

## 2013 CES Annual Conference Convened at Mount Qingcheng in Chengdu

The CES 2013 Annual Conference, “The Chinese Financial System in Transition: Reforms, Policies, and Practices”, co-hosted by Southwest University of Finance and Economics, was held June 8-9, 2013 at Mount Qingcheng in Chengdu. Current President Tony Fang announced the opening of the conference. Sichuan Provincial Leader Mr. Jiangqiang Liu, State Administration of Foreign Expert Director General Mr. Fengyun Lei, President Zhongyi Zhang of SWUFE, and CES President Tony Fang made opening remarks. The conference hailed more than 350 participants worldwide, the largest attendance in the CES history.



Current CES President Tony Fang

World-renowned scholars, Professor Christopher Pissarides (2010 Nobel Laureate), Professor James Mirrlees (1996 Nobel Laureate), Professor Richard Freeman (Harvard and NBER) offered keynote address, while Professor Justin Yi-fu Lin, the honorary Dean of the National School of Development and CCER and former Executive Vice President and Chief Economist of World Bank, made closing speech.



Professor Christopher Pissarides

In the opening remarks, President Tony Fang made a number of important points. He said, after nearly 35 years of exceptional economic growth at an average rate of 10 percent per year, China is now at the crossroad. According the World Bank, China is projected to surpass the US as the world’s largest economy (measured by real GDP) by 2030. Such rapid economic growth, however, does not come

without a cost: Over-utilization of energy and other resources, pollution to the environment, widening income inequality, and regional economic disparities are all growing social and economic problems in China. There is an urgent need to search for a new economic development strategy that is of high quality, more balanced, eco-friendly and more sustainable. Serious reforms are needed, especially in the financial services sector, the state-owned enterprises, the housing sector, the health care industry, the labor market, and the nation's social security system.



Professor Richard Freeman

No longer can China rely solely on inexpensive labor, as China's population is quickly ageing and there are signs of labor and skills shortages; No longer can China rely on investment or exports as major drivers for economic growth, but rather must look to domestic consumption largely supported by middle- or low-income households; No longer can China rely on inefficient use of energy and other resources that pollute its environment, for growth. Rather China must turn to R&D, innovation, alternative energy sources, and increased investment on human capital, especially on rural education and early child development; No longer can China ignore the need for tough reforms in the financial systems and the state sector so as to create a more equal playing field for both state and non-state enterprises and establish a modern, efficient, transparent financial system that commemorates China's rising status in the world economy.



Dr. Ping Xie

He further argued that the structure of the Chinese economy has been significantly transformed after 35 years of rapid growth and development: On the one hand, the non-state sector has rapidly expanded; on the other, the rate of economic growth has slowed gradually. However, the development of the financial system has lagged significantly behind. This has caused the financial system to detach itself from the real economy, and thus it lost its effectiveness in serving as the intermediary between saving and investment. Particularly since the financial crisis of 2008, the development of China's financial system has gone backwards, leading to appreciably higher risk for the entire financial system. In addition, the financial system mainly serves the state-owned enterprise sector and is not well aligned with non-state sector. On the other, increasing over capacity and declining economic growth have resulted in reduced enterprise profits and riskier credit in the banking system. Therefore, if we really want to conduct serious reforms in China's financial system, then: (1) We should adapt more effectively to changes in the real economy, as China is moving from a "Supply-oriented" to a "Demand-oriented" financial system; and (2) We need to make corresponding adjustments to the financial system based on major changes in the real economy so as to ensure that the two systems work together closely and effectively.



Professor Justin Yi-fu Lin

The year 2013 marks the 35 anniversary of the Chinese economic reforms and open-door policies, and Mr. Deng Xiaoping, the Chief architect of the policies, was born and raised in Sichuan province. This year the CES received a record number of paper submissions this year. Out of more than 350 submissions, we accepted about 250 papers in English and 50 papers in Chinese under the conference theme of "The Chinese Financial System in Transition: Reforms, Policies, and Practices". These 300 papers cover a wide range of economic and management topics in contemporary China. The conference featured keynote speeches, 4 roundtable discussions and 69 concurrent sessions.



Group Photo: 2013 CES Annual Conference

Since it was established in New York City in 1985, the CES has played a very significant role enhancing academic and professional exchanges and dialogues and promoting economic reform and open-door policies in China. The CES conferences have been widely attended by internationally renowned economists, senior government officials and business leaders, and our conferences have had profound effects on China's market-oriented transition and reforms, as well as economic development strategies. The CES has also endeavored to make contributions to the advancement and dissemination of economics and management science in China. The current leadership team of the CES strives to carry forward and further expand this tradition by making full use of the economics and management science expertise of our members and making further contributions to strategy and policy formation in to help inform the next round of economic growth and social development in China. This year's annual conference was widely covered by news media and overwhelmingly viewed a successful event in 28 years' history of the CES.