laurière, assistant professor at New York University Shanghai, delivered a speech on his collaborative paper, “A Machine Learning Method for Stackelberg Mean Field Games.” He introduced an innovative single-layer numerical method designed to tackle the Stackelberg mean field game problem. This method utilizes a penalty approach to convert the two-level problem involving the leader and the agents into a single-layer mean field optimal control problem. The findings demonstrate that the proposed reconstruction method converges to the original problem. Additionally, the research proposes a machine learning method utilizing feed-forward and recurrent neural networks and showcases its application through various examples from existing literature.

Jentzen Arnulf, professor at the Chinese University of Hong Kong (Shenzhen) and University of Münster, presented his collaborative paper titled “Overcoming the Curse of Dimen-

sionality: From Nonlinear Monte Carlo to the Training of Neural Networks.” This paper proposes an efficient machine learning algorithm for approximating solutions to high-dimensional partial differential equations (PDEs). The authors pointed out that deep artificial neural networks (ANNs) could effectively overcome the curse of dimensionality, making them suitable for a broad class of semilinear parabolic PDEs. Furthermore, the research findings indicate that certain smooth functions cannot be approximated by shallow ANNs without succumbing to the curse of dimensionality; however, they can be approximated by deep ANNs without this limitation.

Zhu Shenghao, a professor from the University of International Business and Economics, presented a paper titled “Kantorovich Meets Sargent: A New Perspective of Rational Expectations”. This paper explores an innovative approach to studying rational expectations

“This workshop not only provided an academic platform for researchers in related fields to exchange ideas but also injected new impetus into the development of machine learning and heterogeneous-agent models, fostering integrated development across interdisciplinary areas.”

within macroeconomic models to examine how distributions or beliefs evolve theoretically and leverage machine learning to calculate these abstract constructs in macroeconomics. The author established a link between optimal transport theory and rational expectations, specifically through the Kolmogorov-Fokker-Planck equation. This linkage offered a robust framework to trace the evolution of the density function of expectations within a heterogeneous agent model. By integrating machine learning techniques, the model elucidated intricate distributions of economic agents' beliefs and actions, thereby refining the accuracy of depicting belief evolution in dynamic economic environments.

Tang Qing, a lecturer from China University of Geosciences, presented a paper titled “Cournot Mean Field Game of Controls: Theory and Numerical Algorithms.” In this paper, Tang explored a sophisticated economic model where multiple agents optimize their production decisions in a Cournot competition setting. The model is particularly relevant for industries with finite resources, such as oil or other exhaustible commodities, where individual



Zhu Shenghao



Tang Qing

agents are influenced by the collective output of all players, thereby forming a Cournot Mean Field Game (MFG) framework. This framework integrates optimal control theory with mean field games, allowing agents to adapt their production strategies over time in response to fluctuating market prices and resource scarcity.

Professor Chen Nan from the Department of Systems Engineering and Engineering Management of The Chinese University of Hong Kong shares his paper, “Collusion or Compete: A Two Timescale Evolutionary Game Approach to Algorithmic Collusion Study.” This paper solves the multi-agent reinforcement learning problems by replacing the Q-value function with the Nash Q-value function. To maintain stability, the authors slowed down the learning of the policy function and belief function. They accelerated the knowledge of the value function, relaxing some restrictive assumptions for equilibrium and allowing agents to reach the Nash equilibria in more complex cases. This research helps to understand the algorithmic collusion of agents.

Assistant Professor Zhang Lichen from the Business School of the University of Hong Kong introduced the paper titled “College Access and Intergenerational Mobility.” The authors combined the Aiyagari lifecycle model and the overlapping generations model to analyze parents' investment decisions in their children's education. The model parameters were determined through a two-step estimation process based on data from the China Family Panel Studies (CFPS). The paper found that an expansion of college capacity leads to a widening gap



Chen Nan



Zhang Lichen

between high-income and low-income households, as high-resource households continue to have an advantage in investing in their children's human capital. Additionally, the paper revealed that education policies, such as increasing public education spending and reducing college costs, have only limited effects on improving intergenerational mobility in China. It suggested that policymakers should consider family responses to achieve the desired effects.

Assistant Professor Fan Hua from the Institute for Advanced Economic Research at Dongbei University of Finance and Economics introduced the paper titled “Equilibrium Wealth and Consumption Inequality under Ambiguity Aversion.” In this paper, the authors developed a continuous-time general equilibrium heterogeneous-agent model incorporating ambiguity aversion to investigate its impact on wealth and consumption inequality. They demonstrated

that a higher degree of ambiguity aversion leads to lower inequality in both wealth and consumption, whereas higher risk aversion exacerbates such inequality. However, they also found that price effects from the general equilibrium may counteract or even reverse these outcomes. As aversion behavior can decrease demand and prices, higher ambiguity aversion may actually increase welfare.

This workshop not only provided an academic platform for researchers in related fields to exchange ideas but also injected new impetus into the development of machine learning and heterogeneous-agent models, fostering integrated development across interdisciplinary areas. It was supported by the Key Project of the National Natural Science Foundation of China, titled “Research on Machine Learning Algorithms and Applications for Heterogeneous Dynamic Macroeconomic Models” (72433004).



The group photo of participants



Fan Hua

Source :
Sargent Institute of
Quantitative Economics
and Finance,
and Public Relations
and Media Office
By Dong Xiao, Wang Weirong,
XiongZichao, and Annie Jin

The 6th PHBS-CUHKSZ Economics and Finance Workshop Held at PHBS

By Annie Jin



Kody Law and Emilio Bisetti



Chu Yuanfang and Shenje Hshieh

Co-hosted by Peking University HSBC Business School (PHBS) and the Chinese University of Hong Kong, Shenzhen (CUHK-Shenzhen), the 6th PHBS-CUHKSZ Economics and Finance Workshop was held on November 23-24, 2024, at PHBS.

This year's workshop attracted scholars from leading universities, including the National University of Singapore, Peking University, Tsinghua University, Fudan University, the Chinese University of Hong Kong, the Hong Kong University of Science and Technology, the University of Hong Kong, Renmin University of China, University of International Business and Economics to have in-depth discussions on the latest academic topics in the fields of economics and finance.

Kody Law, assistant professor at the Chinese University of Hong Kong, introduced the paper titled "The Opioid Epidemic and Mort-

gage Lending: Credit or Demand Shock?" The paper used 2SLS two-stage least square (2SLS) model to study the impact of opioids on local mortgage volume, bank-county volume, and national mortgage volume, and found that opioid abuse could act as both a demand shock and a credit risk shock: small banks' advantages in soft information enable them to mitigate credit risk; large banks can transfer loans from local areas, thereby alleviating local demand shocks. Further research found that the reduction in soft information, not default risk, drives reduced credit access and higher borrowing costs. Emilio Bisetti, assistant professor at the Hong Kong University of Science and Technology, commented on the paper and proposed suggestions such as paying attention to banks of different sizes, how to internalize special demand shocks and more work on small/large banks' interactions and default.



Arkodipta Sarkar and Ling Cen



Chen Zhiyao and Gao Haoyu

Chu Yuanfang, a postdoctoral fellow at the Chinese University of Hong Kong, presented a collaborative paper titled "Competition, Cannibalization, and New Product Introductions: Evidence from the Pharmaceutical Industry." This paper explored how competition affects firms' decisions to commercialize innovative products. The article found that in the pharmaceutical industry, firms often delayed launching innovative products for fear of cannibalization until generic drugs entered the market, thereby reducing cannibalization costs. The findings emphasize that competitive pressure accelerates the commercialization of innovation, promotes creative destruction, and strengthens the link between innovation and economic growth. Shenje Hshieh, associate professor at the City University of Hong Kong, offered suggestions on the timing of new innovative product launches and building strategic litigation defenses.

Arkodipta Sarkar, assistant professor at the National University of Singapore, shared the collaborative paper "Financially Constrained Procurement." The study found that financial constraints significantly impacted input market dynamics, with easing financial constraints lowering purchase prices and increasing purchase volumes. Further research found that increasing purchasing power could be achieved by increasing competition, larger purchase

quantities, and reducing buyer default risk. Ling Cen, associate professor at the Chinese University of Hong Kong, made suggestions such as using more cross-sectional tests, revealing more actual economic results on efficiency and equity, and generalizing the main results in other important environments.

Chen Zhiyao, associate professor at City University of Hong Kong, shared his collaborative paper "Public Seeds, Private Blooms: A Q-theoretical Exploration of Public and Private Investment." The article proposed an extended Q-theoretical framework to study public and private sector investment, focusing on the Q-theory of investment in the private sector to consider endogenous public investment and its interaction with private-sector investment and financial markets. The results showed that public investment is positively correlated with public Q (a measure of the marginal value of public capital) and negatively correlated with private sector Q. The article further constructed a new state-level public and private Q measure, providing new evidence that the investment decisions made by governors are related to financial markets. Gao Haoyu, a professor at Renmin University of China, expanded the discussion from the aspects of measuring public Q, public investment rate, the role of government subsidies, how to select valuable but low-Q projects, and blended finance.



Xiong Yan and Zhao Shan



Wang Xiaoyu and Liu Xing



Huang Zongbo and Qian Jun



Li Zehao and Meng Lingchao



Xiong Yan, associate professor at the University of Hong Kong, presented the paper titled “Institutional Ownership Concentration and Informational Efficiency.” In the context of the increasing concentration in the asset management industry, this paper discussed the impact of this concentration on information efficiency. Using empirical evidence at market and firm levels, the researchers explained in the paper that concentration could reduce investment efficiency through learning and information transfer mechanisms. Professor Zhao Shan from the City University of Hong Kong gave suggestions on the measurement of concentration and possible other derivative mechanisms.

