

Interview with Professor Cheng F. Lee, Rutgers University, Editor of Review of Quantitative Finance and Accounting, Review of Pacific Basin Financial Market and Policies.

Professor Hoshino: Professor C.F. Lee is a Distinguished Professor of Finance at Rutgers University, and he's an editor of two journals, one is Review of Quantitative Finance and Accounting other is Review of Pacific Basin Financial Markets and Policies. And I think there are 40 associate editors for the first one, Review of Quantitative Finance and Accounting, and 47 associate editors for the later one. And 40 members of Review of Quantitative Finance and Accounting, all professors are from American universities except one. However the later journal is consisting of 28 faculty members from USA, or some institutions, and Taiwan 10, Korea 2, Hong Kong 3, Singapore 2 Japan 1, and Thailand 1. Quite an international journal.

Professor C.F. Lee: Right.

Professor Hoshino: Could you explain the editorial policy of those journals.

Professor C.F. Lee: Essentially, we when we receive the paper from the author, we send it to two reviewers and in general it takes two months or 3 months to get some result. So if both reviewers suggest revision I let them revise. If both reviewers suggest reject and I reject it. And if one reviewer suggests revise and one suggests reject, then I make my own judgment.

Professor Hoshino: That's very fundamental. Is it the same rule for both journals?

Professor C.F. Lee: Yes, the same.

Professor Hoshino: Could you tell me then the difference between the two journals?

Professor C.F. Lee: The difference is too easy. Review of Quantitative Finance and Accounting is much more academically oriented. And Review of Pacific Basin

Financial Markets and Policies, we publish some exceptional type of papers, for example we published some policy type of papers. For example this time in the conference, one of the key note speakers from Taiwan is talking about Taiwan's financial reform, we can publish that paper. And in addition I have decided to publish a special issue of international management education. So hopefully a lot of professors from different countries and different universities will send me papers, short papers and I would send the paper within 10 pages. And one special issue we can have annual special issue. So in Asia education has become very important now. It has this kind of globalization type of situation. We learn about each other.

Professor Hoshino: But I found a difference about submission fee. Submission fee for the first one 85 and for the second one 80 dollars. Why this difference?

Professor C.F. Lee: That's in reality arbitrary of course but Review of Quantitative Finance and Accounting is more prestige. Yes this journal is becoming the quality of the first tier. And Review of Pacific Basin Financial Markets and Policies is a second tier journal.

Professor Hoshino: And also for the first one, you will give 50 off-prints for the Quantitative Finance and Accounting, but not for this one.

Professor C.F. Lee: Yes I think the publisher doesn't offer that. I think they receive a free copy of it.

Professor Hoshino: Free copy for this one? That kind of difference. And how about differences of editorial members? As I told you, Quantitative Finance and Accounting all American universities or research institutes, but Review of Pacific Basin Financial Market and Policy consisting of international members.

Professor C.F. Lee: Right that's true. In Review of Pacific Basin Financial Market and Policy we do everything we can, cross over to other countries most of them in Asia. So actually Review of Quantitative Finance and Accounting I am thinking about editorial should extend a little more to other countries.

Professor Hoshino: Also you are editing new series of books, Advances in Quantitative Analysis of Finance and Accounting. So you are a kind of series editor?

Professor C.F. Lee: Yes actually, besides these two journals, I am also an editor for three annual publications. One of them is called Advances in Quantitative Finance and Accounting, an other one called Advances in Investment Analysis and Portfolio Management, finally I have one called Advances in Financial Planning and Forecasting.

Professor Hoshino: This copy I have here is just one of them?

Professor C.F. Lee: Yes.

Professor Hoshino: So from different publishers. This is from World Scientific.

Professor C.F. Lee: Yes right.

Professor Hoshino: Others from?

Professor C.F. Lee: Other two actually, are published by my own research center. Center of Pacific Basin Financial Market, Pacific Basin Center of Business and Economic and Finance at that center.

Professor Hoshino: So if some one wants to buy, how can we do? From this center?

Professor C.F. Lee: Yes from this center we put advertising what so called, a name of company, I forget it.

Professor Hoshino: A different company, a publishing company?

Professor C.F. Lee: Not a publishing company. The company sells the book. How do they call it?

Professor Hoshino: Sales company?

Professor C.F. Lee: I forgot it. Suppose you can buy the book from the distributor you know.

Professor Hoshino: And this is a journal of my association. Some copies for you.

Professor C.F. Lee: Oh great!

