BS MAGAZINE Peking University HSBC Business School



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Peking University HSBC Business School

NEWS BRIEFINGS

PHBS Holds 2019 Asia Tri-Lateral Seminar



Participants listen to the keynote addresses

As the business landscape has undergone significant changes, countries worldwide are striving to give full play to technological innovations. PHBS held the 2019 Asia Tri-lateral Seminar was held with the theme of "Technological Change and Development of Business Model in Japan, Korea, and China." Since its inaugural meeting, this annual seminar has been jointly organized by three leading business schools, Peking University HSBC Business School (PHBS); School of Business Administration, Hitotsubashi University Business School (HUB-SBA, Japan); and Korea University Business School (KUBS). Scholars and researchers converged to discuss technology's impact on the business model and analyze critical issues in current business trends. This year's seminar featured keynote addresses, open discussions and a Q&A session, with wide-ranging topics such as big data science, AI application, and business ecosystems.

Cambridge Delegation Visits PHBS and Shenzhen's Qianhai New District

Sir Mark Welland, deputy vice-chancellor of the University of Cambridge, visited PHBS on September 4, 2019 accompanied by Professor Christoph Loch, director of Cambridge Judge Business School (CJBS). Sir Mark and PHBS Dean Professor Hai Wen discussed future cooperation between the schools. The delegation also visited the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, which focuses on finance, modern logistics, information and technology services. Sir Mark was interested in Qianhai's role as a transportation hub and service center, as well as its demand for international education and professional training.

2019 White Paper on Ecology of Chinese Insurance Intermediary Market Released

The 2019 White Paper on the Ecology of Chinese Insurance Intermediary Market was publicly released at PHBS, providing guidance for future development of the insurance intermediary market in terms of team building and personal branding. Professor Ju Lan, director of the Risk Management and Insurance Research Center at PHBS, remarked that in the future, the White Paper series will continue to "tell Chinese insurance stories and build up an excellent Chinese insurance culture."



PHBS EMBA Alumnus Pu Aimin Conquers Muztagh Ata

EMBA alumnus Pu Aimin successfully climbed to the summit of Muztagh Ata, 7,546 meters above the sea level and the "Father of Ice Mountain" on July 5, 2019. He also completed the World Marathon Challenge, popularly known as the "777," ranking 8th overall (28 hours, 24 mins, 26 secs), and the leading Asian participant in last year's February event. Pu Aimin is a well-known long-distance runner in Shenzhen, with a personal best in the marathon of 2 hours and 54 minutes.

A Wonderful Adventure at "Night at Mirror Lake" Party

Themed "Youth without Borders', the campus party offered an amazing chance for students to enjoy the wonderful diversity of cultures from around the world on campus. For example, PHBS managed a UK booth welcoming guests with wax seals and postcards, as well as chips; the School of Electronic and Computer Engineering provided Thai food such as durian pizzas and dried mangoes. In addition, international students from such diverse regions as Latin-America, the Czech Republic, India, Italy, and Germany, took the opportunity to introduce their own culture through the culture and special food, drink, and games.

International Students Attend Inaugural Internship Fair in Shenzhen



Over 50 international students from Peking University Shenzhen Graduate School attended the First Overseas Students Internship Fair on November 16, 2019. The event is an initiative launched by the Nanshan Yuehai Sub-District Government Office, along with the Shenzhen Nanshan Southwind Social Work Service Center, serving to encourage greater collaboration between Shenzhen's international student community and firms based in Shenzhen. International students from PHBS and the School of Transnational Law (STL) were given the opportunity to meet with representatives from firms such as Baidu, Oppo, Tesla, and Intercontinental Hotels, as well as 50 other firms either founded in Shenzhen or with a large presence in the area.

Peking University HSBC Business School and Cambridge Judge Business School Together Launch Executive Education Programs

eking University HSBC Business School (PHBS) and Cambridge Judge Business School (CJBS) announced on December 20, 2019 that they will work together to launch two executive education programs in 2020, focusing on innovation and international management.

CJBS is consistently ranked as one of the world's top business schools, advancing knowledge and leadership through people who leave a mark on the world, and its non-degree Executive Education division is an important part of the school. PHBS continues to set its sights on worldwide recognition, now holding AACSB and AMBA accreditations, and has opened its UK campus. PHBS Executive Development Program (EDP) aims to cultivate top business leaders and academic talents.

The new executive education program will focus on the implementation of methods and tools under real operating conditions and strive to train international experts in professional knowledge and strategic vision.

Professor Hai Wen, dean of Peking University HSBC Business School, and Professor Christoph Loch, dean of Cambridge Judge Business School, attended the launch ceremony in Shenzhen, along with nearly 1,000 executive education students.





PHBS|SPOTLIGHTS

The new executive education programs will focus on the implementation of methods and tools under real operating conditions and strive to train international experts in professional knowledge and strategic vision.

The launch ceremony in Shenzhen

The programs "Making Innovation Happen" and "International Strategic Management" are designed to stimulate business model innovation and strategic, international thinking of Chinese entrepreneurs and executives through practical and interactive teaching methods. Specifically, the courses will guide entrepreneurs in coping with the challenges and opportunities of an ever-changing world, while also continuously enhancing the innovation and excellence of their enterprises.

The new executive education programs developed by PHBS and CJBS aim to advance the national talent development strategy of the Guangdong-Hong Kong-Macao Greater Bay Area.





PHBS Holds the Second PHBS Workshop in Macroeconomics and Finance

By Annie Jin

he Second PHBS Workshop in Macroeconomics and Finance was held at Peking University HSBC Business School (PHBS), Shenzhen, from December 13 to 15, 2019. With support from the Ping An Macroeconomics Research Institute, the event was jointly sponsored and organized by PHBS, the Sargent Institute of Quantitative Economics and Finance (SIQEF), and the Center for Macroeconomy and Finance (CMF) of Peking University.

The three-day workshop attracted more than 40

scholars worldwide to present papers and discuss topics related to macroeconomics and financial economics, as well as the various fields of liquidity, corporate finance, macro-finance, trade and capital flow, and theory. In his opening remarks, PHBS Associate Dean Professor Wang Pengfei emphasized the event's aim to facilitate international dialogue and research among scholars and universities.

Following is a summary of presentations and discussions:



Professor, Washington
University in St Louis,
associate editor of the
Review of Economic Studies,
and the American Economic
Journal: Macroeconomics



Lubos Pastor
Professor, University of
Chicago, associate editor
of the Journal of Financial



PHBS Associate Dean

Wang Pengfei delivers

opening remarks

Professor Francisco Buera shared his research on liquidity traps in response to the question, how does the economy operate and what role does policy play in the liquidity trap? A liquidity trap arises when interest rates are low and savings rates are high, rendering monetary policy ineffective. He elaborated on how to deal with such an issue by building an effective model to analyze consumers, production and government policy.

Professor Lubos Pastor presented his study on inequality aversion, populism, and the backlash against globalization. He analyzed the vote share of populist parties in recent elections and survey evidence on attitudes towards globalization, pointing out that countries with greater inequality, higher financial development and trade deficits are more vulnerable to anti-globalization backlash.

Professor Zhang Shengxing of the London School of Economics discussed the roles of public safe assets based on a theoretical model. He noted that holding cash or safe assets could increase liquidity of illiquid assets on the bank's liability side and reduce adverse selection to a certain extent. Professor Ji Yan of Hong Kong University of Science and Technology elaborated on a DSGE model with financial frictions and found that they would lead to credit misallocation and reduce economic recovery speed after financial shocks.

In the corporate finance session, PHBS Professor Li Di presented on the effect of CEO job security on corporate policies by studying certain actual corporate decisions. Professor Yu Jianfeng of Tsinghua University discussed his empirical study on priming and stock preferences, in which he conducted a natural experiment based on Chinese stock market data. PHBS Professor Ma Linlin explored the compensation of mutual fund managers, finding that compensation based on peer-benchmarked performance either generates greater managerial effort or attracts higher skilled managers.

Professor Stavros Panageas of the University of California at Los Angelas presented "Finance in a Time of Disruptive Growth." He developed a theory to understand financial trends and analyzed the relative expected returns.

Professor Chen Hui of MIT discussed the effect of competition-distress feedback, as firms tend to compete on prices more fiercely when they are in financial distress.

Professor Vincenzo Quadrini from the University of Southern California, studied the impact of industrialized countries' monetary policy on emerging economies. He concluded that the low-interest rate policy in industrialized countries have negative impacts on emerging economies. Professor Fang Xiang, from the University of Hong Kong, explained the causes of risk premium in currency carry trade, showing that countries with low interest rates do have high bank leverage and low monetary returns. PHBS professor Li Zhimin presented his research on structural transformation in China, showing that reductions in migration cost play a crucial role in how productivity and trade shocks affect labor reallocation

across sectors.

The workshop ended with a focus on theory. Professor Marek Weretka from the University of Wisconsin at Madison, examined whether two commonly used utility settings in the field of macroeconomics and microeconomics can be reconciled. Professor Huo Zhen. of Yale University presented a beauty-contest model, in which two possible information regimes can arise endogenously. Professor Ernest Liu of Princeton University examined how bank market power affects credit provision under imperfect bank competition and policy variation, based on his empirical analysis of 2008-2017 loan-level data from the US Small Business Administration . Professor Liu Xuewen of the University of Hong Kong studied why an inefficient credit boom could persist during financial crisis, based on a rational expectations model.



The group photo of participants

CONFERENCE INTERVIEW



As a leading macroeconomist, Francisco Buera's best-known work lies at the intersection of finance, economic growth, and development economics. A professor at Washington University (St. Louis, Missouri, USA), Buera's research spans many topics, including the role of financial markets in the process of development, the rise of the service economy, and the diffusion of technologies and economic policies across countries. Before joining the university, he served as a senior economist and research advisor at the Federal Reserve Bank of Chicago. In an interview after his keynote speech, Professor Buera shared his insights into free trade, trade frictions and modeling.

Q: The merit of free trade is widely debated. One of your research articles pointed out that "free trade is about more than goods and services, it's about ideas too." What's the cor-

relation between diffusion of ideas, innovation and free trade, in a much more interconnected world?

Buera: The tradable sector of economy is a rather small fraction of the economy. But in this world, we also investigate the role of trade in exposing us to different technologies and practices. Economic historians have argued that a big part of trade and interconnection has to do with the fact that we get to learn things that happen at different places, which affects us in terms of allowing us to use the best practices.