“Initiated in 2021, the PHBS-CUHKSZ Economics and Finance Workshop is committed to stimulating the research potential of young scholars, facilitating academic exchanges among them, and promoting academic development as well as research cooperation in the fields of economics and finance in the Guangdong-Hong Kong-Macao Greater Bay Area.”

The group photo of the participants



PHBS Assistant Professor Wang Xiaoyu presented the paper titled “Displacement or Augmentation? The Effects of AI on Workforce Dynamics and Firm Value.” This paper discussed how AI could affect employment and value at the firm level in the context of the controversial impact of AI developments on the labor market. Using USPTO BDSS text data and micro data of Revelio Lab employees, Wang and her coauthors empirically found that AI increased existing labor demand and significantly increased company value. Liu Xing, an assistant professor from Tsinghua University, gave suggestions on the classification of AI types, measuring AI usage, and classifying workers’ skill types.

Associate Professor Huang Zongbo from CUHK-Shenzhen introduced the paper titled “The Implicit Guarantee Channel: How Policy Uncertainty Affects Shadow Banks.” Based on the background that policy uncertainty changes financial stability, this paper used the survey data of 475,000 financial products to study the impact of policy uncertainty on shadow banking through empirical analysis and found that increasing policy uncertainty could increase the hidden guarantee. Professor Qian Jun from Fudan University commented on the paper and gave suggestions on the sample period, the measurement of policy uncertainty, and other issues.

Assistant Professor Li Zehao from CUHK-Shenzhen introduced “An Impossible Unity? The Effects of International Monetary Policy on Chinese Treasury Yields.” This paper studied the impact of international monetary policy on the yield of Chinese government bonds under the background that foreign interest rates continue to decline, but China’s monetary policy is more independent and effective. The results showed that the foreign exchange monetary policy had a significant cumulative effect and a strong correlation with the surrounding areas of the announced countries. Professor Meng Lingchao from the University of International Business and Economics gave suggestions on the statistical significance of the cumulative effect and the role of the announcement information.

Initiated in 2021, the PHBS-CUHKSZ Economics and Finance Workshop is committed to stimulating the research potential of young scholars, facilitating academic exchanges among them, and promoting academic development as well as research cooperation in the fields of economics and finance in the Guangdong-Hong Kong-Macao Greater Bay Area. It will be held every six months by PHBS or Shenzhen Finance Institute, CUHK-Shenzhen.

PHBS Celebrates 20th Anniversary

On October 26, 2024, Peking University HSBC Business School (PHBS) commemorated its 20th anniversary at the Shenzhen University Town Sports Center, drawing over 3,600 participants to witness this significant milestone. Among the attendees were esteemed leaders from Peking University, representatives from HSBC and the city of Shenzhen, as well as alumni, faculty, staff, guests from collaborating institutions, and supporters from diverse sectors of society.

Coming from 13 countries worldwide and various parts of China, they gathered on this significant occasion to reflect on the past, celebrate the milestones, and embark on a new chapter in the school's thriving business education history. The ceremony featured four sessions, collectively presented the school's ambitious vision and global perspective.

United for Accomplishment

A specially produced video featuring photo montages and inspirational text shared significant undertakings over the past 20 years. Subsequently, a thrilling chorus activity involving all the students on campus was grand. Dressed in uniforms, the students showcased immense enthusiasm and a commendable spirit of cooperation as they passionately rendered the school ballad.

In his speech, Zhang Jin pointed out that over the past two decades, PHBS has grown from scratch to become a top-tier, internationally renowned business school in China. It has achieved numerous "firsts," upholding the banner of the "Business Academy at the Forefront of Reform and Opening-Up." It has made indelible contributions to the progress of PKU and PKUSZ, to the development of the Shenzhen Special Economic Zone and the Guangdong-Hong Kong-Macao Greater Bay Area, and to the growth of business education and even higher education in China.

In his speech, Peter Wong recalled the original intention behind HSBC's donation in 2008 to support the establishment of PHBS. He expressed gratitude to the school's faculty and students for cultivating rich fruits from the partnership between HSBC and Peking University. Following that, he shared his in-depth observations on "the internationalization of business talent cultivation," drawing from his over 40 years of work experience.

The 20th Anniversary Ceremony



Zhang Jin, then academician of the Chinese Academy of Sciences, member of the Standing Party Committee of Peking University (PKU), vice president of PKU, and chancellor of PKU Shenzhen Graduate School (PKUSZ) delivers a speech



Peter Tun Shun Wong, chairman of The Hongkong and Shanghai Banking Corporation Limited





PHBS Dean Wang Pengfei delivers remarks



PHBS Founding Dean Hai Wen speaks on the school's past achievements and future blueprint

Together for Better

The speeches were followed by a recitation, “PHBS Tales,” featuring the inaugural cohorts of Chinese and international students and alumni from four programs: Master and PhD, MBA, EMBA, and EDP. They reminisced and recounted their academic and living experiences at the school, while reflecting on the two decades of unwavering collaboration and achievements, with faculty and students standing united through thick and thin.

The remarkable achievements of PHBS today are a testament to the dedication and hard work of every member of the PHBS, as well as

the strong support and sincere guidance from our leaders and society at large. Among the recipients from academia and industry, there were Xu Zhihong, academician of the Chinese Academy of Sciences and former president of PKU, and Thomas J. Sargent, the 2011 Nobel laureate in economics and honorary director of the Sargent Institute of Quantitative Economics and Finance at PHBS.

“With a legacy spanning two decades, PHBS has nurtured a myriad of talented individuals, who now excel across diverse fields worldwide, making significant contributions in finance, academia, and beyond.”

Driven by Excellence

In his speech, Wang Pengfei noted that over the past two decades, with the leadership of Founding Dean Hai Wen and the concerted efforts of all PHBS members, the school has achieved fruitful results in academic research, talent cultivation, and social services, growing into a formidable force in the international education community that cannot be ignored. He pointed out that in the future, PHBS will maintain the enthusiasm and resilience from its founding days and continue to enhance academic leadership, talent cultivation, and internationalization, further improving PHBS's



Hai Wen, vice chairman of Peking University Council (former vice president) and founding dean of PHBS, presents flowers and commemorative accolades to leaders and guests who have made outstanding contributions at various crucial moments during the establishment and development of the school



Wang Pengfei, dean of PHBS and Boya distinguished professor of PKU, presents flowers to senior professor representatives, expressing gratitude for their contributions to teaching and research



Ren Ting, secretary of the Party Committee and vice dean of PHBS, presents flowers to professors and guest representatives who were invited to guide students



Ouyang Liangyi and Li Zhiyi, vice deans of PHBS, presents flowers to the alumni entrepreneurs who generously supported the comprehensive construction and development of the school



Launch of the trial version of the "Intelligent Information Base of Chinese Enterprises"

standing among world-class business schools.

At the celebration venue, a grand ceremony marked the launch of the trial version of the "Intelligent Information Base of Chinese Enterprises," indicating a significant advancement for PHBS in the realm of business education within the context of the AI era. This base is dedicated to leveraging cutting-edge technologies, including knowledge graphs and large language models, to deeply explore and integrate vast amounts of enterprise data and information, and to comprehensively meet the

diverse needs of faculty and students in teaching, research, and business practice within the school. Wei Wei, director of the Intelligent Center for Enterprise Information, highlighted that the intelligent information base, powered by the independently developed Expert CPT Platform and the first to be dimensioned by management issues, will significantly enhance enterprise information inquiries and research on enterprise cases and management issues.

Forward with Passion

In his speech, Hai Wen pointed out that, as an important inheritor and promoter of Peking University's business education tradition over the past two decades, PHBS has been pioneering and striving for excellence in Shenzhen, this vibrant special economic zone. PHBS has carved out a unique path as a "business academy at the forefront of reform and opening-up," writing an enduring chapter in the history of PKU and even China's higher education. He emphasized that during the school's 20-year

development, its foundation was built on vision and resolute determination, its cornerstone was endless innovation, and its key to success was "united to achieve." Finally, he led the faculty, students, and guests in chanting, "PHBS, Boundless Horizons," together, initiating a new journey for PHBS.

Dedicated to advancing global harmony and shared progress, PHBS has upheld the principle of internationalization since its establishment. It has nurtured a diverse student body, with nearly 500 international students from over 80 countries and regions. Highlighting this commitment to diversity and unity, today's event featured an exceptional performance where students from 10 nations sang the same song in multiple languages, conveying messages of love, dreams, inclusiveness, and hope.

In addition, a series of diverse and enriching activities unfolded within the PHBS building. From the heartfelt reunions, an insightful forum, and the ceremonial unveiling of the Donation Wall, the day was a tapestry of events that symbolized unity, progress, and celebration. Celebrating the 20th birthday of PHBS, its UK



Forum by Zhou Qiren, Boya distinguished professor and professor of the National School of Development at Peking University

Campus also held joint festivities, featuring a school history exhibition and alumni speeches, highlighting the school's international achievements and deep alumni bonds. With a legacy spanning two decades, PHBS has nurtured a myriad of talented individuals, who now excel across diverse fields worldwide, making significant contributions in finance, academia, and beyond.