Professor Hoshino: Consisting mainly of papers in Japanese but sometimes papers in English too. We publish this from a printing company not a publishing company and we distribute this journal to members of the association.

Professor C.F. Lee: So you are the editor for this?

Professor Hoshino: Yes I am the editor in chief. Now fourth years. Usually we change every two years but in my case it's the second time. And there are interesting short articles like this one, Professor Yoshi Tsurumi criticizing President Bush.

Professor C.F. Lee: Interesting.

Professor Hoshino: It is written in English. Some foreigners also submit. Like this research note from a foreign country. We don't ask any submission fee. Quite a different system.

Professor C.F. Lee: Oh different system.

Professor Hoshino: Free submission fee and free sample copies or offprint. But the problem is mainly that papers are written in Japanese. That's a problem you know. But papers in English of course are welcome from anybody.

Professor C.F. Lee: By the way, recently, you know Professor Jean HECK, you know Heck?

Professor Hoshino: H.E.C.K?

Professor C.F. Lee: Yes, he publishes that kind of thing.

Professor Hoshino: Online journal. You are talking about online journals?

Professor C.F. Lee: No, he publish a journal called, Journal of Finance Literature.

Professor Hoshino: Oh yes.

Professor C.F. Lee: You saw that one?

Professor Hoshino: Some of them. When we attended the academic conference in the states, then they distributed copies.

Professor C.F. Lee: Now, originally that's a manuscript, a monograph. But now he kicked off the journal. He started the first issue I think couple of months ago. For Journal of Finance Literature.

Professor Hoshino: Yes I remember the name.

Professor C.F. Lee: They just distributed it. And now all the finance journal names are published in that journal now. And the first issue, they published three papers. One is by Ed Othemin, another one by somebody else; the most interesting is he published a paper by Jean Heck and Freedman Coolee. They had a publication ranking for 50 years period. From 1953 to 2002 so they are ranking the finance professors publications in every journal, they use two criteria. And one of them is top 7 journals and I am ranking number 103 or 104. Now they are ranking top 72 journals, I am so happy I am ranked number one. In that 50 years period.

Professor Hoshino: You are number one?

Professor C.F. Lee: Yes among the second criteria. Yes 72 journals. I run number one.

Professor Hoshino: You mean your journal. Or your self?

Professor C.F. Lee: My self.

Professor Hoshino: Is it published?

Professor C.F. Lee: Yes it's published already. If you want after lunch we can go to my office. I can give you a copy. That's very interesting they are ranking the finance professors publications worldwide. I can give you a copy.

Professor Hoshino: And also I want to ask about the

conference. We have 13th conference of quantitative finance and accounting, some times you include the management area.

Professor C.F. Lee: Yes some times, for example in Thailand. In general we don't include management but any country that organizes this conference, if they prefer to include some management then we are very happy to do that also. Yes management and finance are getting more integrated now, right? See for example behavior's research now is integrated with finance, called behavior finance. Just quantitative itself can not answer all the questions now. Also sociology is concerned about that. Another thing is happening is marketing and finance research start to integrate more.

Professor Hoshino: For the past 13 times, how many times did you include management area?

Professor C.F. Lee: Actually only 3 times. In Thailand. We have twice a meeting in Thailand and last year by the way last year 2004 is the second time we have a conference in Thailand. In 1998 we also had. And in addition to that one time in Taiwan we also included management. I think I should start thinking more closely to include some management issues.

Professor Hoshino: And also you organized conferences several times in the states and more times in Asian countries.

Professor C.F. Lee: Exactly. Actually this conference kicked off at Rutgers in 1993 so since then we have held this conference in Rutgers 4 times in 1993, 1996, 2001 and 2005. So besides these 4 conferences we have been held twice at Singapore, twice at Hong Kong, twice at Bangkok and three times at Taipei. So it has been 9 different times in Asian countries.

Professor Hoshino: When you had a conference at Rutgers Campus last time, I could not join because of 9/11. I had to cancel. It was one week after.

Professor C.F. Lee: That's right, not only you but half of the participants cancelled, you know.

Professor Hoshino: Oh, half of them?

Professor C.F. Lee: Yes, because people were scared.

Professor Hoshino: Yes, I was scared too.

Professor C.F. Lee: Not only you. That's too bad you know. That time actually I combined two conferences together. Review of Pacific Basin Financial Economics and Accounting. I also combined that conference with Financial Economics and Accounting.

Professor Hoshino: Another conference?