China has been selling and buying goods from many other places and has been exposed to many different technologies, which changed the way Chinese firms produced and led firms to use new processes. This goes beyond copying technologies. The idea is that even the creation of new technologies uses insights that come from other technologies? Being exposed to more technologies, more

After a conference, typically this is part of my experience in general: One can arrive home with a head full of new thoughts. And it's more like drinking water again and replenishing our souls.

ideas allows you to develop new original ideas and come up with new solutions to old problems. Trade is a mechanism through which we are constantly connected to other places.

Q: However, financial or trade frictions are inevitable in economic growth. What do you think about the recent friction between countries, for example, China and the US?

Buera: Some of these movements have some fundamental explanations in terms of consequences of trade and openness on inequality. It is true that when you're open to trade, there will be winners and losers. Our economies like free trade because we understand that if you are able to compensate losers, there will be a net gain.

If you are able to use transfers to make everybody better off, then trade should be positive for the economy. But what often happen is that those transfers and compensation do not carry out. So in some sense, the backlash against globalization is not necessarily about the outcome of trade being bad. One interpretation of what's wrong is that we don't have political institutions or policy makers that respond to the challenges. The challenge in these cases is to be able to compensate the losers. What you need to do is not necessarily stop opening. You should make the political system more responsive to compensate the people who are losing and spread out the gains so that more than a majority of people are well off.

Q: You have employed computer models to conduct research. Could you share some tips on how to build models to evaluate abstract concepts like diffusion of ideas or technologies?

Buera: It is the tension between introducing too many details, being convoluted and very hard to understand, or having too few details and very stark assumptions, simplifying things too much and losing the important aspects of the phenomena you want to explore. And I think the part of the art is in how to make these balance in a successful way. So there's a lot of back and forth between modeling, data and empirical work. It is a constant conversation that takes place in each individual work, but also takes place in the community work of many people.

These are very good examples of diffusion of ideas and trade in the sense that a lot of our ideas come from conversations that we have with other researchers at conferences. For example, we attend a conference because we can learn from other people's presentations, and get the chance to interact and gain insights from other people. After a conference, typically this is part of my experience in general: One can arrive home with a head full of new thoughts. And it's more like drinking water again and replenishing our souls.

CONFERENCE INTERVIEW



A Professor of Finance at Booth School of Business, University of Chicago, Lubos Pastor's research focuses on financial markets and asset management, addressing topics such as political uncertainty, stock price bubbles, technological revolutions, the size of the active management industry, and portfolio choice. His most cited paper, "Liquidity Risk and Expected Stock Returns," has been cited over 3,000 times. Professor Pastor presented his study on inequality aversion, populism, and the backlash against globalization at this conference. After the keynote speech, he shared more insights into those areas, and gave suggestions for future research.

Q: Populism seems to be prevalent in the current world, what do you think of this trend?

Lubos: My personal opinion is that it's a little unfortunate that the median voter feels that they have to push back. But I understand why they're doing this. Some people think that this push back is called for; it is the result of some kind of a mistake on behalf of voters. I'm much more sympathetic to the idea that people are pushing back because they feel that some of their legitimate needs have not been satisfied. So, I hope that this push back will lead to changes that will make the world a better place. I think the elites need to listen to people, and there are various things they could do in order to make people happier. So, I hope that you know the bright side of populism, which is that it should make the elites more aware of what people want and hopefully respond with policies that benefit everyone.

Q: Based on your research, do you think inequality is a major issue from the perspective of economic or financial policy? If so, can increased inequality be viewed as a cost of globalization? Is there any policy design to

I would like to see more research at the intersection of politics and economics. Thinking of the government as an active player, as opposed to just someone who passively redistributes or takes care of some basic plumbing in the society.

mitigate such costs?

Lubos: Absolutely. In our model, globalization amplifies inequality: Everybody is benefiting from global growth, but some people benefit more than others. It is like we are all doing better and better over time, and some people are doing much better than others. And if people dislike inequality, then they are pushing back. So, I do think of inequality as a byproduct of globalization. Now, some inequality is good, because it gives people incentives to work hard. You don't want to push inequality to zero; that never worked. Historically, some inequality is good, but too much inequality could lead to resentment.

And there are various policies that could reduce inequality. You could think of progressive taxation to begin with. I think some of the best policies, or most effective policies, involve just giving more access to education to people who are left behind. Nowadays, people who are left behind tend to be

people with a lower skill level or people with less education. If you make it possible for everyone to get good education, I think that could help reduce inequality.

Q: Your paper on inequality is a very important and interesting question in macro finance and asset pricing. Do you have some suggestions for other research topics in this field?

Lubos: I would like to see more research at the intersection of politics and economics. Thinking of the government as an active player, as opposed to just someone who passively redistributes or takes care of some basic plumbing in the society. So, I think issues like political uncertainties are very important. I've written on political uncertainty in the recent past, thinking about what the government will do, whether they will do something, and what's the interaction between that. And for both the economy and financial markets, these are still underexplored topics.

Another topic would be to incorporate the financial sector more into the macro economy. And of course many people have said that one of the biggest problems with macroeconomics was that the financial sector had been missing from macro models, more or less. And so when the financial crisis of 2008 hit, people were kind of not ready. Macro economists were not ready to tell us what to do, because they didn't have the banking sector or because the banking sector was kind of very mechanical in their models. I think the marriage of the two, just the intersection of the two, has to be tighter. Bringing the financial sector into macro models in a realistic fashion is important. And it's also important for finance people to address macro. So, just to summarize, my suggestion is to do more work at the intersection of those to just find a tighter link between macro and finance.



A Big Milestone for a Better Future

The 15th Anniversary Celebration of Peking University HSBC Business School

By Annie Jin



Peking University HSBC Business School (PHBS) celebrated its 15th anniversary at the Shenzhen University Town Sports Center on October 26, 2019. Around 2,000 participants, including leaders from Peking University, alumni representatives, faculty, students and staff attended the ceremony, celebrating PHBS's past achievements and ushering in a new chapter of its story.

A specially produced video, featuring photo montages and inspirational text, kicked off the ceremony. The video shared memorable moments over the past 15 years, which was followed by a poetry recitation presented by alumni representatives from MA, MBA, EMBA and EDP programs. Written by alumni, the poetry demonstrated their deep affection for the school and desire to contribute to its future development.

Each program also held homecoming activities such as class reunions, alumni talks, and entrepreneurship forums, during which participants recalled the "good old days" and shared their accomplishments as well as aspirations.

The event's highlight was the launch ceremony for the *PKU Financial Review*, an academic publication initiated by PHBS and Peking University HSBC Financial Research Institute. Sponsored by the Nanfang Media Group, the review focuses on cutting-edge theories and critical practice in the finance field, creating an open platform to promote academic research and industry innovation in China's financial sector.

- 1. launch ceremony of PKU Financial Review
- 2. Students and alumni at the ceremony



PKU Vice President Wang Bo delivers remarks

"It is crucial to reflect and engage in introspection when rising to challenges and setting up clear plans for the future. With vision and grit, PHBS can take the lead in advancing the business education of this era and create a brighter future."



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

"PHBS can strive to enhance its academic strength globally, cultivate more influential and responsible leaders, and deepen its internationalization. Looking into the future, we hope that by the 20th anniversary of the school, we will have established PHBS as one of the top business schools in China, internationally renowned and world-class in a number of areas."





2005

2007

2008

In October 2004, Peking University Shenzhen Business School was founded, with Professor Hai Wen, then vice president of Peking University, serving as its founding In September 2005, the school enrolled the first session of 63 postgraduate students majoring in economics.

In November 2005, the school signed a strategic agreement with the Faculty of Business and Economics, Hong Kong University to offer the PKU (Master in Economics) & HKU (Master in Finance) dual degree program.

In July 2007, the EDP Center was founded and began student admissions.

In September 2007, the school enrolled 21 full-time postgraduate students in management to set the first step of management degree education.



On March 18, 2008, Stephen Green, then chairman of HSBC and CEO of HSBC Holding PLC visited PHBS to discuss cooperation with Dean Hai Wen.

On August 30, 2008, on behalf of PKU, then president of PKU Xu Zhihong signed an agreement with then HSBC Chairman Zheng Haiquan. HSBC donated 150 million RMB to the construction of Peking University Shenzhen Business School. The school was officially renamed "Peking University HSBC Business School".

On October 22, 2008, Peking University HSBC Business School (PHBS) commenced its unveiling ceremony.

On December 19, 2008, The HSBC Financial Research Institute at Peking University (HFRI) was founded.



2010

2011

2012

2013

In September 2009, PHBS enrolled its first two international students, Aymane Benslimcme from Morocco and I'John Gatewood from the



On January 6, 2010, PHBS held the groundbreaking ceremony for the new building.

On March 26, 2010, PHBS held the first opening ceremony for the EMBA.

In September 2010, PHBS enrolled its first class of 45 postgraduate students in finance (quantitative finance). In April 2011, PHBS signed an agreement with the Department of Economics, the Chinese University of Hong Kong, for a the dual degree (Master in Finance & Economics) program.



On September 15, 2011, the European Foundation for Management Development (EFMD) conferred EPAS accreditation to PHBS Master of Economics program In August, 2012, PHBS enrolled the first session of fulltime MBA students. On March 22, 2013, PHBS and the National University of Singapore reached an agreement on a dual master program (PKU Master in Economics & NUS Master in Financial Engineering).

On November 21, 2013, the PHBS building opened.

Vision and Grit

2015

2016

2017

On October 24, 2014, PHBS held the 2014 Global Dean's Forum. More than 500 participants attended the forum, including 40 deans from renowned business schools, government officials, entrepreneurs, and experts in policy-making and banking.



On September 21, 2015, the Financial Research Laboratory opened. On November 3, 2016, PHBS signed an agreement with Zicklin School of Business at Baruch College, the City University of New York (CUNY), on an MBA (Master of Business Administration)-MSF (Master of Science in Finance) dual degree program.



On February 20, 2017, PHBS signed a contract with the Open University, UK, on acquiring the Oxfordshire campus for PHBS UK Campus.

On May 15, 2017, Dean Hai Wen accepted the key of the former Open University campus from Dorian Holloway, head of property and regions of the Open University, marking the official establishment of PHBS UK Campus.

On June 5, 2017, the PHBS building was granted LEED Platinum Certification by the U.S. Green Building Council, making PHBS the first business school worldwide certified with LEED Platinum.