By Annie Jin and Zhang Mengying



Performance by EDP students and alumni: Drum Dance in Prosperous Times



Performance by MA students: Forever Young



Performance by MBA students and alumni: Raise Me Up



Performance by MA Chinese and international students: Window of the World



Performance by EMBA students and alumni: Chasing Dreams and Soaring

Picture Gallery



At PHBS, Engage in Face-to-Face Dialogue with Nobel Laureate

By Annie Jin

On October 30, 2024, the event “Nobel Dialogue: A Tea Party for PHBS Students” was held at Peking University HSBC Business School (PHBS). Thomas J. Sargent, the 2011 Nobel laureate in economics and honorary director of the Sargent Institute of Quantitative Economics and Finance (SIQEF) at PHBS, engaged in an informal discussion with thirty full-time master’s and doctoral students over tea. The event was hosted by Associate Professor Shi Jiao, deputy director of SIQEF.

At the tea party, Professor Sargent, drawing on his extensive academic background and rich research experience, engaged in insightful discussions on topics such as “posing new research questions” and “generating fresh ideas.” He used examples like “Ptolemy’s Model,” “Copernicus’s Challenge,” “Tycho Brahe and Data Refinement,” and “Kepler’s Refinement to Ellipses” to demonstrate how scientists achieved theoretical breakthroughs by refining models and challenging existing paradigms. He high-

lighted that scientific advancement frequently stemmed from the combination of intuition, aesthetics, and mathematical knowledge, and encouraged students to uphold a mindset of inquiry and exploration in their economic research endeavors, continually expanding the frontiers of knowledge.

During the interactive session, students actively posed questions and engaged in in-depth discussions on topics such as “Lessons Learned from Economic History,” “The Impact of Artificial Intelligence,” and “Large Language Models.” Professor Sargent listened patiently and provided professional and specific answers to each question, offering valuable insights and advice.

Here is a closer look at three selected questions and their answers from the Q&A session:

Q: Will artificial intelligence change some micro foundations of macro research?

A: There are a lot of questions about artificial intelligence circulating on WeChat and the Internet. Many of these questions are broad, partly because AI itself is often misunderstood. What does AI really mean? At its core, it’s just a function—a mapping of X into Y—essentially fitting a function. X can be high-dimensional, and Y can be high-dimensional too, but fundamentally, it’s about function fitting. When it comes to the micro-foundation of macro research, AI doesn’t fundamentally change them. I could show you cutting-edge machine learning work, but it’s still about doing tasks we’ve always wanted to do, just with larger computers and more data. The algorithms themselves aren’t entirely new. For the true foundations, consider the essential structure defined in foundational economic theory, such as in a paper I saw this morning. It outlines the basics: a collection of individuals with specific goals, constraints, resources, production functions, technologies, and markets. Some markets might be missing, but overall, there’s a coherent system of optimization problems that fit together, with a government that can influence the environment. Those are the true foundations. AI, including tools like ChatGPT, isn’t going to propose a new foundation that excludes people or governments—and if it does, it’s simply hallucinating.

Q: Have you ever held a theory you once believed to be true but later realized—perhaps much later—that it was flawed or needed modification? Could you share an example? Specifically, I’d like to know what signals or insights led you to recog-

Professor Sargent shares his insights and takes questions from students



“He highlighted that scientific advancement frequently stemmed from the combination of intuition, aesthetics, and mathematical knowledge, and encouraged students to uphold a mindset of inquiry and exploration in their economic research endeavors, continually expanding the frontiers of knowledge.”



nize that the theory needed adjustment and how you realized it was wrong.

A: It's pretty straightforward. When you have a quantitative theory, especially in macroeconomics, it's built to explain specific datasets or time series. After working hard to fit the parameters, you move to validation. During this process, the data often reveal that the model doesn't work well in certain dimensions. By drilling down, you can identify precisely where it falls short and adjust accordingly. Classic examples include longstanding puzzles like the equity premium or volatility puzzles.

Take Robert Shiller's famous volatility puzzle. It's been the starting point for decades of research, but recently, someone re-evaluated it, questioning whether the data was constructed in line with the theory's intended definitions for dividends and returns. Using more refined definitions, they found that a big part of the puzzle had disappeared. This is a reminder of the risks of accepting data as-is, without re-examining it in light of theory.

Another approach is more intuitive—what Bob Lucas did, for example. He sometimes dismissed aesthetically unconvincing elements, saying, “I don’t believe it; it just doesn’t ring true to me.” He trusted his instincts, which not everyone gets to do. But that’s what makes economics both challenging and exciting; it combines rigorous data analysis with intuition.

“Some markets might be missing, but overall, there’s a coherent system of optimization problems that fit together, with a government that can influence the environment. Those are the true foundations. AI, including tools like ChatGPT, isn’t going to propose a new foundation that excludes people or governments—and if it does, it’s simply hallucinating.”

Q: Before you became the renowned Sargent, did your ideas come naturally, or did they evolve over time through hard work? Were they the result of intuition and creativity, or did they stem from persistent effort? And how did you know which direction to pursue?

A: It's simpler than it seems. Don't get caught up in whether ideas are "great" or "important." For example, I once got interested in a technical problem through a paper by Milton Friedman. James Tobin and Robert Solow, two economists I admired, wrote mathematical versions of Friedman's ideas, only to end up disproving them. Their work fascinated me, even though I was just an average student at the time. While in the Army, I studied time series analysis to understand Solow's paper. After a year, I finally felt ready to apply what I'd learned, and I spotted a flaw in Solow and Tobin's interpretation. I wrote a four-page paper on this, but my first submission was harshly rejected. I shelved it until an older friend shared it with Carl

Bruner, who published it in a new journal. Over time, even people like Tobin and Lucas read it. This wasn't a breakthrough; it was just a long journey to understand others' work better. Most discoveries aren't lightning bolts of genius—they're slow, deliberate efforts. If great minds can work this way, so can the rest of us.

Professor Sargent's insights have resonated deeply with students from a wide range of academic fields. As we explore the core of their feedback, it becomes apparent that his guidance has served as a potent catalyst for intellectual growth and a beacon of inspiration for their future academic pursuits.



Comments from Students

During the discussion, Professor Sargent illuminated the path to innovative research by tracing the evolution of theories that describe the laws of celestial motion. He emphasized that innovations can stem from various sources, ranging from the desire to comprehend the laws of nature more deeply to the aesthetic pursuit in theoretical modeling. On this basis, he believed that to answer the question of how to choose a research direction, one should follow one's heart, do research that one is interested in, and enjoy the research process without fear of failure. After learning his philosophy of life, I benefited a lot.

—Zhou Enze,
Master of Quantitative Finance, 2022 Intake

The discussion with Professor Sargent was a wonderful academic feast. He approached the topic by addressing “what constitutes good research and how to conduct meaningful research.” He drew parallels from historical events to contemporary developments, highlighting that the advancement of science is never easy, but what remains constant is the awareness of problems and the curiosity and determination to solve them. As a student majored in Financial Media, this discussion gave me a fresh understanding of the profound insights in economics and the importance of interdisciplinary approaches. His views on research and rigor in academia, and the valuable questions raised by my peers have been incredibly enlightening.

— Jiang Yulu,
Master of Financial Media, 2024 Intake

Professor Sargent discussed the origins of the heliocentric theory and Kepler's laws, clearly explaining how the research methods and paradigms from the natural sciences are also applicable in the field of economics. He emphasized that contemporary economic research should be data-driven, focusing on the economic models underlying the data, and utilizing these models for causal identification and counterfactual analysis. This aligns closely with his original intent for the design of our PhD program and deepened my understanding of cutting-edge research methods.

