

吴敬琏：国家养只会“造词”的专家有什么用？  
**Wu Jinglian: Do we really need experts who only know “jargons?”**

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**Summary**

*The article is written by Professor Wu Jinglian, 90, one of the preeminent economists in P R China today. Professor Wu specializes in economic policy as it applies to China’s ongoing economic reform. The article first appeared on the website of Chinanews.com on May 26, 2020. Renowned for his resolute conviction that socialism is compatible with a market system, he is affectionately referred to as “Market Wu” in the Chinese media. The article has been carried by almost all media/social media outlets and news platforms in China. The article cracks down heavily on the so-called “careerist” economists in China who rely more on sycophancy than on scholarship to move up the professional ladder. The article warns the state of such “experts”.*

**Source:** [mp.weixin.qq.com](http://mp.weixin.qq.com) or <https://www.chinanews.com/articles/788974522447.htm>

**Author of the Original Article:** Prof. Wu Jinglian

The “jargon” phenomenon in Chinese economic research circles is worth paying attention. Jargons such as “framework,” “restructuring,” “supply side,” “demand-side” etc. and so on, keeps appearing from time to time, but economic problems remain. This phenomenon is closely linked with the shallow economic research prevailing in the country. I have come to notice that there exist two major problems in China’s economic research and studies.

First, more and more researchers tend to look for problems of similar nature in the past experiences of other countries, they then try and club these historical experiences together, and finally apply them to China. Economists in China are quite certain China is bound to follow the development trajectory experienced by other countries. For example, our economists are convinced the slowdown Japan and South Korea experienced, it is inevitable that China too will experience a similar slowdown in the coming years.

The second interesting thing I notice is, our economists devote themselves to reading textbooks, discover a few “nouns,” turn them into “buzzwords,” and then apply them to give us an outline on the Chinese economy.

The former tendency is rather annoying. Its main drawback is, to declare others past failures as the key component of (China’s) future development trajectory, and that Chinese

economy will not be able to avoid these failures. Is this a small problem?



**Image: Professor Wu Jinglian**

Recently, I attended a seminar organised by a leading Chinese think tank on the topic, “Japan’s two-decade-long economic decline.” Of course, the experience of Japan should serve a lesson for us. But some experts at the seminar believed Japan’s experience to be a historical inevitability, and they were rather authoritative in claiming that China’s development path cannot avoid a similar fate. What I fail to understand is what does our country gain by producing such experts? In other words, what we should be investigating is to how to overcome “Japan’s dilemma,” and not how to adapt what Japan had to go through.

What we would like to be told is this: What has been the experience of other countries, what are the kinds of problems others have faced, so that we learn from their mistakes and evolve our strategy to avoid taking similar missteps.

In several recent writings on “China’s economic slowdown”, I have come across numerous references to Japanese and South Korean economic downturn. These academic

papers tell us under what circumstances and at what stage these two countries experienced a slowdown in their fast-growing economies respectively. Drawing an inference from Japan and South Korea, these scholars further tell us there will come a time when China too will be faced with similar slowdown.

Reading such writings makes me feel sad. Why should we believe the yesterday of others will be our tomorrow? Why should we believe what is the present for others will be our future? If so, do we have any future?

The other type of research I was referring to is the use of “jargon.” What do I mean by “jargon?” I think some researchers rely upon the use of jargons because it makes research look “profound.” By using “jargons” of the type the leaders or others in the peer group have not heard of, some scholars try to project their research to be serious and full of depth. But since when have jargons become a substitute for real solutions? By using jargons to explain the importance of structural reforms in the economy, the most these scholars can offer us is “learn from the failures of others.”

Is this not true? The last thing we need to be told at this juncture is not how not to tread along the path on which Japan failed. Instead, what we need to know is how the finance capital ruined the Japanese economy; what we need to know is damage caused to the Japanese economy by short-term financing and speculations. Instead, the solution being

offered by all is “leveraging.” But isn’t excessive leveraging more damaging? Isn’t this already a Chinese reality?

In my view, marketization and liberalization of finance destroyed the “host banking system” which had long supported Japan’s real economy. During those years, the loan period the host banks used to offer to the businesses was 5 years, 10 years, or even 30 years. The business enterprises used to utilise this capital loan period to plan their business expansion, but this facility became a casualty with the advancing marketization and liberalization. Due to financial speculation and short-term financing, the host banks started facing huge problems in their capital turnover, especially during the Asian financial crisis when a serious liquidity crisis occurred.

Commercial firms had already abandoned taking long-term loans from banks. This is because they were unable to pay back to banks. The maturity mismatch between the bank’s deposit and loan terms had become more and more severe, resulting in complete breaking down of the capital chain. Coupled with cross-shareholding among companies, the crisis became more widespread and strenuous. Eventually, the Japanese economy was torn down and it collapsed.

Therefore I reckon finance was the root cause for Japan’s economic collapse. In addition to the financial marketization and liberalization, it became inevitable that in the process, the

supremacy of the finance capital deviated from serving the interests of the real economy. How many experts in China today are open to acknowledging this fact? Indeed, very few. Why? The reason is very simple: in China, they are not exposed to this type of theoretical training. This is the tragedy of economic research in our country, i.e., **the theory has reached a point where it cannot see the reality.**

Currently, the study of “Abenomics” is in fashion in Japan. The core of “Abenomics” is to study how to manage deflation. But there are experts who have stereotypically and in a textbook fashion, confused it with pricing. As I look at it, the focus of “Abenomics” is to suppress the finance capital component in the Japanese real economy. The main purpose of doing so is to deliver long-term liquidity to the market; and to facilitate financial markets to extend maximum advantage in the capital formation, to foster rapid growth in Japan’s real economy.

Naturally, this is a long process and impossible to realize in a short span of a year or two. But several economists have already declared “Abenomics” as having failed by just taking into consideration the GDP as well as the CPI data from the past two years only. This is really

too childish, and it is like saying “a bird knows the ambition of a swan.”

A friend who has just returned from a field-trip in Japan told me: Japan’s economic decline is untrue. He explained to me, Japanese high-tech goods represented by robots are surging ahead. Therefore, it is not incorrect to say Japan is not only extremely daring but is ready to cut corners.

During the past three decades, China’s opening up and Japan’s industrial transformation as well its economic and financial crises, all have contributed in creating huge development opportunities for China. China could overtake what have been traditionally advanced and superior Japanese industries. However, what does the future entail? In fact, global economic restructuring is nothing but a reshuffling process. The renewed US-Japan cooperation and the disruption of China, actually all have the charm of winning or buying time for themselves.

In sum, problems the Chinese economy is facing are this: finance and a widening gap between financial markets and capital formation. Without resolving these twin issues, there will always be a question mark over China’s economy.

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*The views expressed here are those of the translator and not necessarily of the Institute of Chinese Studies*

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