On October 25, 2014, PHBS grandly celebrated its 10th anniversary.

On December 13 and 14, 2014, the 14th China Economics Annual Conference was held in Shenzhen. The conference was sponsored by Secretariat of China Economics Annual Conference and PKU, and organized by PHBS. It attracted more than 600 specialists and scholars to Shenzhen.





On June 8, 2017, Thomas Sargent, the 2011 Nobel laureate in economics, joined PHBS as the director of the Sargent Institute of Quantitative Economics and Finance (SIQEF).

On June 14, 2017, PHBS established the Research Institute of Maritime Silk Road (RIMS).

In August 2017, the PHBS building was granted the "Outstanding Designs" award by American School & University magazine (AS&U).



On March 25, 2018, the Peking University 120th Anniversary Overseas Celebrations and the Inauguration of Peking University UK Campus were held in Oxfordshire, England.



In August, 2018, PHBS earned accreditation from AACSB International, proudly becoming one of the elite 5% from over 16,000 business schools and colleges in the world to hold the esteemed accreditation.

In September 2018, the first group of postgraduate students were admitted to PHBS UK Campus.

On November 1, 2018, PHBS unveiled the plaque for the Center for Innovation and Entrepreneurship, and opened the Future Media Laboratory.

On December 1, 2018, PHBS held its 10th Anniversary of Naming Ceremony. On March 24, 2019, Stephen J. Toope, vice-chancellor of University of Cambridge, visited Peking University and signed a memorandum of agreement between the two universities, emphasizing the strategic partnership of business education in Shenzhen.



On May 15, 2019, PHBS received accreditation from AMBA (The Association of MBAs).

PHBS and Cambridge
Judge Business School
(CJBS) announced on
December 20, 2019 that
they would work together
to launch two executive
education programs in
2020, focusing on innovation and international
management.



By Annie Jin

Since its inception, PHBS has trained a large number of business leaders, entrepreneurs and top managers, forming a vibrant community and a powerful alumni network across the globe.

Drawn to diverse opportunities, many international alumni are now running their own businesses or pursuing careers in China. Five alumni shared their experience at PHBS and their stories in Shenzhen.

André Georgi earned his master's degree in management and then joined Boston Consulting Group (BCG), one of the "Big Three" strategy consulting firms (BCG, McKinsey and Bain), as an associate consultant. During his four years at BCG, Georgi has acquired cross-cultural work experience in Europe, China and the US. With his Chinese language proficiency as a plus in his career, Georgi is currently based in the Greater Bay Area as a project leader, focusing on new venture build and digital transformation. "PHBS is a great example and representation of Shenzhen," remarked Georgi, referring to the school's continuous improvement of the quality of its teaching and facilities.

André Georgi (Germany, class 2013)

All the case studies at PHBS helped improve my strategic thinking, which is a core part of my job now at BCG," Georgi continued. "The school also helped me observe different cultures, making me a more tolerant and open-minded person. PHBS has international faculty and many students from different countries, and the classes are in English. All these really helped me develop a much broader of view the world and helped me to combine my Western view with my Chinese view. Right now joining PHBS must be one of the coolest things that students can do if they are interested in China."

PHBS alumni photograph donation wall in the school lobby

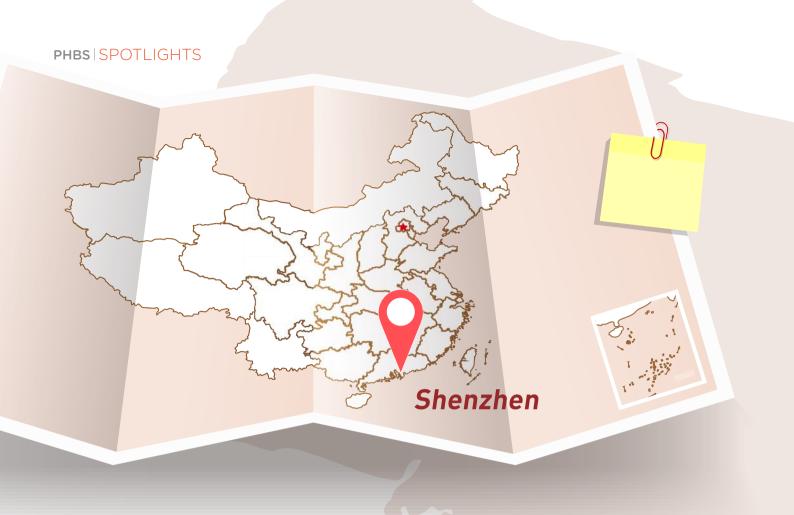


John Rood (USA, class 2014)

John Rood earned a master's degree in quantitative finance. He co-founded Somos Digital in Shenzhen, a creative digital marketing agency specializing in digital strategy and campaign execution for e-commerce merchants, disruptive tech brands and innovative startups. Rood said that coursework at PHBS, like corporate finance, is knowledge that he uses regularly to run the business. In addition, Rood said it was at the school where he met one of his business partners. He concluded that the whole experience of studying at PHBS gave him a much better advantage of starting a company here and actually succeeding with it.

Working in Shenzhen is crazy," Rood said.

"Our clients are very demanding. They move very fast at 'Shenzhen speed.' So we are expected to work much faster and longer and harder. I think it is actually a very big advantage being here in Shenzhen, because we get to see these really amazing new products coming out."



Jan Smejkal graduated with a master's degree in management. Currently based in Shenzhen, he is the co-founder and partner at 5X ventures, investing in hardware entrepreneurs, and the founder of The Dinner, which hosts exclusive networking events in China and around the globe. Jan managed to scale Startup Grind, the world's largest startup community, to 100+ cities in Asia (including 25+ cities in China), and was featured on the LinkedIn Power Profiles List 2018 as one of the most viewed and engaged members of LinkedIn China (alongside Kai Fu Lee from Sinovation Ventures, and many others). Currently, he also works as an associate at Credit Suisse to leverage its global platform resources to provide advisory services to clients worldwide.

Jan Smejkal (Czech Republic, class 2015)

The biggest takeaway,

apart from all the knowl-

edge and lessons, is also the network, the connections and the friendships that I made at PHBS," Smejkal said. "There are a lot of businesses from all over the world that actually want to learn more about China, specifically technology ecosystem and entrepreneurship in Shenzhen. I used the support from PHBS to get the entrepreneurship visa which allowed me

to be in Shenzhen for one more year and

look for opportunities and see what kind of

companies I could potentially set up."



Erdi Tac (Turkey, class 2015)

Erdi Tac earned his master's degree in management. Before he found his true passion, education, Tac had several start-up experiences, for instance, cofounding KOLFirm, a company that helps foreign companies enter China through e-commerce. "Now I'm working on KOLFirm Education, a company that provides fun and practical teaching material for training centers and trains teachers," he reported.

Before I came to PHBS, I had in mind to start my own company, but I didn't know how to do it in China. How did PHBS help? In my first year, there was a competition called the HULT Prize. The school encouraged and supported us to compete in this entrepreneurship event. In addition, I received great help from the faculty members to build connections and initiate what I'm doing now." Tac, married to a Chinese woman, has settled in Shenzhen.

Markey Tan
(Thailand, class 2015)

Markey Tan, holding a master's degree in management, has more than four years' experience in China, especially in Shenzhen and Hong Kong. Tan co-founded China Channel, which provides consulting and research for organizations wanting to understand and build their strategy for WeChat and China's digital ecosystem; and Greater Bay Sharing Forum, a nonprofit conference that connects the global tech communities located in this region. Currently, she also serves as strategy and event manager at AngelHub, Hong Kong's Securities and Futures Commission licensed startup investment platform for professional investors and global startups raising growth capital.

I am passionate about technology, entrepreneurship and the startup ecosystem in China, especially in the Greater Bay Area," Tan said. "During my studies at PHBS, I got involved in the Youth Entrepreneur Association and Student Union. I couldn't have chosen a better city in which to study. Shenzhen was, and still remains, a dream come true for my entrepreneurial mind, with all of its resources at my fingertips and the support of a great international community of entrepreneurs."



Learning Adventures in the UK

PHBS Financial Media Students Enjoy 2019 Summer School at UK Campus

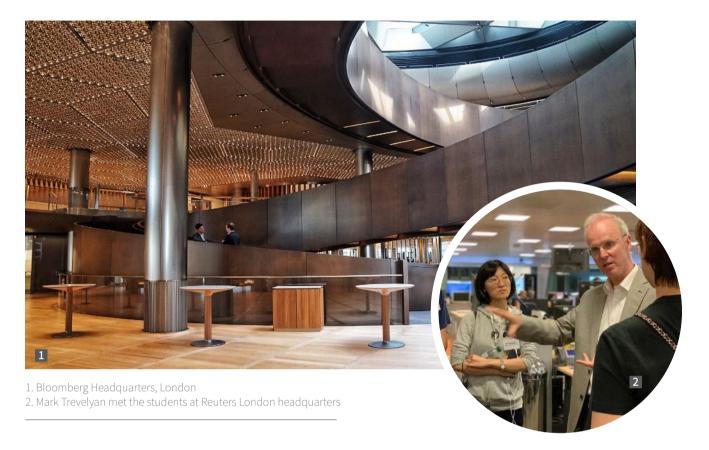
By Class of 2018 Financial Media MA students

rom July 8 to 19, 2019, Peking University HSBC Business School (PHBS) held its second Financial Media Summer School at its UK campus in Boars Hill, Oxfordshire, England. Seventeen students from the Financial Media Master's program attended this two-week course aimed at expanding participants' international perspec-

tive and gain insights into world-leading media organizations.

Course Content

The summer school's theme was new technology and media, where students investigated issues in



media and communication, including new media theory, internet research methods, data ethics, block chain, media convergence, and intercultural communication led by faculty from University of Oxford, the London School of Economics, and the University of Edinburgh. Further, BBC TV anchors Paul Hayes and John Cameron visited the UK campus, discussing how popular BBC TV programs, such as those identifying and valuing antiques, as well as antique investment, are produced.

Media visits

Students also traveled to London to visit renowned media organizations BBC, Bloomberg, and Reuters, where they enjoyed in-depth discussions with editors, journalists and scholars. BBC editors Vincent Ni and Bruno Garcez showed students the network's live broadcasting studios and then intro-

duced their short video news and new media channels. Later, students exchanged ideas with them on how to make new programs more attractive to the younger generation.