— Feng Xiaoruo,
PhD Candidate in Western Economics, 2024 Intake

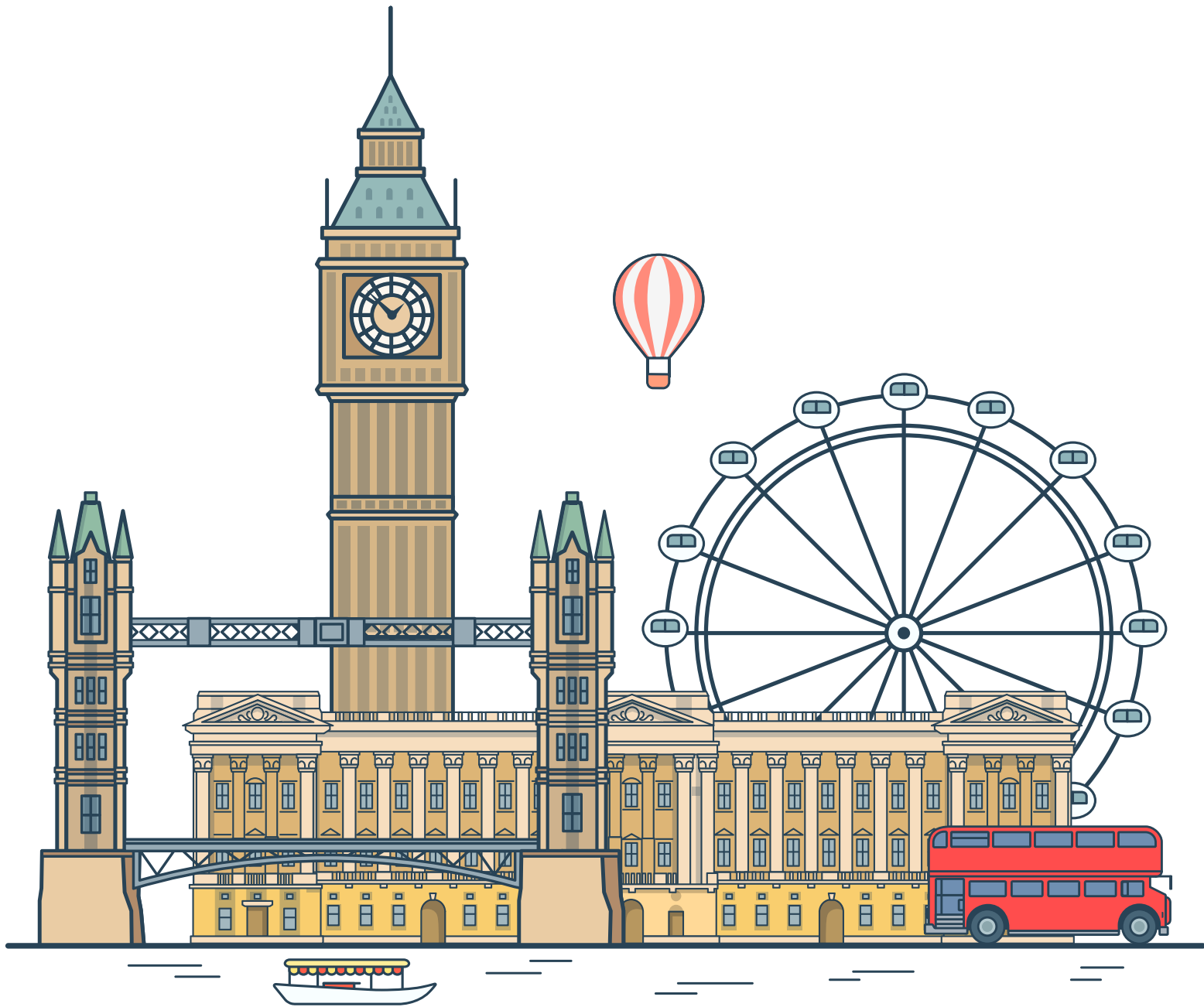
I was fortunate to attend a brilliant lecture by Professor Sargent. He adeptly cited the stories of great scientists such as Copernicus, Kepler, and Newton exploring the mysteries of the cosmos, which stimulated our passion for scientific research and deep contemplation. Professor Sargent believes that having an interesting idea is vital when selecting research topics. Such an idea can guide us into the unknown, ignite our curiosity and desire to explore, and thereby drive the advancement of science.

—Liu Jiaming,
Master of Management, 2022 Intake

Professor Sargent has unique insights and profound thinking. In the sharing, he explained complex economic theories clearly and concisely, sharing cutting-edge research results, explaining the difficulties and joys of academic research based on personal experience, and also providing many suggestions for students who want to engage in economic research. I have benefited greatly and gained a deeper understanding of economics.

—Liu Wanqin,
Master of Economics, 2022 Intake

PHBS-UK Students' 2024 Autumn Outing to Cambridge: An Exploration of Culture and History



“ Guided by a tour guide, students wandered along the River Cam, feeling the subtle sadness described by Xu Zhimo, a Chinese romantic poet. Punts poled through the sparkling water, reflecting the spires of Trinity College and the grandeur of King’s College.”

To deepen the understanding of British culture among students of the PHBS International Financial Management Program and enrich their learning experiences at the British campus, on October 9, 2024 (UK time), PHBS-UK organised all first-year Master in International Finance (MIF) students to visit the University of Cambridge, embarking on a cultural exploration journey in this historic and world-renowned academic institute. Notably, PHBS Founding Dean Hai Wen arrived at PHBS-UK from Shenzhen and joined the students on this trip to Cambridge and enjoyed a punt ride with them.

On October 9, at 7:30 a.m., the school bus departed from the campus, picking up students living off-campus at BTC (Between Towns Court, an off-campus student residence in Oxford) at 8:00 a.m., and then proceeded to the center of Cambridge. On the bus, everyone was laughing and chatting, filled with endless



“students visited the Eagle Pub, where Francis Crick and James Watson announced their discovery of the DNA double helix, and where a plaque hangs to commemorate this great discovery. Lining the walls of the pub are other plaques commemorating famous scientific discoveries, such as Newton’s Apple Tree, which filled the students with respect for the mysteries of science as they took pictures.”

imagination about the Cambridge trip and a longing for new experiences.

Travel Diary Group Visit 1: Morning Campus Tour

Guided by a tour guide, students wandered along the River Cam, feeling the subtle sadness described by Xu Zhimo, a Chinese romantic poet. Punts poled through the sparkling water, reflecting the spires of Trinity College and the grandeur of King’s College. The ancient college

buildings looked solemn and mysterious under the sunshine, with every brick seeming to narrate a long history.

Then, students visited the Eagle Pub, where Francis Crick and James Watson announced their discovery of the DNA double helix. A plaque commemorating this great discovery hangs on the pub’s walls, as do other plaques commemorating famous scientific discoveries, such as Newton’s Apple Tree. As they took pictures, the students were filled with respect for the mysteries of science.

“For the MIF 2024 class, every path they walked together and every brick they touched during their journey will transform into a distinctive, British experience, forever glowing brightly in their cherished memories.”



King’s College

After lunch, students were free to explore the center of Cambridge.

Some students visited the King’s College Chapel. The spires of the chapel stood like guardians, telling the old stories of Cambridge. Sunlight shone through the stained glass windows, casting a mysterious aura on the statue of Henry VI. Inside the chapel, students found themselves surrounded by the vast dome and dazzling stained glass. It was as if the ethereal voices of a choir echoed in their ears.

Xu Zhimo’s poetry monument quietly lies on the grass beside the River Cam. Reading the familiar poems, students silently felt the romance and sorrow he once experienced here. King’s College is a hall of knowledge and a harbor of art and emotion, making them reluctant to leave.

Punt Ride on the River Cam

A punt ride on the River Cam was an activity the students had been looking forward to.

On the River Cam, students had the privilege of punting with Professor Hai Wen. With the lively introduction of the punter, the punt slowly shuffled between ancient bridges and



colleges. Willow branches swayed gently with the wind, and the reflections on the river combined with the scenery on the shore to form a moving picture scroll.

The gentle river carried the millennial wisdom and poetry of Cambridge. Amidst the sound of oars and the glow of lights, the students felt the tranquility and depth that transcended time and space. Professor Hai had friendly conversations with the students and listened to the punter's historical tales. At this moment, time seemed to slow down; this was not just a punt ride but also a purification of the soul.

As the sunset's glow scattered on the ripples of the River Cam, the Cambridge journey ended with the shutter click of a group photo. "Quietly I am leaving, just as quietly as I came; gently waving my sleeve, I am not taking away a single cloud." This passage, borrowed from the poetic lines of Xu Zhimo, captures the essence of a bittersweet farewell. For

the MIF 2024 class, every path they walked together and every brick they touched during their journey will transform into a distinctive, British experience, forever glowing brightly in their cherished memories.

By Wang Luoya

Photograph: Hui Chenyuan, Li Qingyi

Translated by Annie Jin



Anton's Journey in China: Resilience, Career Moves, and Lessons for the Road Ahead

Anton's story is one of persistence, adaptability, and thoughtful strategy—a journey through China's competitive job market that led him to exactly where he wanted to be: working as a product manager in the tech industry.

"I have always aspired to be a product manager in the tech industry, and that's precisely what I am today." After earning his master's degree in management from PHBS in June 2023, Anton joined SF Express, China's largest express delivery company, just one month later. While some students take time to figure out their next steps after graduation, Anton had his sights set early. "Even before starting my master's, I had a few ideas of what I wanted to

do," he shared. But his path wasn't without challenges. His experiences may resonate with other international students navigating similar transitions into the workforce.

Graduation and What Comes Next: Visas, Timing, and Strategy

For Anton, the excitement of graduation came with a dose of anxiety. "Even though I had a job offer, my residence permit was about to expire, and I wasn't sure how long the work visa process would take," he recalled. "I was really stressed out during that time, but luckily, everything worked out."

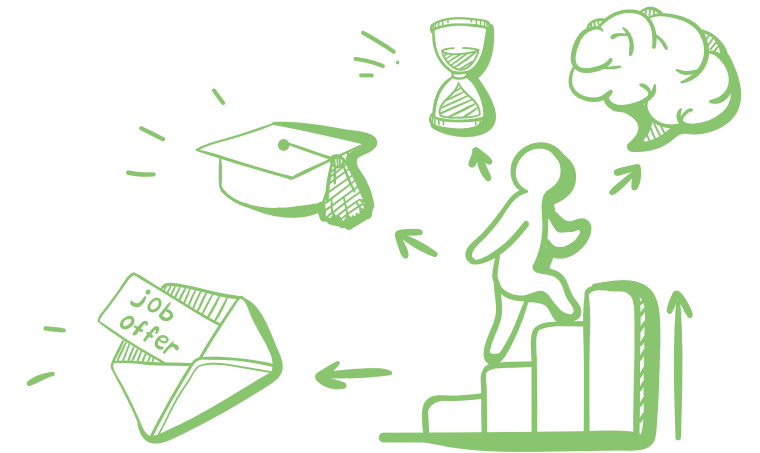


He also understood early on that gaining relevant work experience couldn't wait until after graduation. Starting in the fall of 2022, he began applying for internships, though a few of the early rounds didn't go as planned. By early 2023, he shifted his focus to full-time positions and doubled down on preparation: researching companies, practicing interviews, and sharpening skills aligned with real-world needs.

