

## **Report about the conference in honor of Professor Jinglian Wu (Compiled by the organizers of the conference)**

In the afternoon of January 26, 2010, the speakers were primarily Chinese economists. The program was divided into three parts.

The first topic was China's macroeconomic situation after the global financial crisis. The speakers were incumbent officials who supported the reform. They discussed macroeconomic and social issues in the context of China's economic growth. They also discussed how to satisfy the requirements of universal values like human rights under Chinese conditions and to learn lessons from other countries' experience in a comparative perspective in order to continue the reform. They advanced the idea that China is now facing a "reform fatigue syndrome". Some people recognize the signs of an enfolding crisis, some others tend to ignore these signs. The earlier momentum of the reform is weakening because the incentives mobilizing for further reform are getting weaker. One speaker emphasized that the "good old days" of the phase of extremely rapid growth have produced two different general views. One is that China has been successful because the government is strong. The other view is critical concerning the role of the state in society. According to this second view the present framework of government is not sustainable and thus we should further promote marketization. If there is no consensus on this issue, the reform will not be able to proceed.

The second topic was the relationship between income inequalities and economic growth. There were two speakers, both of whom are experts on the issue. One expert analyzed the impact of "gray income" on income inequalities. The other expert focused on government policy regarding household consumption and the pattern of income distribution.

The third topic included urbanization, regional economic development, and labor mobility. In this section, the speakers discussed the urbanization of rural workers as the new engine of China's economic growth. The topics included how to design a pension insurance program for migrant workers to achieve social justice and sustainable development.

The conference focused on a rethinking of both Chinese current policy and the evaluation of Chinese policy during the earlier period. The discussions with the participation of China's most influential economists and officials were very animated.

The last speaker of the conference noted, "Professor Wu is the only scholar who has such an appeal and attracts such cohesion that such an event as this conference could be arranged." The organizers of the conference thought that -- apart from the very special role of Professor Wu --, an important reason that everyone was so united at this conference was that in the face of the emerging problems of China, the participants share a new consensus and a sense of crisis. It was only because of time constraints that the discussions could not proceed further.

The program for the conference on January 27 devoted a large part of its attention to Professor Kornai's work.

First, Larry Lau (Stanford University and Hong Kong University) discussed the significance of the work and influence of Wu Jinglian. Then the moderator, Chen Qingtai (former deputy director of the National Development Research Center and a member of the Standing Committee of the Chinese People's Political Consultative Conference), who is Jinglian's colleague and close friend, said: "The participants in the reform all know Professor Kornai. It is Professor Kornai who helped us to recognize the drawbacks of the planned economic system. The participants at this conference are all his colleagues, students, and friends. Professor Kornai cannot be present today for health reasons and his doctor advised

him not to take such a long journey. But he has made a video to be shown especially at this conference. Let us now watch this video together” (Read the text here, watch the video here.)

Moderator Chen Qingtai said: “We are very grateful for Professor Kornai’s touching words. I believe the respect and appreciation shown in this video are also representative of other international economists. In addition to this video, Professor Kornai also prepared a gift for Professor Wu’s birthday. Now let us invite Professors Xu Chenggang and Christine Wong to present Professor Kornai’s gift.”

After that episode Wu Jinglian presented a lecture about the thirty years of reform. Then followed Professor Kornai’s paper “Liberty, Equality, and Fraternity.”<sup>1</sup> In the absence of János Kornai the paper was presented by Professor Chenggang Xu.

The organizers of the conference asked two scholars to serve as discussants of the papers by Wu Jinglian and János Kornai.. First his former Harvard student, the dean of the economics faculty at Tsinghua University, Qian Yingyi presented his comments. He noted that in the early 1980s he Professor Kornai talked to him about the significance of the value of liberty in thinking about the reform in socialist countries. The Chinese economists regarded “liberty” only as an instrument serving the improvement of efficiency and the acceleration of growth. But European reformers saw beyond its instrumental value and appreciated its intrinsic value. The participants of the conference felt that Yingyi’s comments helped them to recognize the essence of universal values, such as “liberty, equality, and fraternity”.

The other discussant was Professor Masahito Aoki (Stanford University). Quoting his words, “The pursuit of Liberté, Egalité and Fraternité is a never-ending journey everywhere, and we are lucky in having both Professors Kornai and Wu leading this journey. Both of them are not only superb economists in having lead the transformation of their economies, but also thoughtful moral philosophers in their tireless pursuit of the civilized society and faith in the societal ability of self-organization.”

A bilingual offprint of Wu Jinglian’s paper “China’s Economy: Sixty Years of Progress” was distributed at the conference. The incumbent chairman of the board of the China Construction Bank Guo Shuqing, who had studied at Oxford and was a former co-worker and colleague of Professor Wu, made a concluding statement. His comments will be published in the *Journal of Comparative Studies*.

All the participants benefited greatly from the conference. The deputy director of the Institute of Economics Ms Professor Zhu Ling said, “You have organized a wonderful symposium. I really learned many things. The ideas in the lectures were clear, the reviews presented the main points, and the conclusion was complete and straightforward, and all of the participants found the meeting very useful. Three days later, someone told me that he was still immersed in the discussions that had taken place at the conference.”

After the conference, Professor Eric Maskin (Princeton Institute for Advanced Study, Nobel Laureate) asked Bai Chong-en (Tsinghua University, a former Harvard student of Maskin and Kornai). “Why did David Li not attend?” (David Li is also a Professor of Tsinghua University and also a former Harvard student of Maskin and Kornai.) Bai said that David had gone to Davos instead. Professor Maskin replied that if it had been his choice, he would have chosen this meeting, and not Davos. Professor Maskin felt that this conference was extremely interesting and all the speakers were first-class. Everyone certainly benefited greatly from it.

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<sup>1</sup> The paper submitted to the conference in Beijing is basically identical with the paper published elsewhere under the same title, with some adjustment to the circumstances of the conference held in Beijing. (*Homepage editor’s note.*)