Mark Trevelyan, a 30-year Reuters veteran reporter and editor met the students at Reuters London headquarters. Trevelyan told students that "not every reporter is willing to do this job for 30 years." He shared that "the most important thing in being a journalist is to be curious, because the nature of journalism is exploration. Secondly, good listening, affinity and a certain writing ability are necessary, and last, good journalists need to be energetic."

During the Bloomberg visit, students were amazed by the design of the building that used glass to create an open and light-filled office area where visitors could see people sitting in the conference room or taking the elevator. Bloomberg says that its architecture symbolizes its value of



BBC editors Vincent Ni and Bruno Garcez with PHBS students

transparency in providing financial information and services to its customers.

Students also visited The Economist. China Editor James Miles, formerly based in Beijing and with 12 years reporting experience, told students that with its rapid development, China has become an important voice that cannot be ignored on international issues regarding politics and economics. As a result, in 2012 The Economist added a new division to its Asia section, creating focused reporting for China, becoming only the second (after the United States) independent section for one country. Miles also added that The Economist's China section has

branches in Beijing and Shanghai, mainly focusing on the political issues of mainland China and also covering Hong Kong and Macau.

Museum Day

A day at several museums started at the University of Oxford Natural History Museum. Its lecture hall hosted the Oxford Evolution Debate in 1860 and is currently used by the university's chemistry, zoology and mathematics departments. While the museum deals with natural history, the Ashmolean Museum of Oxford University chronicles human civilization. The

River Cherwell flows through Oxford's green belt of fields and woods



Ashmolean Museum, based in the heart of Oxford, was the first university museum in the English-speaking world, opening to the public in 1863. The main museum contains collections of archaeological specimens and fine art, including pre-Raphaelite paintings, majolica pottery, and English silver. Following the museum visits, students took a walk through the city of Oxford and took photos of the famous Hertford Bridge, a footbridge designed by Sir Thomas Graham Jackson and completed in 1914.

Punting

One of the most popular sports in Oxford is punt racing. A long, slender, flat-bottomed boat, a punt is operated by poles that push off the river bottom. In 1829, Oxford and Cam-

bridge held their first punt race, and since 1856, races have been held annually except during the two world wars. Most of the punting is done on the River Cherwell, which flows through Oxford's protected green belt of fields and woods for the last few miles before it joins the Thames. However, at the Thames near the Magdalen Bridge, the students hired an experienced rower. Many of the "boatmen" are students at University of Oxford who earn extra money taking visitors down the river and showing them the campus.

The students said it was a great opportunity to participate in the Financial Media Summer School at the UK campus, discuss current issues with scholars, and to visit world-leading media organizations. And the weather is really nice during summer!

朋友圈



PHBSer

Happy New Year!! Let us go forward together into the new year with dedication, courage and persistence!



深圳・北京大学汇丰商学院

♡ 海老大, 任颋,James,Jake, 李志义, 史蛟,Young Joon, Seungjoon,Sungbin, 欧阳良宜,黄海峰,Daeyong, 冯艳,岑维, Priscilla, 童娜琼,Erik, Amy, Susan,David, 陈倩,Domenico, Nicole, Kevin, Grace, Summer

Summer: 美呆了 ♥ ♥ ♥

Nicole:美貌与智慧并存,新年快乐!! **

海老大: 凸 凸

Young Joon: HAPPY NEW YEAR 💚



Young Joon Park:

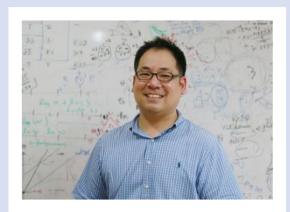
That Makes My Life Busier, yet Very Rewarding

By Annie Jin

e met at 3:00 pm on a busy Wednesday afternoon as Professor Young Joon Park took a short break from his daily schedule packed with meetings, courses and office hours. Working at PHBS for 10 years, he said he has become used to the workplace dynamics. "Dynamic, is probably the word I'd like to use to describe the school."

Park joined PHBS right after earning his Ph.D. in economics from University of California, San Diego, and has played multiple roles in both academics and administration. "We have several new undertakings each year," Park said. "That makes my life busier, but when things go well with good results, it's very rewarding."

Recalling some memorable moments at PHBS, Park said there were quite a few, for instance, the new building move-in day and the 2014 Global Dean's Forum, where deans from eminent business schools and business leaders worldwide engaged in open and constructive dialogues on global trends and issues that will shape the future



Park stands in front of his office whiteboard with economics formulas and equations scrawled on it.

Our school is still young, so many faculty members can benefit from guidance from the experienced." landscape of business education. "But if I had to choose one, it would be the day we got AACSB accreditation last August."

As the hallmark of excellence in business education, less than 5% of over 16,000 business schools and colleges worldwide hold the AACSB accreditation. Earning AACSB confirms the school's continuous improvement through an arduous peer review process.

"I was very excited to be part of the school's development," said Park, admitting PHBS's rapid development far exceeded his expectations. The school now has 80 full-time faculty members, around 2,000 students, a global alumni network, and the UK campus that opened in 2018.

The First Encounter

Located in Shenzhen, PHBS was founded 15 years ago to bring Peking University's first-tier business education programs to the country's south. So, when Park first entered the job market in 2009, PHBS was new to most job applicants. "Peking University is well known everywhere, but I was not familiar with PHBS," he said. What impressed him was the school's leadership. "Professor Hai (founding dean) was at the interview with some of our faculty members, and I really liked what they said about the school's vision for the future."

After he was offered the position at PHBS, Park and his wife visited the campus, meeting several faculty members and students. He said that the students were "really, really bright," and their interactions struck him: these would be the kind of students he would be teaching and advising.

Yet, his greatest concern was his limited knowledge of China, especially Chinese. "Teaching in English is not necessarily rare. PHBS is unique in a sense that its working language is also English." For comparison, he shared an anecdote about a

Spanish school, which expected him to teach in Spanish after the first three years. Considering the language barriers, Park admitted, "It was not a good match for me and the school in Spain."

Park's visit gave him the confidence to follow his childhood dream of teaching. "I had some offers from industry too, but I was more interested in becoming a professor." Growing up in a family with parents devoted to education, Park had the talent and desire to teach. "My friends and classmates told me I'm good at explaining things," he said. "If that's the case, maybe teaching can be a good fit for me."

Multiple Roles

Park said that he rarely deviates from his daily routine. If he is scheduled to teach, he often arrives early in the morning to prepare, and after class he holds office hours for students with questions. Administrative duties

also task him with meetings on such issues as relations with international partners, school strategies, recruitment, and among others.

For him, the most impressive change at PHBS since its inception has been the development of new programs. He mentioned the new course of study in financial media, doctoral program in quantitative economics headed by 2011 Nobel laureate in economics Thomas Sargent, a master's program focusing on fintech, and engaging more double-degree program partners worldwide. Involved in program development, Park said that PHBS faculty's support in curriculum design, recruitment, course arrangements, and new programs has been important.

Commenting on having received faculty teaching awards twice, Park shared that he was never "a very good student." Yet, he believes this has allowed him to better understand students' struggles. "If a teacher is too smart, students will suffer," he said, revealing

Park with students (from left to right), Mahesh Reddy (India), Lisseth Moreira (Ecuador) and Derek Alexander Hertel (Canada)



his sense of humor. Park said that he seeks student feedback midway through coursework, providing them a brief survey in the middle and then making needed adjustments.

With multiple roles to play, Park feels it challenging to strike a balance between teaching, administrative duties and research.

Academic Road Ahead

Park's desire to devote more time to research prompted him to take a one-year sabbatical. During the first half, he went back to his alma mater, University of California, San Diego, where he met his former advisor, professors and classmates. "I worked with my former advisor to add to some of the research I had followed before."

In the last half of his academic leave, Park visited Kyung Hee University in South Korea, where he worked with former PHBS faculty member and regular co-author Yeujun Yoon on joint projects in marketing. Park explained they are investigating how people generate online word-of-mouth (passing information from person to person by oral communication) based on large Amazon online purchase data and compare it to the previous evaluation and the evaluation of the actual reviewers.

"We have submitted the paper and hope to get good results," Park said. He extolled the benefits of co-authorship. "Everyone has limitations. With coauthors with different expertise, we can improve the project in different aspects. I'm the one who tries to come up with the theory to explain why these kinds of results can happen."

Park also credits the school's favorable environment for cooperation, explaining that because PHBS differs from other schools by not having a departmental system, it encourages faculty from different fields to collaborate. He pointed out, for example, that PHBS has been striving to enhance its academic strength by attracting talented faculty worldwide and establishing high-level think tanks.

For example, the Sargent Institute of Quantitative Economics and Finance (SIQEF) led by Nobel Laureate Thomas Sargent, "crunches" extensive sets of data and does theoretical and empirical research to glean insights into the real world. The Research Institute of the Maritime Silk Road (RIMS), focusing on China's One Belt and One Road initiative, is headed by Professor Xiao Geng who has rich experience in policy studies and has held senior positions at think tanks at home and abroad. Said Park, "Our school is still young, so many faculty members can benefit from guidance from the experienced."

Park said that his research is a priority, just as research is at the top of the school's agenda. With more academic improvement initiatives, for instance, the increased quantity and quality of seminars and conferences on campus, it is easier for faculty to interact with widely-respected scholars. "In return, they can get to know PHBS and might think about joining us too."





I'John Gatewood provides remarks as the 2008 Broad Prize scholar speaker where he thanked The Eli Broad Foundation for the award. which allowed him to pursue his dream and complete his education at Clemson University.

l'John Gatewood:

Go and Make the Impact Yourself

By Annie Jin

I'd be honored," I'John Gatewood wrote in a quick response to the interview invitation for the 15th anniversary of his alma mater far across the Pacific Ocean. As one of the first two international students admitted to Peking University HSBC Business School (PHBS) in 2009, Gatewood seemed thrilled to recount his "good old days" and share his recent life in an online interview.

Gatewood graduated from Clemson with a bachelor's degree in economics and was interested in pursuing further education. "My curiosity led me to China," he said. He recounted a child-hood memory of often looking up into the sky wondering how the world works in other places.