Anton strategically targeted companies with structured recruitment processes and took the time to anticipate common hiring practices. "I also made sure to have my career goals straight and set realistic expectations. This preparation helped me navigate the job market more effectively," he said.

Adjusting to Work Life: Finding Balance and Staying Motivated

Transitioning from student life to a full-time job came with its challenges. The flexibility of academic life gave way to a structured 40-hour

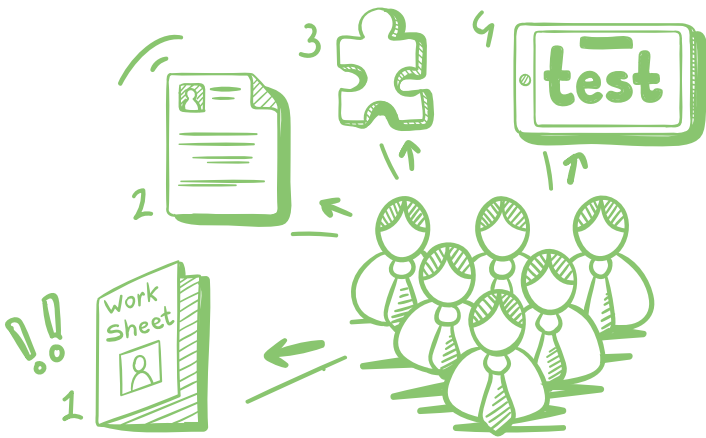


workweek routine. For Anton, it was a significant change—but not necessarily a negative one.

Instead of dwelling on what he lost, he focused on what he gained: clearer boundaries and more intentional time management. "It's not just about being productive at work," he explained. "It's also about appreciating the ability to do things outside of it—whether it's spending time with friends, pursuing hobbies, or simply recharging." By shifting his perspective, Anton embraced this new rhythm as an opportunity to build a more sustainable lifestyle—where both work and personal time could coexist meaningfully.

He also found his stride as a product manager, a role that demands both creative thinking and discipline. "What I love most is walking that line—being able to think outside the box while still respecting the guidelines," he said. When solving problems, Anton welcomed unconventional ideas, but always within strong guardrails. "Things like information security or design guidelines aren't optional—they're the foundation," he emphasized.

“A positive attitude fosters a healthy workplace atmosphere. It affects how teams communicate, solve problems, and grow together. It's not just about being good at your job—it's about contributing to a space where everyone can thrive.”



The Right Attitude, the Right Strategy

Anton believes your first job sets the tone for your entire career—and the way you show up, both in skills and mindset, truly matters.

“A positive attitude fosters a healthy workplace atmosphere,” he said. “It affects how teams communicate, solve problems, and grow together. It’s not just about being good at your job—it’s about contributing to a space where everyone can thrive.”

“While there are challenges, China can still be a land of opportunity for those who are prepared and understand the landscape.”



Language skills, he noted, can also make a difference. “When it comes to job hunting, knowing Chinese could add some points to your application,” Anton shared. As an international student who speaks Chinese, he believes that while fluency isn’t always necessary, having some level of proficiency can be a major asset. “It depends on the role,” he explained. “Be sure to assess the specific requirements of the job you’re applying for and how Chinese language skills fit into that context.”

Full-time master’s programs at PHBS are taught in English, and international students take compulsory Chinese language courses. While many students still prefer speaking English in daily life, Anton recommends building a foundation in Chinese. “It really makes life a lot easier, whether you’re seeking a job in China or just studying here,” he added.

He also reflected on guidance he received from PHBS faculty—especially from Professor Zhang, who encouraged students to gain real-world experience before considering a PhD. “Academia is deep and complex,” Anton said. “To pursue it seriously, you need a solid foundation in subjects like statistics and econometrics.”

Though he once considered pursuing a PhD, Anton ultimately chose to enter the work-

force first. “The reality is, in today’s tight job market, high-qualification positions are quite limited, and the opportunity cost of pursuing a PhD is relatively high,” he explained. “In a sense, you’re taking a big risk.” He believes his experience as a full-time employee gave him a well-rounded view of industry practices—perspective that he feels will serve him well should he decide to return to academia in the future.

Looking Ahead: Opportunities and Optimism

With some time and experience behind him, Anton sees China as a place full of opportunity—particularly for those willing to adapt and stay informed. “While there are challenges,” he concluded, “China can still be a land of opportunity for those who are prepared and understand the landscape.”

He encourages students to take a focused, informed approach when planning their careers. “I would encourage everybody to research the specific industry they want to enter thoroughly and the companies they’re interested in. The more focused they can be, the better,” he said.

Now, as he continues his career journey, Anton remains optimistic—not just about his own path, but about the future of fellow PHBS graduates. With the training, mindset, and resources they’ve gained, he believes the next step is clear: it’s up to each graduate to recognize the right opportunities—and be ready to open the door when they appear.

Source: PHBS International Office,
PR and Media Office

By Annie Jin, Gu Lina, Audre, Chen Shiqi



Li Zhimin

Local Effects of Global Capital Flows



Li Zhimin
Tenured Associate Professor
Research Interests:
International Economics,
Development Economics.

The impact of international capital flows on local economies, particularly through real estate investments, has become an increasingly important topic in economic research. Policymakers in various economies, including Singapore, Australia, New Zealand, Canada, and Hong Kong (China), have introduced or considered measures such as stamp duties and for-

eign buyer taxes to manage the potential effects of foreign investment on housing markets. However, despite policy discussions and regulatory actions, empirical evidence on the actual economic impact of foreign real estate capital flows remains limited.

The paper, “Local Effects of Global Capital Flows: A China Shock in the U.S. Housing Market,” published in *The Review of Financial Studies* (Volume 37, Issue 3, March 2024, Pages 761–801), examines this issue. Authored by Tenured Associate Professor Li Zhimin of Peking University HSBC Business School, in collaboration with Leslie Shen from the Federal Reserve Bank of Boston and Calvin Zhang from the Federal Reserve Bank of Philadelphia, the study provides an empirical analysis of foreign real estate capital inflows using detailed home purchase transaction data from the U.S. housing market.

The study identifies two key findings. First, there has been a notable increase in real estate investment from Chinese buyers in the U.S. since 2008, coinciding with regulatory adjustments in China related to capital outflows and domestic property markets. Second, these



“The findings indicate that while rising home values can contribute to economic expansion through increased wealth effects, affordability concerns may require careful consideration in policy discussions.



investments tend to be concentrated in neighborhoods with established ethnic Chinese communities, indicating a preference for familiar locations when purchasing property abroad.

Beyond housing market dynamics, the authors examine the broader economic effects of these capital inflows through both theoretical modeling and empirical tests. A simulation of the model predicts that a positive shock to foreign housing demand increases total employment in directly affected areas. This employment effect is concentrated in the non-tradable sector and is influenced by both the housing wealth channel and the migration channel, with the housing wealth channel playing a dominant role. The findings suggest that foreign real estate investment can contribute to local economic activity by raising property values and increasing housing wealth, which in turn supports employment in sectors such as retail

and services. At the same time, rising housing costs may present affordability challenges, particularly for lower-income residents. This dual effect highlights the complex relationship between foreign investment, economic growth, and housing market conditions.

To further evaluate these impacts, the study explores whether foreign capital inflows influence broader economic conditions, including local consumption patterns and business activity. The findings indicate that while rising home values can contribute to economic expansion through increased wealth effects, affordability concerns may require careful consideration in policy discussions. This research contributes to the academic understanding of global capital flows and their local economic effects, offering empirical evidence to inform future studies on the interaction between foreign investment and housing markets.

▲ Meng Jing

Environmental Activism in the Platform Society: Spatial Agency in Digital Maps



Meng Jing

Assistant Professor

Research Interests:

Screen studies,

Visual communication,

Media convergence.

Historically, maps were not only a representation of space but also an encouragement to perform spatial practices and consume place (Urry, 1995). Today, digital and mobile technologies have turned maps into “geomedia” (Thielmann, 2010). These new media reproduce meanings and orders of space and mediate our spatial experience by providing customized guidance and visualizing re-

al-time geo data.

Digital maps structure how we understand and interact with space while simultaneously affording agency and the potential for an alternative use of space. In their paper “Environmental activism in the platform society: Spatial agency in digital maps,” published in *New Media & Society*, Meng Jing (Peking University HSBC Business School), Lin Yu-Peng (Taiwan Normal University), Tsai Hui-Ju (National Taiwan University), investigates how digital maps exercise data and spatial agency. The paper argues that digital maps enable placemaking at the cognitive and hermeneutic levels by facilitating data and spatial agency. They also turn closed spaces into public ones, thus aiding place-shaping.

Their empirical object is the environmental mobile mapping application water refill map (WRM, Hong-Te/Fengcha Action) in Taiwan. Drawing on the walk-through method and semi-structured interviews with WRM’s founders, they examine how the app leverages the power of digital mapping to encourage participation in environmental activities.

In the case of WRM, this agency occurs



“Overall, the paper suggests that the geo-mapping app WRM has reproduced space and enabled spatial agency, but the agency and app-enabled activism are also conditioned by the infrastructural platform and the socioeconomic context in which the app is born.