Professor C.F. Lee: Yes actually for my operation, two journals have two conferences, actually. Review of Pacific Basin Financial Markets and Policies has Pacific Asian conference. For the Review of Quantitative Finance and Accounting, I kicked off the conference for Conference on Financial Economics and Accounting. That conference has been held since 1990. This year will be number 16. This conference essentially we expect it to become a ten universities consortium these ten universities are Rutgers, NY, New Michigan, Houston, Indiana, Maryland, Georgia state, USC , NC Chapel Hill and Buffalo.

Professor Hoshino: So that's only in the United States?

Professor C.F. Lee: Yes, there are only in the United States.

Professor Hoshino: So I didn't know.

Professor C.F. Lee: Oh you didn't know that. I am sorry I forgot to tell you.

Professor Hoshino: No announcement.

Professor C.F. Lee: Oh no announcement. Actually it's in the published conference volume. I think we should have announcements, that's right. I think we should put on the internet; we should put it on the website.

Professor Hoshino: If you have an announcement then foreigners can try.

Professor C.F. Lee: Right, but now for the Asian countries I have a special website now. So for example this time we have 6 keynote speakers. So all speeches are going to be on the website. Most papers will be put on the website, for this conference, including your paper. People can print it out from anywhere on the earth. Yes that's an improvement.

Professor Hoshino: Last time I remember you distributed proceedings.

Professor C.F. Lee: Yes, actually that happened in Taipei.

Professor Hoshino: Yes, not Bangkok, Taipei.

Professor C.F. Lee: I think maybe proceedings, we started thinking that now. We put on websites.

Professor Hoshino: Yes that's better. Easier.

Professor C.F. Lee: Better, easier, and people don't need to carry, you can have more readers world wide, so any person presenting a paper they can have the chance to view it everywhere on the earth.

Professor Hoshino: So from this conference, the 13th conference, you just distribute?

Professor C.F. Lee: Yes and put on website..

Professor Hoshino: That's good.

Professor C.F. Lee: Yes this is the first time.

Professor Hoshino: How about this conference?

Professor C.F. Lee: Yes for this conference I think we should try to do that and I think I would try to suggest it, we haven't started yet. I think we should do that.

Professor Hoshino: But I want to talk about the timing. Because you selected June, and this time after school. School is now on holiday. But in Japan we still have school, even University of Tsukuba, June is the first session. July and August are summer Vacation. Also other universities have different system. In July, some

universities are teaching in July. Not summer school, regular school. From April to July. Because of the difference of school systems, some people couldn't come. And also in Japan in the same time we have Nippon Finance Conference, in Tokyo. I think in Tokyo.

Professor C.F. Lee: Oh really.

Professor Hoshino: So this is a kind of problems. So I attended this conference because it has a higher priority.

Professor C.F. Lee: Oh thank you, thank you very much.

Professor Hoshino: But many others couldn't come. So if you can give more chance to Japanese finance professors.

Professor C.F. Lee: Right, I think we should find out more carefully.

Professor Hoshino: Scheduling.

Professor C.F. Lee: That's right; I think that's very important.

Professor Hoshino: In Japan we have at least three finance related associations. Japan Finance Association and Nippon Finance Association.

Professor C.F. Lee: Nippon?

Professor Hoshino: It's a different one. And also Financial Management Association in Japan.

Professor C.F. Lee: Really?

Professor Hoshino: At least these three.

Professor C.F. Lee: Who is in charge of that?

Professor Hoshino: You mean the president of each organization.

Professor C.F. Lee: Yes.

Professor Hoshino: At this time I don't remember. But I am going to organize a kind of annual conference of

Japan Finance Association. September, early September. That's ok September 4th, no overlapping. But Nippon Finance Association's meeting is just overlapping this one. So maybe it's better to rearrange it.

Professor C.F. Lee: To rearrange it, yes this time there is so many conferences now.

Professor Hoshino: But maybe in having an international conference in Tokyo or foreign countries, the most important but most difficult problem is raising funds.

Professor C.F. Lee: Right difficult.

Professor Hoshino: How do you raise funds in the States?

Professor C.F. Lee: Actually of course this is a very important issue. For example for this conference my university gives me some money. That's about 20% and I raise some money by my self. And from US companies, then I raise some money from Taiwan.

Professor Hoshino: So your university is quite helpful. You use the university itself. That's rather not so traditional way, usually international conference are carried in hotels, but in this case you used the university's building. Including the business school and student center. So that is rather an exceptional case for those international conference conducted in universities?