When Gatewood realized that as China was becoming a major global economic player, he could not pass up the opportunity to "study the culture and economy first hand." It was from a Ph.D. student at Clemson that Gatewood first learned

I'John Gatewood with students from PKU Middle School, during his trip to Beijing to compete for PHBS in the 4X100 relay at PKU Sports Festival, where his team finished in first place. "Beijing is an amazing city and being able to work as a team was a great experience," he said.



about the economics program at PHBS, Peking University's young business school in South China's Shenzhen.

It quickly became his top option, but coming to a place so different did require a big "leap of faith." Gatewood admitted he never had doubts but only a simple thought before coming here, "If I didn't like it or it was too difficult, I could simply go home." Things turned out smoother than he thought. "Everyone made me feel welcomed to not only the campus but the country," he said.

Of course, Gatewood expected to see many cultural differences. Among those he first noticed were how diligent his Chinese classmates could be in study and especially how early most people got up for breakfast. Different from those living in Western culture, Gatewood learned that people in Southern China enjoy yum cha, the Cantonese tradition of brunch featuring tea and dim sum.

Gatewood said one of the most valuable lessons he learned at PHBS was "how to learn as you go." At the time of his admission, the school only had about 20 faculty members and 400 students. "There were things still needing to work out," Gatewood recalled, "but with all

The people at PHBS are what make us strong and will allow us to be successful in the future."

of the challenges came opportunities to create and discover your own path." However as of 2019 PHBS has grown into an international community with 80 full-time faculty and nearly 2000 students, including those from countries across the world.

Since earning his master's degree in economics, Gatewood has been working at Wells Fargo Home Mortgage for more than eight years. "My daily job requires that I make decisions that have large reputational and financial risk. Knowing how to work and make decisions without a road map is something I learned at PHBS and is something that allowed me to excel in my current role."

Now, living back home in Charlotte North Carolina, he serves as assistant vice president in the firm's default servicing division and periodically teaches economics as adjunct faculty at Johnson & Wales University, renowned for its culinary arts and business programs. Despite his busy schedule, Gatewood visits the PHBS website from time to time, staying updated on the school's new undertakings. "It's impressive to see the growth, many new students and, most notably, the new building by the library." The school's "new" building opened in 2013.

Gatewood chose the word "excellence" to describe the school, as it refers to the philosophy of setting a high standard and continuing to work hard to achieve it. "This is my personal goal and a goal of the school," he said, adding that he hopes PHBS can continue to "grow as a leader in academia and a developer of people."

"The people at PHBS are what make us strong and will allow us to be successful in the future," Gatewood noted. As an alumnus with rich working experience, he advises students to embark on their careers with confidence

Profile

I'John Gatewood (Class 2009)

Bachelor's degree in economics at Clemson University

Master's degree in economics at PHBS

Assistant vice president in default servicing division, Wells Fargo Home Mortgage

Adjunct faculty at Johnson & Wales University

I'John Gatewood with his wife and two children "Knowing how to work and make decisions without a road map is something I learned at PHBS and is something that allowed me to excel in my current role.

and desire to make a difference in the world. "Don't wait for others to show you how to make a positive impact. Go and make the impact yourself."

What's next on his "to do" list? "My plan is to pursue a Ph.D. in business administration with a focus in finance," Gatewood said, adding that entwined with the variety of choices, over the past eight years he has considered moving back to China and perhaps will do so at some point in the future. "I look forward to visiting PHBS with my family and would like to stay connected to the alumni."



land.

Jooyoung Park:

Keep Asking Why and Enjoy the Moment

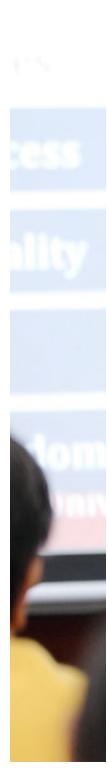
By Ding Ning

Dressed in a white sweater and a warm smile, Professor Jooyoung Park welcomed me to her office on a chilly December afternoon. A Korean native who earned her Ph.D. in marketing at the University of Iowa, Park shared with me her journey to academia, challenges along the way, and five years of memories at Peking University HSBC Business School (PHBS).



Park started her teaching career as a faculty member at PHBS in 2014. Since then, her courses in marketing management and consumer behavior have become popular for their abundant information and Park's inspiring teaching style. Park said she could never have imagined herself one day pursuing a Ph.D. and becoming a professor, leaving a comfortable life, family and friends behind in her motherland. She recalled a defining moment, her first study-abroad experience, which rerouted her life unexpectedly and completely.

Instead of finding a good job and settling down in Korea, Park was encouraged by her parents to study abroad to gain more life experience in a different culture. As a first step, she moved to Canada to study English. Yet, the initial phase of excitement gradually faded as reality set in. Park recalled, "I met a lot of people and encountered thousands of difficulties in Canada. Suddenly I realized, I had to figure out things by myself." She said that from saving money, time management, problem





solving, communicating, to dealing with people problems, everything seemed to converge all at once. Park recalled being overwhelmed and frustrated. However, with the optimism and spirit of self-challenge, she eventually adjusted to the new environment. "Finally, I realized if I can do something, then this is something I can do better," Park said.

"I'm a Person Who Keeps Asking Why"

When asked what motivated her to embark on a Ph.D. degree, Park said it was her unceasing curiosity. "High reputation, good salary, people's respect, those are the bonus of doing the Ph.D. degree. However, for me, continuing to ask 'why' brought me to where I am today."

As an example, Park showed me the comments she wrote on a student's homework and explained, "I keep writing down question marks while reading any materials. I keep asking myself why this could happen and why not? Are there any other possibilities and explanations? Marketing is about persuasion, but I set myself up as difficult to persuade." Park said she enjoys the moment when she digs down to the reasons beneath facts. She said that in addition to research and writing articles, she also applies this principle to teaching. "If you are in my class, get ready for answering why," she said. Park added that she would never let any academic questions in her mind slip away, although she is quite easygoing and downto-earth outside her classroom and office.

Park is more than a good teacher. As a diligent researcher, she has published eight academic articles in the last 10 years. One that she co-authored, "Relative Effects of Forward and Backward Planning on Goal Pursuit," was published in the international core journal, *Psychological Science*. Park shared her own way of tackling tough problems during research and writing. For 30-40 minutes at

"I have my colleagues, co-researchers, and a lot of help from others. But there are few choices for my students. If I don't help them, then it's going to impact their future career, even their life."

least twice a week, she goes for a run after spending long hours at the computer. "While running, I can do nothing but think, until fresh ideas come in," she said. "At the moment I break through my limitation, then I can enjoy the achievement."



"My Way of Giving Back to the Society"

After earning her Ph.D., Park said that instead of feeling relieved as do many who realize that goal, she still felt that something was missing. In her mind, what she did was just borrow theories from social psychology and apply them, yet she felt that she barely knew about the discipline. Feeling unsure, nervous, and not quite ready to be out in the world, Park said she asked her husband, also a professor in the same field, if she should work toward another Ph.D.

"Think about what you've already gotten," he replied. "This is the time you should give back to society."

Reflecting on having received a much-coveted scholarship from her university which allowed her abundant resources, support and help, Park decided, indeed, it was time to give back.

Professor Jooyoung Park teaches marketing



The journey was not all smooth sailing, she remembered. During her first years of teaching, Park tried to give many assignments to students since she wanted to share everything she thought was important with her students. However, she had to adapt to many challenges, such as changing work environments, economic climates, and students with different stories to tell each year, which altogether made it even more difficult to predict and meet the expectations and demands of the class. "I have to adjust my teaching approach and meet needs," Park said.

Many students appreciate her time, efforts, and great care in teaching and advising. Liu Yang, one of her PHBS students said, "Professor Park always replies to my questions by email very soon, no matter how busy she is. My understanding of real academic research was not able to improve without her help."

Park continued to explain why it is all-themore important for her to help her students, when asked about how she manages to juggle everything during her busy schedule. "I have my colleagues, co-researchers, and a lot of help from others. But there are few choices for my students. If I don't help them, then it's going to impact their future career, even their life." Park recalled feeling at a loss because her interests were not quite aligned with her advisor's expertise. Yet, her advisor connected her to another professor who could point her in the right direction, and this eventually led to her present career. "My advisor played a vital role in my life, and I want to do so as well," Park said.

When asked about advice for students, Park said she wished people could enjoy the moment rather than being regretful for the past or fearful for the future. "If I died tomorrow, I wouldn't regret anything I talked to people about and what I showed to others," Park responded. "Be sincere, nice to others, and enjoy the moment."

Ren Ting

Does Ownership Matter in the Selection of Service Providers?

PHBS Associate Professor Ren Ting Wins 2019 Outstanding Article Award



Ren Ting

PHBS Associate Professor
Research fields include
organizational design,
ownership and corporate
governance, human
resources and labor studies,
and behavioral economics

ue to an aging population and the rising incidence of chronic disease, demand for health-care services is soaring worldwide. However, the market for nursing home care is afflicted by severe asymmetric information problems. In order to mitigate risks, consumers often search for information on services before making decisions or rely on signals that they believe are correlated with quality or value, for instance, organizational ownership.

Is it true that consumers tend to associate non-profit ownership with warmth and trustworthiness and for-profit ownership with competence? The findings are mixed. PHBS Associate Professor Ren Ting and coauthors investigated whether ownership affects the choice of nursing homes or if the type of search and consumer characteristics affect the likelihood of selecting a home that is nonprofit, for-profit or local-government owned.

Recently, their paper "Does Ownership Matter in the Selection of Service Providers? Evidence from Nursing Home Consumer Surveys" was awarded 2019 Outstanding Article by *Nonprofit and Voluntary Sector Quarterly* (NVSQ), a leading peer-reviewed international academic journal that covers research on the nonprofit and voluntary sector.

In this paper, Ren and coauthors explore wheth-

By Annie Jin





Minnesota offers a unique nursing home environment: prices are regulated by the state and linked to nursing home resident pre-admission condition but not to service quality."

er organizational ownership is considered in the choice of nursing homes, based on data from a survey of about 500 consumers (during 2006-2007) who selected nursing homes for their family members in the state of Minnesota, USA. Minnesota offers a unique nursing home environment: prices are regulated by the state and linked to nursing home resident pre-admission condition but not to service quality.

They put forward hypotheses related to different types of consumers: better-educated consumers; those who are more vulnerable to the effects of asymmetric information; those who use provider reputation as a search criterion; those who search more (longer); and those who search more carefully, will be more likely to choose providers that are nonprofit or local government organizations than for-profit firms.

