

**Faculty of Business Administration**  
**Department of Finance and Business Economics**  
**Mini Conference "Recent Research in Economics"**

**Presentation 1**

*Is Informal Finance Determined by Informal Institutions:  
Evidence from China*

**Prof. Baomin DONG**  
Professor, School of Economics, Henan University

**Abstract**

Informal finance plays an important role in economic growth in developing countries with relatively underdeveloped or rigid formal financial sector. This is because formal finance, mainly the banking system, largely provides credits to state owned enterprises whereas the private sector gets disproportionately low shares of credit due to its lack of collateral. Nevertheless, private sector often is the main engine of growth as the public sector is typically inefficient. However, the success of informal finance relies on functioning private enforcement institutions, or informal institutions referred in the literature. Formal institutions such as legal environment and rule-of-law in developing countries are often weak, implying that informal institutions may play a complementary role. In this essay, we use a unique set of data of China to examine the role of informal institutions on informal finance. In particular, we collect the list and geographic coordinate information of micro and petty loan companies of China as our main dependent variable; county level numbers of traditional banks in 1915 (qianzhuang, piaohao, and pawn shops) as historical local intensity of informal finance to act as the main independent variable; and county level numbers of the members of commercial chambers as well as the numbers of Jinshi (as the highest rank in the imperial examination system) as a proxy of Confucian cultural tradition to instrument informal finance. Our results show that the quality of informal institutions is an important determinant of informal finance, and informal finance is path dependent. Our regressions also indicate that Confucian tradition is conducive to the practice of informal finance.

**Date: 04 Sep 2019 (Wednesday)**

**Time: 09:45 am – 10:30 am**

**Venue: E22-G010**

**Short Biography**

Prof. Baomin DONG is a Professor of Economics in School of Economics, Henan University, China. He holds a PhD degree in Economics in Concordia University, Montréal, Canada. His research focuses on Industrial Organization, Economic History, International Trade Theory, Game Theory and Applications. He has published in top tier journals such as: China Economic Review, Review of International Economics, International Review of Economics and Finance, Applied Economic Letters, etc.

## Presentation 2

### *Does property rights protection affect export quality? Evidence from a property law enactment*

**Prof. Jie LI**

Professor, Institute of Industrial Economics, Jinan University

#### **Abstract**

Property-rights protection is important for a host of aspects. This paper explicitly examines its effect on export quality, using the 2007 property law enactment in China as a natural experiment. We find that a firm's export quality increases after the law enactment, and the positive effect is more pronounced for non-state-owned private firms and foreign-investor-controlled firms, for firms specializing in trade with middle and low income countries, and for firms located in regions with better legal and other institutional environment. Overall, these results suggest that property rights protection strengthens a country's international competitiveness through improving its export quality.

**Date: 04 Sep 2019 (Wednesday)**

**Time: 10:45 am – 11:30 am**

**Venue: E22-G010**

#### **Short Biography**

Prof. Jie LI is a Full Professor at the Institute of Industrial Economics, Jinan University. He received a bachelor degree in international finance from Lingnan College, Sun Yat-sen University, and a PhD in economics from the joint program of City University of Hong Kong and Sun Yat-sen University. His research interests center on political economy in international trade, firms' strategic behavior, corporate finance, and Chinese economy. His research publications appear in internationally well-recognized journals, including Journal of International Money and Finance, Journal of Comparative Economics, Environmental and Resource Economics, Journal of Regulatory Economics, Review of International Economics, Southern Economic Journal, China Economic Review, etc. He has also served as a consultant for Guangdong Provincial Government in P.R. China and an adjunct professor at Hainan University.

### **Presentation 3**

## *Silver, Fiduciary Money, and Economic Performance in China: 1890-1936*

**Prof. Bo CHEN**

Chutian Professor in Economics, Huazhong University of Science and Technology

### **Abstract**

The existing literature debates whether the silver outflow from China due to the American Silver Purchase Act (ASPA) in 1934 resulted in an economic crisis in China. Yet all the arguments rely on an assertion that there was a severe deflation due to the ASPA which receives weak data support. In this paper we look into a bigger picture by using a newly-consolidated China's historical dataset from 1890 to 1936 to investigate the long run relationship among silver outflow, international trade and fiduciary money. We find a mitigation effect from terms of trade when a decrease in silver price caused silver outflow from 1890 to 1934. More importantly, we find the issue of fiduciary money was responsive to the silver outflow such that China's aggregate money supply was not severely affected by the silver outflow. As a result, we uncover the puzzle why China encountered neither a serious deflation nor a financial or economic crisis when the ASPA occurred.

**Date: 04 Sep 2019 (Wednesday)**

**Time: 11:30 am – 12:15 pm**

**Venue: E22-G010**

### **Short Biography**

Prof. Bo CHEN is the Chutian Professor in Economics, Huazhong University of Science and Technology, China. He holds a PhD degree in Economics in Simon Fraser University, Canada. His research interest includes International Trade, Economic Integration and China's Economy. He has publications in top tier journals including the World Economy, Journal of International Economics, International Trade Journal, Review of Development Economics, etc.

**ALL ARE WELCOME!**