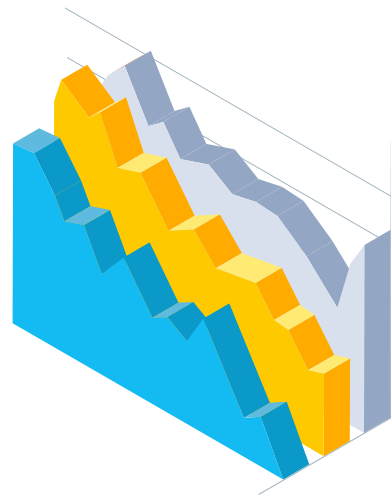


in two ways. First, the app uses crowd mapping to enhance the visibility of free water refill spots, thereby providing an alternative to geomedia platform algorithms. This digital spatial agency visualizes otherwise invisible places on the digital map and this visualization has two effects. One is to help places that are not being advertised and do not receive enough feedback (thus marginalized by algorithms) become visible in digital space. The second way that digital spatial agency takes place is through the actualization of spatial (re)production in physical space. This agency is actualized through the app’s gamified system, which prompts users to interact with space.

WRM is an example of digital environmental activism initiated by a mobile app, introducing a kind of activism that adopts apps as tools for connection and mobilization, involving users, businesses, local authorities and infrastructure platforms. However, being originally developed for commercial purposes and as informational products in nature, apps also introduce commercial logic into activism. This form of app-enabled activism moves beyond traditional NGOs and aligns with business.

First, app-enabled activism allows individualized ways of participating in activism and is embedded in everyday life, which differs from previous collective environmental movements. Second, this form of digital environmental activism relies on mega platforms, such as Google Maps. Are there alternative ways of practicing digital activism outside platform monopolies? Third, WRM blurs the line between users and activists. Users are afforded a certain degree of agency; however, their use of the digital map is structured and datafied by the app. This convenient form of environmental activism can be complementary to collective environmental movements, but it is not clear whether using WRM makes people less likely to confront systems that are doing more damage to the environment. Finally, the success of WRM is tied to Taiwan’s endorsement of the green economy and the SDGs.

Overall, the paper suggests that the geo-mapping app WRM has reproduced space and enabled spatial agency, but the agency and app-enabled activism are also conditioned by the infrastructural platform and the socioeconomic context in which the app is born.



Christopher Pissarides: An Optimistic Labor Economist in the AI Era

Christopher Pissarides is a professor of economics at the London School of Economics and Political Science. His research focuses on macroeconomics, labor economics, economic growth, and economic policy. In 2010, along with Peter Diamond and Dale Mortensen, he received the Nobel Prize in Economics. In the interview with *PKU Financial Review*, Professor Pissarides states that, as human beings, we don't only want to work with technology.

Q: You won the Nobel Prize in Economics for search matching theory, which is widely regarded as the best description of labor market friction. However, the labor market in both China and the US has some characteristics that did not exist in the past, such as “burnout,” which is called “laying flat” in China, and “quiet quitting” in the US. In your theory, how do you explain this labor market friction?

Christopher Pissarides: First, we must understand such a magic theory. It doesn't provide answers by itself. It's a framework that we can use to analyze a labor market, and it's also not immediate as to how we will analyze it. You know, like when you see some new phenomenon, you don't immediately say, “Oh yes, that's what it is.” You know you need to get better data, so you need to study it carefully.

The idea of friction was introduced initially in a way demonstrated by both me and others who worked on it and students who followed it as a framework. The concept of friction helps you understand labor markets by first claiming that the traditional supply and demand analysis

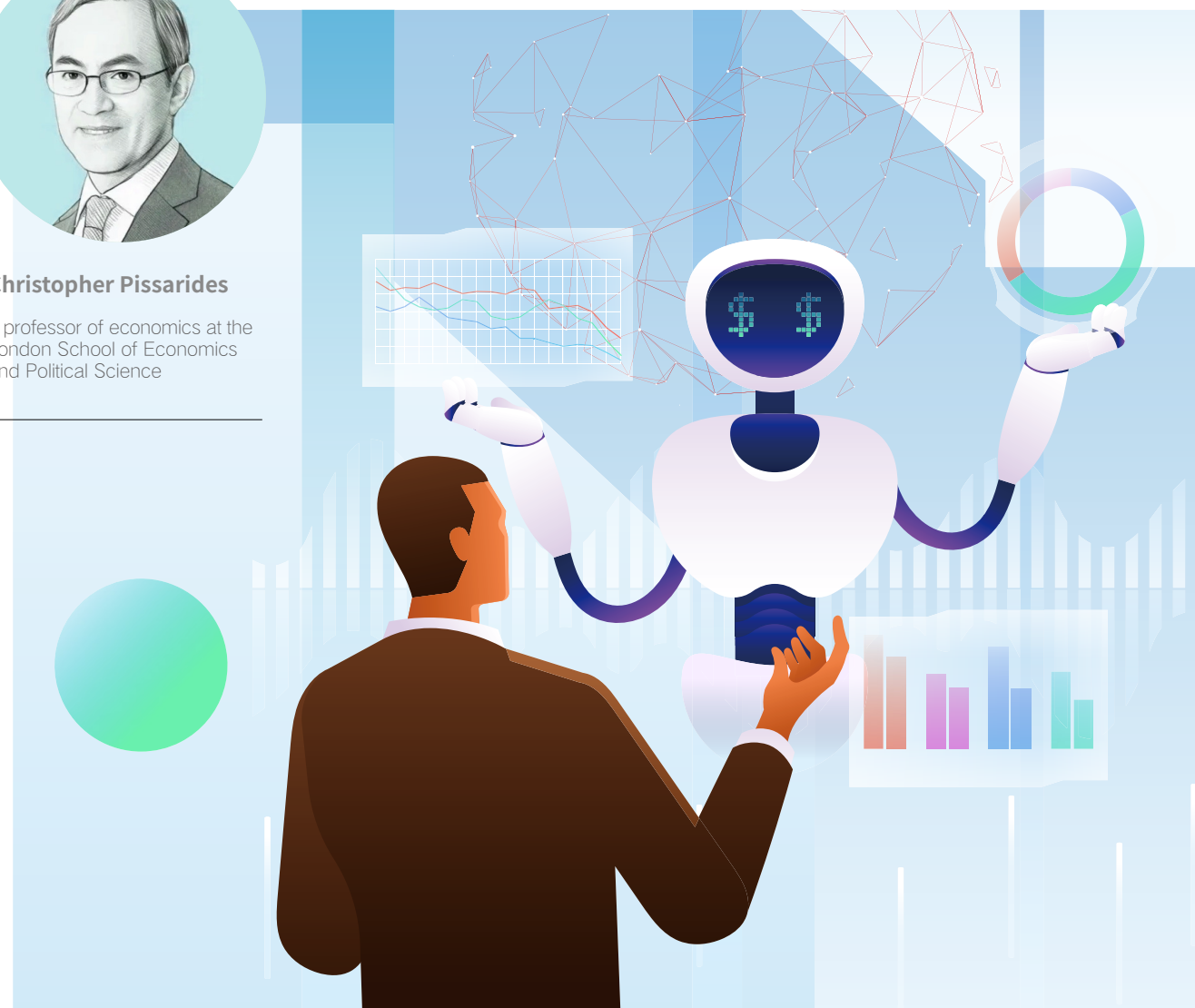
“The concept of friction helps you understand labor markets by first claiming that the traditional supply and demand analysis in labor markets is without friction. It doesn't explain many facts like we see in labor markets.”

Profile



Christopher Pissarides

a professor of economics at the London School of Economics and Political Science



in labor markets is without friction. It doesn't explain many facts as we see in labor markets. Then, demonstrating this new framework could explain many features of the data. But it took many years, and still, there are things without perfect explanation. The theory has been pushed forward.

There was a period in which the friction was stronger for some reason or another, and now there is a relaxation. Therefore, more people are leaving their jobs because when they experience high friction when quitting and getting out of the job, they are more likely to stay where they are. That's a possible explanation, so once you stay with that possible explanation, the next step is to get the data. If you find them, then you test whether that relaxation, given what we know about their impact on quitting behavior, can explain the quitting behavior we are seeing.

Q: Recently, you mentioned that AI technologies like ChatGPT may make working four days a week possible. It could eliminate many boring things we do at work and leave only the interesting stuff to human beings. However, those who are not very technique-oriented may be at higher risk of being laid off. What do you think of this situation?

Christopher Pissarides: I wouldn't put it like that, actually, the way you did. Many jobs will survive in the future and will grow even though they are not technique-oriented. Admittedly, they will not be the highest-paid job in the market, but remember that, as human beings, we don't only want to work with technology. We have many emotional, human, and care needs that cannot be mechanized. There are illnesses around; you might feel ill, and

need someone with experience to care for you, not just a doctor. The medical part is a small part of care; then, after-care, those jobs will survive and grow. As societies become richer, we have more demands for services.

Now, what they refer to with the ChatGPT and other technologies of this kind is that they are evolutionary technologies that will make a lot of difference in how we process data. Many people are employed in the market, and their job is to process data and write reports. How did lawyers behave? For example, when ChatGPT now tells you that in an instant, they're employing young people fresh out of graduate school, they're called "paralegals." They spend hours in archived rooms and libraries, going through thick books documenting every tale that happened in the older days. They would go through lengthy books and read them, and then after that, they would use a search engine like Google, Baidu, or whatever they wanted to use. You could be very pessimistic and say, "Oh my god, we're going to lose so many jobs that counters do, lawyers do, public service workers do." You know, for those who work in ministries, efficiency will increase if we use technology to get the output they are producing. Therefore, we will have more free time and money because our productivity will increase. Therefore, we could work less and enjoy life more.