The study shows that consumers who do use ownership as a selection criterion are more likely to choose for-profit homes, due to their widespread lack of knowledge about the correlation between ownership and quality. However, better educated consumers are more likely to pick non-

profit homes rather than for-profit homes. According to USA Today, for-profit nursing homes are of lower quality than nonprofit nursing homes, based on U.S. federal Medicaid/Medicare data for 16,000 nursing homes

In addition, family members who searched more diligently and placed greater importance on resident areas, and those who downplayed superficial and easy-to-obtain information conveyed by nursing home lobbies, were more likely to choose nonprofit homes over for-profit homes.

The paper has public policy implications—most importantly, consumers should be encouraged to search for information that is hard to gauge and enhance appreciation of the problem of asymmetric information. It also points out that although online consumer reviews nowadays have made private and personal experiences more accessible, asymmetric information between sellers and buyers has not been transformed. The ability to search and identify information and the reliability of the information source will continue to influence consumer decisions

Zhu Hong

Home Country Institutions behind Cross-Border Acquisition Performance



Zhu Hong

PHBS Associate Professor Research fields include strategic management, mergers and acquisitions (M&As), strategic leadership (CEO, top management team and boards of directors), Chinese firms' M&As and strategic leadership ross-border acquisitions (CBAs) have increasingly become one of the most important international strategies for firms to enhance their performance by quickly acquiring strategic resources globally, for instance, advanced technology and huge overseas markets. However, research shows that the failure rate of cross-border mergers and acquisitions is high, and about 70% of companies have not been able to achieve 1+1>2 synergy value from CBAs.

How do acquirers' home country institutions influence the post-acquisition performance of CBAs? PHBS Associate Professor Zhu Hong and coauthors addressed this question in their paper "Home Country Institutions behind Cross-Border Acquisition Performance," recently published in the *Journal of Management*. The researchers developed an institutional framework consisting of the informal institutions' collectivism and humane orientation, as well as the formal institutions' shareholder orientation and property rights protection.

Zhu and her coauthors retrieved CBA deals

By Annie Jin





Results show that collectivism and humane orientation in home countries can exert positive influences on post-acquisition performance. "

across 50 countries from the SDC Platinum database – the world's most comprehensive database of mergers and acquisitions – annual financial data for acquirers and targets from Datastream, home and host countries' collectivism and humane orientation from the GLOBE study, and other information from various sources. Furthermore, they advanced multilevel modeling to analyze 12,021 CBAs, and findings showed that informal and formal institutions not only have important individual effects but also jointly affect their firms' post-acquisition performance.

Results show that collectivism and humane orientation in home countries can exert positive influences on post-acquisition performance. Shaped by home country collectivism and with a high level of humane orientation, acquirers which have managers who view their acquired targets as highly interdependent within their organizations are more likely to involve acquired targets in decision making in the post-acquisition integration process.

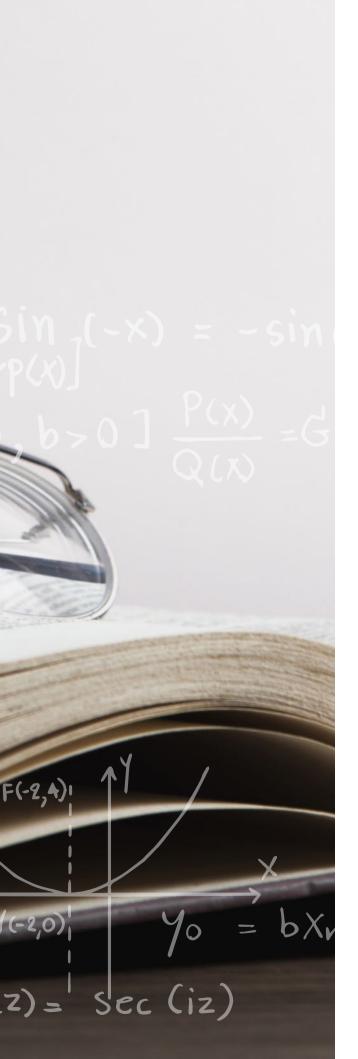
Accordingly, acquired targets are more willing to collaborate with the acquirers in achieving post-acquisition value creation. In addition, their study highlights the joint influence of informal and formal institutions: informal institutions: informal institution influence can be weakened by incompatible formal institutions that hamper post-acquisition collaborative efforts.

In addition to significant theoretical contributions to research on institutions and CBAs, this study offers important practical and public policy implications by clearly demonstrating the importance of institutions in firm strategies and development. The study further reinforces the importance of institutions in the development of firms and economies in China and throughout the world. The remarkable and successful institutional reforms in China, such as the on-going development of the Greater Bay Area and the Belt and Road Initiative, have been buttressing the rapid and impressive economic rise of China.

Guide to the Perplexed about Math and Macroeconomics

By Thomas J. Sargent





Q: Why do working economists today reason in terms of mathematics and present their ideas with mathematics?

Sargent: We use arithmetic because we count things. Also, a fascinating thing about economics is that our job is to describe and understand decisions of and interactions among people who also count things. Some of the things that they count and care about are either identical with or constituents of the things that we count: the people whom we study and we as economists measure prices and quantities and incomes and wealth.

Q: Why do we go beyond arithmetic and use higher mathematics like algebra, geometry, and calculus to analyze data and the people who make the decisions that created the data?

Sargent: We use such higher mathematics because we want to reason coherently. We want to reason explicitly and put all of our cards on the table – meaning that we explicitly state both the "if" and the "then" and the steps that lead from "if" to "then." Mathematics is the most efficient and universal language in which such reasoning occurs.

Q: Is the coherence of a model that mathematics brings sufficient for the model to be a good one?

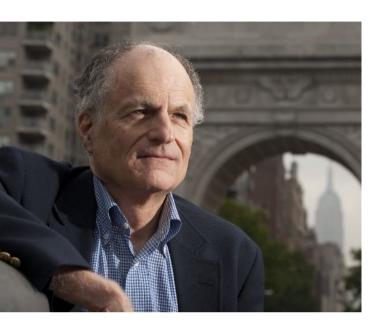
Sargent: Definitely no. You can write down a coherent model that describes an artificial world that is purely imaginary.

Q: Then what's so great about coherence?

Sargent: We like it because it means that arguments fit together, and we aren't assuming something in one part of a structure that contradicts something we have assumed in another part. Only with a coherent model can we get a story that sorts out "cause" and "effect."

I confess that it is an esthetic judgment to say that we

$\vec{U} + \vec{V} = \vec{V} + \vec{U}$



Thomas J. Sargent

2011 Nobel Laureate in Economics Honorary Professor of Peking University Director of the Sargent Institute of Quantitative Economics and Finance

like coherence – an act faith that coherent models have a better chance of helping us understand data than incoherent ones.

Q: What tools are available for checking whether one coherent theoretical model is more realistic than another?

Sargent: Mathematical statistics.

Q: Is that why working research economists use mathematical statistics so pervasively?

Sargent: Yes. And also, because we want to be precise about risk and uncertainty and to state carefully about what we know and what

we don't know. We don't know everything.

But just because we don't know everything, it does not follow that we know nothing. Statistics is a tool that allows us to draw lines between what we know and what we don't know.

Q: Aren't data and mathematical statistics enough by themselves? Why do we want to use economic theory too and to combine economic theory with statistics?

Sargent: Because the message of modern (Bayesian) statistical theory is that all you can learn from data are features or parameters of a model. If you ask the data to "speak for themselves" they will be completely silent. Statistical theory is about learning parameters of a model. And for research macroeconomists, that is a macroeconomic model with people inside it who are making decisions and also "doing their own statistical analyses."

Q: Are there examples where the methodology of mixing data and theory together in the way that you describe have actually been of practical use?

Sargent: Yes, there are many examples. A good way to answer this question is to remember the origins of "operations research" and "information theory" in the United Kingdom and the United States and the Soviet Union during World War II. The armed forces in these countries faced a number of practical problems that can broadly be classified as "optimal resource allocation problems" (the origin of "operations research") and code breaking and code creation (the origin of "information theory") that people trained in the liberal arts instead of science could not solve.

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$$S_{n} = \frac{n}{2} \left[2a_{1} + (n+1)d \right]$$
 VIEW I SPRING 2020
$$S_{n} = \frac{a_{1} - a_{1}r^{h}}{1 - r}$$

Intellectual giants such as Milton Friedman, Abraham Wald, Alan Turing, Claude Shannon and others made huge contributions to the allied war effort against the Nazis and Japanese armed forces by applying and inventing tools in optimization theory and what later came to be recognized as Bayesian statistical theory. After the war, some of these same people turned their attention to making Keynesian economics rigorous and scientific by inventing the modern theory of simultaneous equations that could be estimated and used to help monetary and fiscal authorities design good policies quantitatively.

Q: Are there other examples?

Sargent: Many more. A modern example is the development of "algorithmic mechanism design" – a hot topic now that combines information theory and optimal resource allocation and computer programming to design auctions and other exchange platforms. These are developed and used by companies like Alibaba and Tencent and Amazon and others. Another wonderful application is the recent achievement of "AlphaGo" in using dynamic programming and game theory and computer programming and Monte Carlo simulation to create an artificially intelligent "Go" player that defeated the best human "Go" player in the world!

Q: Don't "artificial intelligence" and "machine learning" employ a different philosophy that contradicts what you just said earlier about the need to combine "theory" and "data"? Can't data themselves teach you what you should know from experience?

But just because we don't know everything, it does not follow that we know nothing. Statistics is a tool that allows us to draw lines between what we know and what we don't know."

Sargent: No.

Q: Are you saying that machine learning is just an application of statistics?

Sargent: If you remove the word "just" then I'll agree with the statement.

Q: If you agree, why do you want to remove the word "just"?

Sargent: Because machine learning has taken advantage of two very important technical improvements that have empowered researchers to use statistics more widely and inexpensively. The two advances are (a) the acquisition of very large and diverse data sets, and (b) the availability of cheap and powerful and big computers.

$$a^{n} = \{a^{n} [ao]$$

$$csch(z) = cos(iz)$$

$$b^{2} = (a+b)^{2}$$

$$d = |x_1 - x_2|$$

$$d = |x_1 -$$

Q: Why are working macroeconomists like you and the economists at central banks and treasuries preoccupied with developing models that are sufficiently precise that they can be put on a computer and simulated?

Sargent: Getting a model to be explicit enough and in good enough shape to be put on a computer is a key step in comparing a model with data and in learning about the model from the data. And of course, mathematics is the language that computers hear and speak.

So yes, we confess that we want to build models that are sufficiently coherent and precise that they can be expressed as pseudo code that can be handed to a computer programmer who can simulate the model and generate objects that the computer can compare to the objects that we measure.

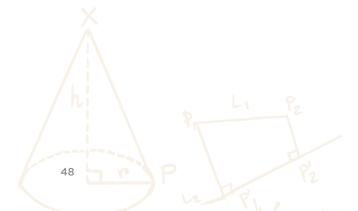
The whole point of math is to put restrictions on how we go about building a model. If you can't say it in math, you aren't speaking clearly and explicitly and completely."

Q: Can you give an example, say, in macroeconomics? Is there something that the tools you like can uncover that can't be uncovered by merely undergraduate macroeconomics?

Sargent: Yes. For example, the models that central banks use to understand the origins of banking panics and how to moderate them. Also, another example, the methods that credit ranking agencies use to assess sovereign debt and to predict likelihood of sovereign debt crises. Also, the quantitative methods that some researchers use to understand the dynamics of international exchange rates quantitatively and how they are affected by monetary and fiscal policies in multiple countries.

Q: Do you regret that the use of mathematics limits our ability to communicate with policy makers and people who are not economists?

Sargent: Would you ask an engineer or a physicist that question?



Q: Do you think it is research economists' responsibility to promote good economic thinking, or explain what good economic decision-making is, to the public?

Sargent: Yes, and it can be challenging because economics is technical and quantitative, and some members of the public and public officials are less comfortable than others are in appreciating economics. It is important to present things as nontechnically and simply as possible, but at the same time not to oversimplify and not to neglect important qualifications and tradeoffs. Some of the giants in economics have been very good at expressing key ideas nontechnically, for example Adam Smith and Alfred Marshall. They were masters of logic and language. These are rare skills that I admire very much when I see them in others.

Q: Some of the best writing in economics is purely "literary " and explicitly uses no mathematics at all. Doesn't that give you second thoughts about some of the things you say above?

Sargent: Give me some examples of such good writers.

Q: Walter Bagehot's "Lombard Street" and Milton Friedman and Anna Schwartz's Monetary History of the United States and John Maynard Keynes's "Tract on Monetary Reform."

Sargent: Each of those writers had excelled at advanced mathematics as students. If you read their works, you'll see that the authors write clearly about how they reason and how they make inferences from data by combining them with a theory. So, knowing math seems

to make you a better writer in natural language too!

Q: Do you think the language of math puts unnecessary restrictions on theory building at times? Some people have made the claim that using math limits the scope and complexity of the models we can build. Or, in order to build a tractable and solvable model, we have to make unrealistic and oversimplified assumptions.

Sargent: The whole point of math is to put restrictions on how we go about building a model. If you can't say it in math, you aren't speaking clearly and explicitly and completely.

If someone thinks that "natural language" is a better tool than math, I recommend that she or he read Stephen Weinberg's account of the history of science in his book To Explain the World. Weinberg also explains why "unrealistic" and "oversimplified" assumptions have proved to be of practical use time and again.

Q: Would you say that economics should be considered a natural science or engineering, rather than humanities?

Sargent: An exciting part of modern economics is like engineering. Here I have in mind works on "mechanism design" and "optimal regulation" and on "optimal contracts" and on "optimal monetary and fiscal policy." I recommend reading the autobiographical essay by Paul Samuelson in the MIT Press book Lives of the Laureates. Samuelson explains why mathematical and statistical methods have become so successful and have come to dominate modern economics, and why "literary" methods will not come back. I cannot say these things as well as Samuelson did.

Where Should Alice Go? Or What to Do if You Get Lost in a Place Where No One Has Ever Been Before?

By James Yen

"Alice: Would you tell me, please, which way I ought to go from here?
The Cheshire Cat: That depends a good deal on where you want to get to.

Alice: 9 don't much care where.

The Cheshire Cat: Then it doesn't much

matter which way you go.

Alice: ... So long as 9 get somewhere.

The Cheshire Cat: Oh, you're sure to do

that, if only you walk long enough. "

Louis Carroll,

Alice in the Wonderland



fter Alice fell into the rabbit hole and had the magical experience of getting bigger and smaller, she got lost. In fact, it is not precise to say that she was lost, because she had never been to this place before. Consequently, she had no idea where she wanted to go and thus did not know which way to go. So when Alice came across a smiling cat that popped up in a tree, there's the classic conversation above. A classic indeed, but what's the insight within the conversation?

I guess you might say that the conversation between Alice and the Cat points out an obvious proposition: You must decide where you want to gothat is, your goal or ends-before you decide which way you should go-that is, your means. If you don't have any specific goal in mind, then you cannot assess whether a means is appropriate or not because there is no basis for you to choose among alternatives. If you do find the proposition obvious, that is because we all received the same scientific training called rational thinking: Set the goal first, and next decide your means; or define your problem first before you choose among alternative solutions. If there is no destinationand hence you do not know where you want to go-then it does not matter which way you go, as suggested by the Cheshire Cat.

But wait; please put yourself in the shoes of Alice and think about the situation she faced. If you were Alice, what kind of situation would you be in now? Falling into a rabbit hole, you found a wonderland, a new world that "no one has ever been in before." Since you have never been here before, do you know where you want to go and which way you should go? Do you have a destination or a goal in this new world? Furthermore, we should probably ask: Is it meaningful to even talk about "destination" or pre-determined goal?

Do you agree that it is meaningless to talk about destination in a place where no one has ever been before?"

Where Should Alice Go?

If you agree that it is meaningless to talk about destination or goal in a place where "no one has ever been before," we can now reconsider the question: What should Alice do? "Straightforward," you may say, "just hurry up and find a goal, and then she can move forward!" If this is your answer, rational thinking must be so deep-rooted in your way of thinking that you've immediately forgotten what we have just agreed upon: In a place where "no one has ever been before," it is meaningless to talk about destination and goal.

We are so accustomed to adopt ratio-

Profile



James YenPHBS assistant professor

Research interests include strategic management and organizational economics

Effectual thinking is especially useful in places where 'no one has ever been before.'In such a place, there is no map and neither a pre-determined destination."

Effectual thinking here is a term created by Prof. Saras Sarasvathy at the Darden School, University of Virginia.

nal thinking—we must first have a goal or destination before we choose a means or pathway—that we forget sometimes in the journey of life we are in a place where no one has been before. It means that you cannot pre-determine your destination before you start your journey, and it is more important that you start going somewhere than determining your destination and choosing the way to go there. It is a situation where adopting rational analysis is ineffectual. Moreover, it is a situation where effectual thinking—an opposite way of rational thinking, that is, first to determine the means and next to find the ends—is most effective.

Effectual thinking is especially useful in places where "no one has ever been before." In such a place, there is no map and neither a pre-determined destination. So, when exploring uncharted places, the emphasis is not on "defining the destination of your journey" but on "finding possible ways for you to keep going (i.e., means)." And "if only you walk long enough, you're sure to get somewhere (i.e., ends)." The destination is not pre-determined but will emerge along the way.

Entrepreneurs in start-ups and innovators in established companies spend most of their time exploring places where no one has ever been before: new markets, new technology, or a combination of both. They often find that when dealing with unknown, brand new markets and industries, if you set up a goal in advance and stick to it with a series of rational planning, the outcome is almost always far from the initial forecast and expectation. However, effectual thinking oftentimes dominates entrepreneurs' and innovators' decision making process and is helpful to keep them going until they create meaningful goals and ends—that is, new markets or technology.

No wonder Alice would say, "I don't much care where . . . as long as I get somewhere." Now that she's in the wonderland, Alice won't be willing to stay where she is. The new world is so interesting, how can she not explore it? If Alice were the one who would like to go somewhere with a map and destination, she would not have chased the rabbit and fallen into the rabbit hole. So, was Alice lost or was she busy exploring the brave new world? What do you think?

Transformation of China's Insurance Industry: From the Perspective of Insurance Marketing

By Ju Lan and Ma Qianhui

he insurance industry is an essential part of China's financial and social security system and in the context of stable economic and social development has made remarkable achievements. In the past decade, the average annual growth rate of insurance premiums in China exceeded 10 percent, having topped 1 trillion yuan for the first time in 2009, followed by 2 trillion yuan in 2014. By the end of 2018, China's total annual premium income had reached 3.8 trillion yuan, ranking second in the world.

However, as global macroeconomic uncertainty continues, the insurance industry faces opportunities and challenges. Since 2017, the year-on-year growth of insurance premium income in China declined for two consecutive years. In particular, the growth rate of life insurance premiums dropped from 20% in 2017 to 0.85% in 2018, indicating a significant turning point in China's insurance industry.

















Currently, it is becoming more and more challenging for insurance agent teams to attract and develop new talent. The main force now is generation Y."

Although the growth rate has slowed down, we should not overlook the great development potential of China's insurance industry. By the end of 2018, insurance density in China was 2,724 yuan, while the insurance depth was 4.2 percent . There still exists a large gap between China's insurance market development level and that of developed countries or regions in the world.

Along with the rapid development of China's insurance market, Chinese insurance intermediaries have played a very important role. A striking feature is that around 50% of life insurance gross written premiums are contributed by insurance agents. Especially in 2017, the number of insurance agents exceeded 8 million, with an annual growth rate of 23 percent. In 2018, the total number of the agent workforce further increased to 8.71 million, but the growth rate dropped to 8.9 percent. This shows that the growth of China's insurance agent workforce may also have reached a turning point.

In the past year, although the number of insurance agents in China increased by 8.9 percent, the premium income of life insurance increased by only 0.85 percent, reflecting that the overall market competition has become more intense. The changing industry competition pattern will inevitably affect the characteristics of insurance marketing which has passed the extensive expansion stage. Therefore, how to navigate the transformation from quantitative expansion to qualitative growth is extremely important. It can be expected that, in the face of the increasingly higher entry threshold of the industry, the requirements for insurance agents' professional quality will certainly rise. Insurance agents should keep pace with industry transformation and accelerate their own professional knowledge and training to cope with the rapidly changing environment.

In recent years, various emerging technologies, like artifi-

cial intelligence (AI), have been applied widely in the insurance industry. The use of AI can dampen the adverse consequence caused by moral hazard and adverse selection, and it may also reduce agency costs through precise marketing. With the development of InsurTech, tasks with low complexity and high repeatability may be undertaken by AI, which tends to improve the efficiency of insurance companies. However, the natural existence of information asymmetry in the insurance market and the technical limitations of AI still will render human agents irreplaceable in the short run.