Then the next question is, who is going to get the money? I think that's the most challenging thing to deal with in today's labor markets. That's where training becomes essential. Lifelong learning ensures that university students know what jobs are likely to be affected by the technologies and adapt to their studies accordingly. That's why you do the work on skills, what will be required, and how to acquire the training. That's really what's occupying us currently of these skills for the future of work.

Q: The reason I raised this question is that our school. As the students graduate each year, many of them will become financial analysts or investment advisers in the future. But now, some people think that maybe in the future, ChatGPT or robo-advisor will replace



the work of financial analysts or investment advisors. So, what do you think of the impact of AI on the financial sector specifically?

Christopher Pissarides: I think the best times for jobs in the financial sector are probably over in terms of numbers. I don't think the financial sector of financial services will expand because technology is addressed to them. There is already a lot going on, and in fact, it's one of the sectors where technology started early on. If you think of ATM machines, payments done online and using mobile devices like Alipay, WeChat Pay, and Apple Pay, you know that we all use where those

“Lifelong learning makes sure that university students know what jobs are likely to be affected by the technologies and adapt to their studies accordingly. That's why you do the work on skills, what will be required, and how to acquire the training.”

have removed a lot of jobs in the financial sector. About 20 percent fewer people are employed in London, where I live. In the advanced financial sector, banks are just closing on a daily basis. Now, you have the ATM taking their jobs, and some of those have adapted their roles within the organization. There is no better service, such as relationship managers, that would address questions and problems directly, whereas you couldn't do that before.

There is a restriction going on. I agree that the financial sector is not likely to expand, and expanding will make it more difficult to get the remaining jobs because there are jobs that involve managerial abilities as well, not only the ability to trade assets. There is now an optimistic side to it. If you want to train to go into finance, learn some techniques and technology, and learn how to process data.

You can be cleverer than others in using your conservative techniques and do better, but you won't be able to do it just by intuition, reading newspapers, and talking to others in the market the way it was done. Whatever technology flourishes, many things that people want that we still haven't thought about and which could be very beneficial to whoever thinks about them first.

Twenty years ago, some people had the idea of platform retail, or platform economy, which describes things on the internet. You can do it, start selling on the internet, and find ways to do it in a way that's convenient for you. They also recommend suitable products they want. For example, I like drinking coffee, but I wouldn't drink any coffee there. I buy my coffee from one of these platforms. If I type into the search engine "coffee," it immediately comes up with those not similar to a type of coffee that I don't like. Therefore, I click there, and it takes you about 5 minutes to order. It's a great idea. Many other great ideas like this exist, but I don't know what they are.

Q: Some people believe that flexible employment may be the future trend of the labor market, which is that people are not employed by one particular company but serve several employers. It is absolutely beneficial for employers, but it may bring about uncertainty

for employees. What do you think of this future trend of flexible employment?

Christopher Pissarides: Work is so important for people. We spend a lot of time there, and our livelihood depends on it. We are unsure about anything new and are worried about certain things. But in fact, if you ask people how well they feel at work? Are they happy with what they are doing? What could improve their work? Then, they will mention flexible work time and flexible arrangements.

The other ones they frequently mention that would make them work happier are autonomy and good communication with line managers and people below you in the line, which also involves flexibility. If you communicate well and can make your own decisions about the work, what you do is flexibility.

Companies that provide that flexibility are very successful, and employees are pleased working with them. They are not worried about a job and socializing in the informal section. I think people tend to worry much more than what is justified by data and experience. It is the function of employers. I guess this academic is working in that area to convince people that they shouldn't be worried about many things. Employers should be more flexible, which should be good for both the employer and the employee.

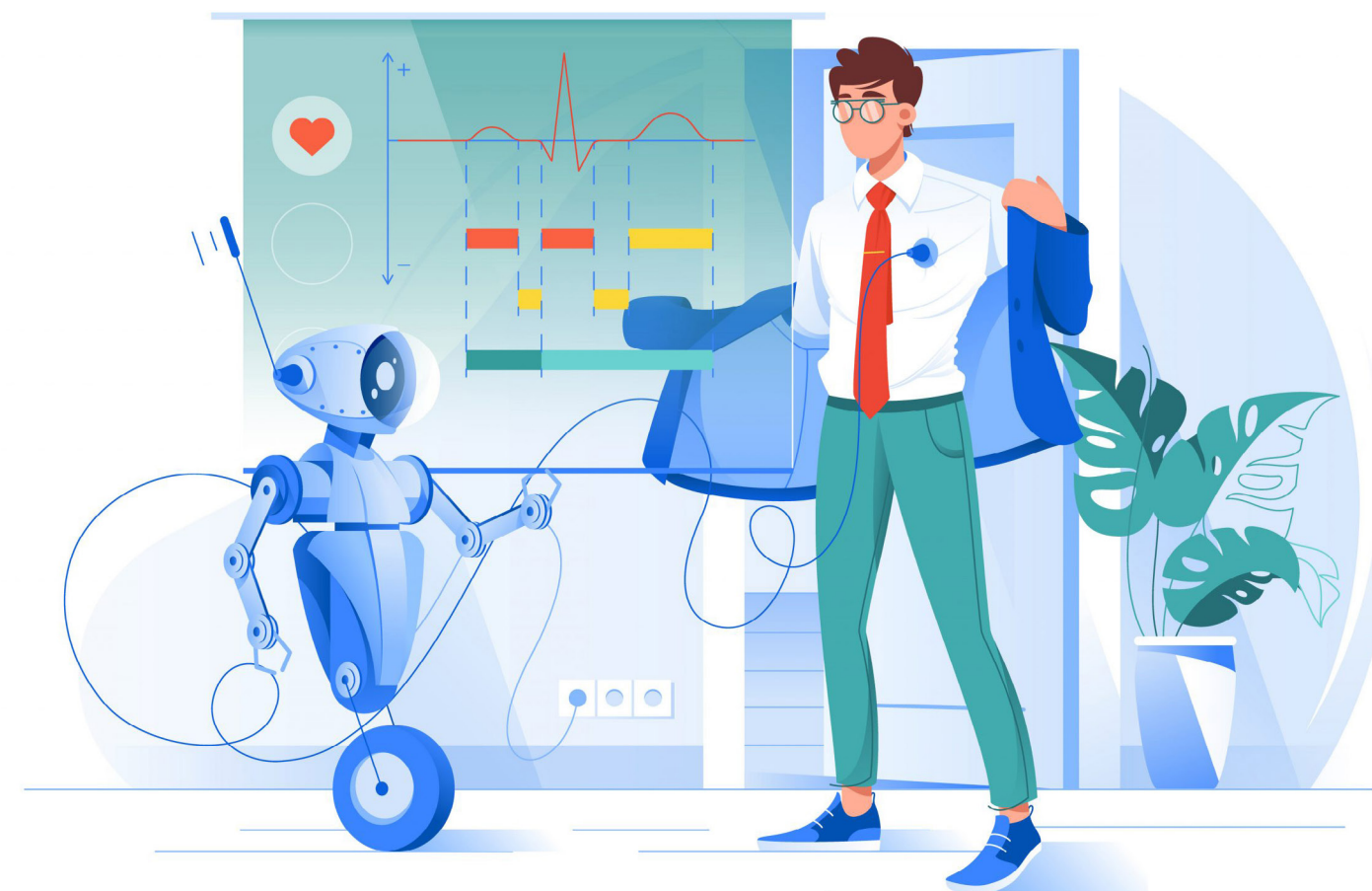
Q: Economic growth is one of your most important research areas. When ChatGPT first came out, everybody was discussing that it may bring about another technology revolution, but it turns out that it hasn't. In the current stage of low growth worldwide, how do you see the impact of technology on economic growth? What is the core driving force of economic growth?

Christopher Pissarides: Do not expect to see growth the way China saw it in the 30 years after opening up; Europe saw it in the middle of the 20th century or America a little earlier because the growth that they had at that time was through the expansion of manufacturing, and the higher income that broke with it, and the significant demand for manufacturing goods that we have at home.

I mean, just look around you at home and see how many consumer durables you have. People will have a car, dishwasher, vacuum cleaner, and telephone. No house had all those things at the beginning of the 20th century, and we relied on human labor. By the end of the 20th century, or at least by 1980, the majority of middle-class European and North American homes were full of these things. Now, most of you are occupied with all these durables; someone has to produce them.

However, we expect lower growth trades where we get a remaining quality of services, which will create a service economy. As I told you before, there will be an improvement in the quality of services, and more new services will come up. Just as a business school person

“However, we expect lower growth trades where we get a remaining quality of services, which will create a service economy. As I told you before, there will be an improvement in the quality of services, and more new services will come up.”



thinks, what new services might be in demand in the market? There's no doubt that there will be more.