Insurance product marketing is a special service. Its particularity lies in that customers generally do not perceive service quality before insurance purchase, and after purchase, some need time to realize the quality of insurance service. Therefore, how to quickly and effectively move customers through the personal perception stage and complete the sales of insurance products is particularly important. Quality of products or services is often delivered through branding insurance products and the insurance company. Yet, the personal branding of an insurance agent as a trustworthy and caring professional is also key to improving customer satisfaction and attracting new customers. So, insurance agents need to constantly explore their own potential, continue to improve their professionalism, and especially form their core competitiveness through personal branding for enhanced career development.

Currently, it is becoming more and more challenging for insurance agent teams to attract and develop new talent. The main force now is generation Y. They grew up with the Internet and mobile Internet devices. They are the generation with a strong sense of openness and independence, with the courage to pursue freedom and individuality. Cultivating an excellent new generation of insurance agents needs urgent attention throughout the insurance industry.

To sum up, China's insurance industry is ushering in a new stage with the theme of "transformation." The transformation of insurance marketing adapting to new insurance technologies, personal branding, and the development of the new generation are key components for the future of the insurance agent workforce, as well as the sustainable growth of China's insurance market.



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"China's insurance industry is ushering in a new stage with the theme of transformation.

Successful EU-China Cooperation Essential to Safeguard a Globalized Economy

uring the 21st EU-China Summit, European Union and China leaders agreed on intent to enter into what they called an "ambitious" comprehensive investment agreement by 2020. It has taken five years for China and the EU to set a target date to agree to such a long-planned investment treaty. However, Brussels branded Beijing a "systemic rival" as well as an "economic competitor" in March, 2019, marking a toughening of the EU's tone.

Why has the EU's attitude toward China

changed dramatically in such a short time? What are the breakthroughs in the agreement? Professor Gerhard Stahl shared his insights on the outcomes of the summit, the importance of bilateral ties, and the future of China-EU relations. As a former member of the Cabinets of both the European Commissioners for Regional Policy and that of Economic and Monetary Policy, Professor Stahl has significant expertise in topics related to the European internal market and EU policies and has published many papers concerning China-EU relations.



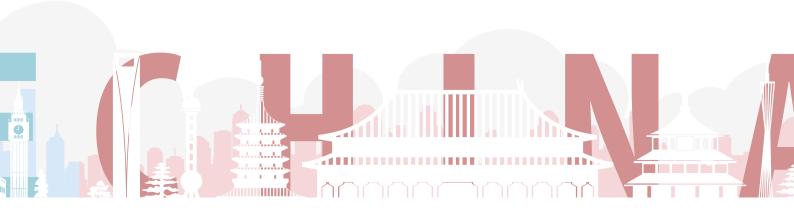


Q: The regular EU-China summit took place in Brussels on April 9, 2019. You have followed these summits for years. Now you do it as researcher; in the past you contributed to policy making as secretary general of an EU-institution, the EU committee of the regions. What are the main outcomes of this summit?

Stahl: The 21st summit was of special importance. In an international climate where the American government questions the benefits of free trade and the globalized economy, where more and more experts advocate for protectionist measures, where populist movements want to create new barriers between people and countries, the cooperation between the EU and China is more important than ever to keep the world economy open.

I was very pleased that, after intensive preparations and tough negotiations, the Chinese delegation headed by Premier Li Keqiang and the European delegation under the leadership of EU-Commission President Juncker could agree on an ambitious program for the future, covering a broad area of economic and political measures. Both sides confirmed their firm support to the rules-based, transparent, non-discriminatory, open and inclusive multilateral trading system with the World Trade Organization (WTO) at its core. They confirmed the cooperation on the WTO reform based on the work of a joint working group.

In light of the trade disputes it was of specific importance that both agreed to achieve, in the course of 2019, the decisive progress required for the conclusion of an ambitious EU-China Comprehensive Investment Agreement in 2020.

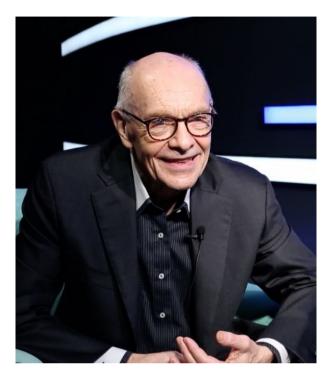


Q: Why is EU-China cooperation so important and what is the objective of the EU-China Comprehensive Investment Agreement?

Stahl: China and the EU have been the major driving forces and pillars of the globalization process and of free trade. In the last four decades a globalized economy emerged, allowing more and more developing countries to take part in trade and to develop their economies. Companies became international, supply chains crossing international borders were developed, trade in goods and services increased, and more and more people could be lifted out of poverty. China's successful opening up policy was a decisive factor for the positive development of the international economy in recent decades. China alone is contributing to one-third of the growth of the global economy. The other major factor was European integration with the establishment of a big internal market for more than 500 million citizens.

The EU abolished national barriers against trade and economic exchanges and became one of the most open and internationally-oriented markets. The EU is now China's number one trading partner, before the US. China became the second biggest trading partner for the EU, after the US. Each day goods and services of more than a billion dollars are exchanged between both sides. Also the development of direct investments strengthened the cooperation. Whereas at the beginning of the Chinese opening up policy it was mainly European companies that invested in China and in recent years China became a major investor in Europe. Around 40% of Chinese FDI is currently going to Europe.

But the closer economic links and the upgrading of the Chinese economy from the



Gerhard StahlPHBS visiting professor

Former member of the Cabinets of the European Commissioners for Regional Policy and Economic and Monetary Policy

workbench for simple export products to an innovation driven economy also creates new challenges. Whereas Chinese companies can take over European companies, as was the case in 2010 when the Volvo car company was acquired by the Geely Holding Group or the robotics producer Kuka by the Midea Group, European companies complain about barriers for their investments and unequal treatment. Also access to state subsidies and financial support for research and innovation becomes a sensitive issue.

The successful conclusion of the comprehensive EU-China investment agreement would be a strong signal that common rules can be established between the socialist market economy of China and the social market economy of the EU. This agreement would demonstrate that a common understanding about access to markets, investment rules, competition policy, and state aid can be developed between different political and economic systems.

The major economic pillars of the world economy, meaning China, the EU and the US, should develop a common understanding of basic rules and principles of economic cooperation to assure the future of an open and globalized economy. When an American administration follows a unilateral policy focusing on "my nation first," then the EU and China should deal to demonstrate that there is a multilateral alternative to the renationalization of economic relations.

Q: How do you see the future of EU-China relations and what are the important areas of cooperation?

Stahl: The EU and China have had diplomatic relations since 1975 and agreed in 2003 to a comprehensive strategic partnership. Since then regular expert meetings and annual EU-China summits have taken place to

With globalization, the heavyweight of the world economy shifts to Asia, where more than half of the world's population lives."

implement this agreement. The partnership includes an annual dialog on numerous areas like foreign and security policy, economy, trade, financial markets, competition policy, research and innovation. This cooperation has already created some positive results, as can be seen in the common support of the Iran Nuclear Deal against American opposition.

Compared to US-China relations the EU-China cooperation has one advantage. The EU sees China as an important partner and also as an economic competitor but not as a geopolitical rival.

The EU-China partnership should be intensified to prepare answers to important common challenges. I would like to share some ideas concerning two priorities:

Measures against climate change

A sustainable economic model has to be developed; in the words of the Chinese leadership, an ecological civilization has to be built. Without fundamental changes in the economy, global warming will have dramatic effects on ecosystems, biodiversity and human livelihoods. The fight against climate change cannot succeed by national measures alone. A coordinated international policy is needed. The EU was a frontrunner in climate policy and environmental legislation. For example, it established the first big international CO2 emission-trading scheme to reduce greenhouse gases. China is also committed to an ambitious environmental policy. This could be seen by China's signing of the Paris Climate agreement of December 2015. Also the G20 meeting in June 2019 confirmed China's engagement by supporting together with the European countries the commitment to an ecological paradigm shift. The US, which has withdrawn its support to the Paris agreement, objected to this commitment in the G20 Osaka declaration.

Cooperation to fight climate change should address very concrete measures. Best practices can be exchanged between European and Chinese experts about sustainable city planning, public transport, circular economy and waste disposal, and energy saving and green energy. I can tell you based on my experience that there are already very interesting exchanges between Chinese and European cities and regions on these issues.

Develop an open and fair international economy

A common position is needed against tradeand investment-barriers and rising protectionism. Furthermore, EU and China should cooperate on the reform of the WTO and the international monetary and financial system, including review of quotas for the International Monetary Fund. This reform should help developing and emerging countries to get their fair share in the global governance and international economy.

The system of international financial institutions that emerged after the Second World War, with the International Monetary Fund, the World Bank, and the dollar as the dominant international reserve currency, has not sufficiently adapted to a changing world. Therefore new international financial institutions such as the Asian Infrastructure and Investment Bank (AIIB) and the BRICS Bank were created. It is a promising sign of EU-China cooperation that major European countries supported the creation of the AIIB and have been amongst the founding members.

With globalization, the heavyweight of the world economy shifts to Asia, where more than half of the world's population lives. In 1990 the US and the EU accounted for more than 60% of global economic output, but its share has now fallen to 40%. Looking to the demographic developments of the world population, further changes will happen. Particularly, Africa's economic importance should increase, based on a growing and young population and plenty of natural resources.

EU-China cooperation could support and facilitate economic development in Africa and its integration into the international economy. Chinese companies are major investors in more than 20 African countries; Africa-China trade has increased quickly and become very important. The One Belt One Road initiative will provide support and financing to build the necessary infrastructure for the further economic development.

But there are also close and longstanding economic relations between African and European Countries. The EU is Africa's biggest trading partner before China. The EU and its countries are by far the biggest donors to development assistance in Africa. Cooperation between the EU and China could create synergies, improve the efficiency of financial assistance programs, and could extend beyond economic questions, such as supporting measures to improve security in conflict regions.

We are in a historical moment where conflicting concepts are presented concerning the future of international relations and the international economy. Successful EU-China cooperation could be essential to safeguard a globalized economy and to reject a return to national power politics that was so devastating in the 20th century.



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