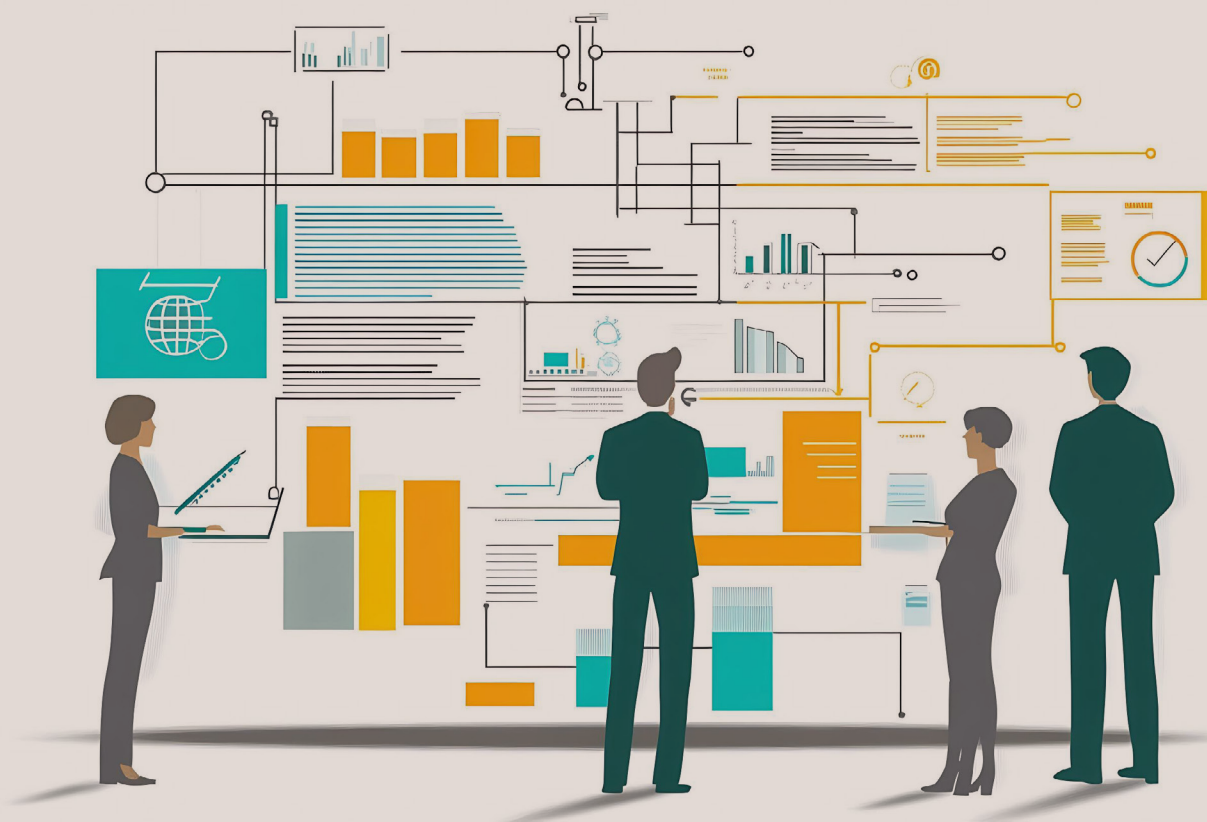
Do not think of growth just as a percentage number. Sometimes, we say our growth in Europe this year will be 0.3 or 0.5 if it is good. To me, it makes absolutely no difference if you're going to 0.5. Just think more of things that give you the quality of growth. Are you improving your well-being? Are you making people happier at work? Ask us these things, and if I succeed in doing them, then that's what's good.

When you think of electric vehicles, for example, not so long ago, we measured the car's output by how many cars you produced. Globally, they were saying the most successful countries are Japan and Germany, and now

people are saying China has already overtaken Germany in the export of vehicles. This was a report on our TV news, either yesterday or before, saying that the Chinese cars in this output are now all-electric vehicles. That will make a lot of difference in the environment and improve the quality of life, not "Oh my god, they're exporting more cars than Germany." They're still exporting a lot of traditional luxury vehicles.

The most serious TV news program that I watched would put that right at the end. Others wouldn't put it at all, and they would just count numbers. So, we should forget a little bit about numbers and think of quality.

*This article was initially published in the *PKU Financial Review*.



Profile



Angus Deaton

Senior Scholar
Princeton School of Public
and International Affairs
2015 Nobel Laureate in
Economics

Angus Deaton: The “Failure” of Economy and “Betrayal” of Economics

Angus Deaton is a senior scholar at Princeton School of Public and International Affairs and a 2015 Nobel laureate in economics. His research focuses primarily on poverty, inequality, health, well-being, and economic development. In the interview with *PKU Financial Review*, Professor Deaton stated that we need an economics degree that takes a broader and more inclusive approach.

Q: In your recent article “Rethinking My Economics,” you mentioned that “Yet today, we are in some disarray. We did not collectively predict the financial crisis; worse still, we may have contributed to it through an overenthusiastic belief in the efficacy of markets, especially financial markets whose structure and implications we understood less well than we thought.” Your discussion of Economic Failure versus the Failure of Economics has inspired us greatly.

In your opinion, what kind of Economics do we need, or how do we define a “Good Economics” nowadays?

Angus Deaton: We need an economics that takes a broader and more inclusive approach. Our subject has been too focused on efficiency, getting the most out of limited resources, which, in practice, means increasing GDP. But that does not help without asking who is getting what. These distributional issues cannot simply be pushed off to others, such as politicians, or handled later, but need to be considered from the beginning. Income is also a very incomplete measure and ignores other things that are important to people. Health is perhaps central here, and that means health, not healthcare. Beyond individual measures, people are social creatures whose well-being depends on their families, communities, and ability to participate in society. For too many Americans today, that is not happening.

Q: China is facing an aging society, and healthy aging has become an important issue. What do you think is the most important strategy for investing in national health?

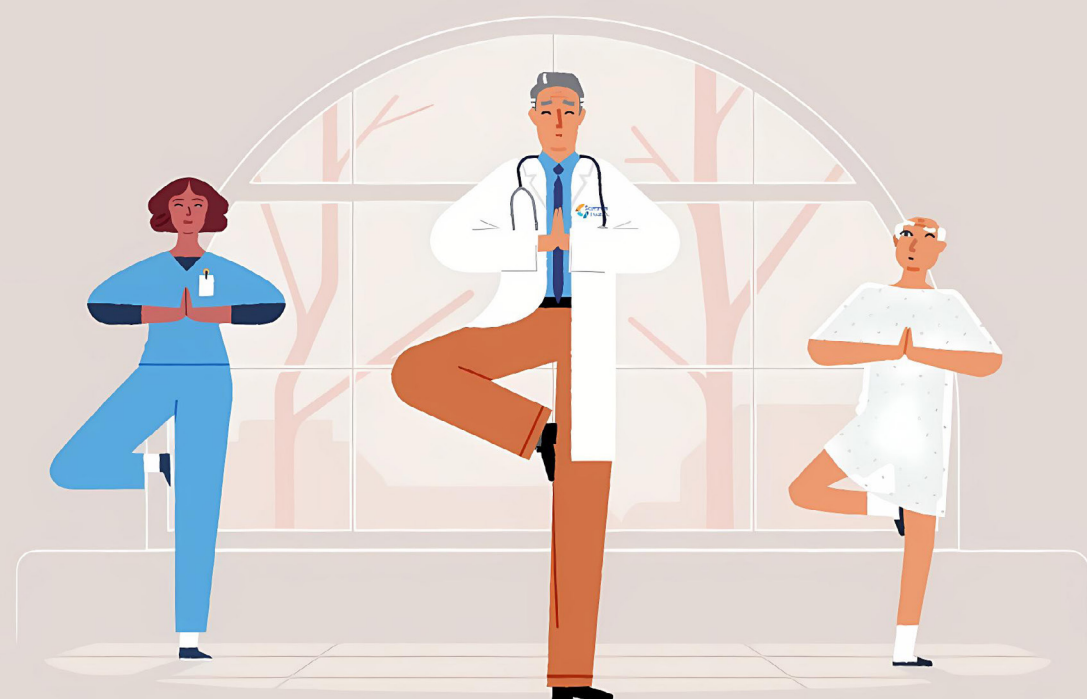
Angus Deaton: I cannot advise you on the details of the Chinese healthcare system. However, measuring health, including outcomes like mortality and morbidity, pain, and mental health, is very important. It is also vital not to confuse health and healthcare. Healthcare can be important, but the American example shows that it is possible to spend vast sums of money on healthcare provision without improving health. Pharma companies, hospitals, and device manufacturers can be very influential, expensive, and greedy. At the same time, as the Chinese population ages and there are

relatively few children, services will certainly have to be expanded.

Q: In your series of papers in recent years, such as “Accounting for the widening mortality gap between adult Americans with and without a BA” and “Mortality rates by college degree”, you and your wife seem to find out that people with higher academic qualifications differ a lot from those

“We need an economics that takes a broader and more inclusive approach. Our subject has been too focused on efficiency, getting the most out of limited resources, which, in practice, means increasing GDP.”





with lower education in terms of mortality rate and life quality. From the overall perspective of human welfare, is increasing the accessibility of higher education a better way to improve national health?

Angus Deaton: I don't believe that it is so. We are both teachers, and we obviously think that education is a good thing. People should have access to education when they want it and be able to use it. However, we think the divide by education in America mostly concerns how

“It is also vital not to confuse health and healthcare. Healthcare can be important, but the American example shows that it is possible to spend vast sums of money on healthcare provision without improving health.”

people without a college education are treated in their economic and social lives. They are the people who have lost out to deindustrialization and whose communities have been hurt in that process. They have little political power and are not listened to. This form of unbalanced capitalism is more the cause than their lack of education. We need good jobs for people without a college degree.

Q: Nowadays, the whole world is suffering from health crises of varying degrees and types, from malnutrition in many poor countries in Africa to the staggering obesity rates in Europe and the “desperate death” effect caused by drug and alcohol poisoning in the United States. Do you think the world needs a new global health cooperation model?

Angus Deaton: No, I do not. What we need is a way of looking at human well-being that incorporates their health as well as their incomes. We need to ensure that national governments serve the (different) needs of their own populations.

*This article was initially published in the *PKU Financial Review*.

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