Professor C.F. Lee: No not really. For example the Conference of Financial Economics and Accounting was held in the university. That's cheaper. So the reason I choose university, is a little bit easier for students and participants, a little cheaper. And not enough room. For example we can come here, they have room but in this period, there is so much activity, no room available. Now is recreation time, and some other party time, you know.

Professor Hoshino: But June, this period there is no school activity on school. You don't have classes.

Professor C.F. Lee: Yes.

Professor Hoshino: That's good. But you selected Friday

and Saturday. Saturday is ok, a holiday, but Friday is a weekday. Why did you select Friday and Saturday?

Professor C.F. Lee: Sunday is very difficult that somebody attends, and Saturday is designed for people from Wall Street and companies to come here. For example in this conference has quite few Wall Street people come here. For them it is difficult to be out of the office.

Professor Hoshino: September 4, I organize a local conference in my university in Tokyo. At that time because of the availability of the building, I picked up Sunday. September 4 is a Sunday. That's the first time for me. Usually I choose July 2, that is a Saturday, but because of overlapping with other conferences I changed my schedule. And then it became September 4. And because of the availability of the building they asked for Sunday. But we don't expect so many businessmen coming. I thought maybe ok.

Professor C.F. Lee: For this conference, I do specially is Pacific Basin Conference, we try to improve businessmen so for example you have 10 conferences in Taiwan, Thailand; you have been in Thailand right?

Professor Hoshino: Yes.

Professor C.F. Lee: And maybe Hong Kong this year. Over Asia quite a lot of businessmen are coming.

Professor Hoshino: So if I have a conference, this conference in Tokyo then maybe we need to have it Saturday, at least not Sunday.

Professor C.F. Lee: Right, that's true.

Professor Hoshino: And also I was surprised that, generally speaking, the universities in the United States are very helpful to organize international conference. You said 20% financial help from the university.

Professor C.F. Lee: Yes, everywhere it exists. Even other conferences at Chapel Hill this year, NYU and Indiana, they help. But in Japan they don't help too much?

Professor Hoshino: Almost no help. Especially for national universities. For private universities, sometimes they help.

Professor C.F. Lee: Yes, the same situation in Taiwan, by the way, in Taiwan universities they don't give fund at all but essentially you can apply some of the money from government, government has a special budget for international conferences and most of the money comes from the business world. So in Taiwan and Thailand business frequently gives help.

Professor Hoshino: Also you don't pay any fee for using the university building. Do they charge you?

Professor C.F. Lee: A little bit, not too much. For example the offices I use in the business building, no charge. For the student center they charge.

Professor Hoshino: They charge you.

Professor C.F. Lee: They charge some money. For example, they charge about 900 dollars for that center.

Professor Hoshino: And some thing similar for using the student union in the states.

Professor C.F. Lee: They have to maintain it.

Professor Hoshino: To avoid paying, usually I propose the idea of sponsoring. Say, my major now is Social Systems and Management sponsors the international conference. Then you can use the university building for free. So usually I pick up my department as a sponsoring organization. That's the only way. If I don't use that, then I will have to pay to the university.

Professor C.F. Lee: Exactly.

Professor Hoshino: That's one way. I think that's enough, thank you very much for your cooperation.

[break for lunch]

Professor Hoshino: And about retirement age, in Japan say, in my case, a national university, the retirement age

is 63. A bit earlier 63 years old, almost all national universities the same. And the University of Tokyo at this moment, I think, is 61 years old because it used to be sixty and gradually extending. Maybe three years later one up and then 3 years later, and it will be 65 finally. In other universities, like ours, it's 63. And in private universities in Japan it's 70 or some times is 65. I used to teach at Toyo University in Tokyo. Now the retirement is 65, so they are changing, they are making it shorter and shorter. That's the kind of problem.

I know a little bit, but how about the retirement age, compulsory retirement age?

Professor C.F. Lee: Not here. Actually we don't have a compulsory retirement age anymore. In US you can work to any age you want. If your health allows it. Before we had this compulsory age, but now we don't have compulsory age anymore.

Professor Hoshino: But actually?

Professor C.F. Lee: Actually a lot of people retire after 60.

Professor Hoshino: After 60?

Professor C.F. Lee: Some retire at 65 some retire at 70. most of them retire before 70. So last year when one of our professors Larry Fisher he retired when he was 75.

Professor Hoshino: I met Whitcom, when I was here before.

Professor C.F. Lee: Yes he retired even before 60. He has his own business. A profitable business, he even donated one million to the department.

Professor Hoshino: Oh he donated one million.

Professor C.F. Lee: Yes.

Professor Hoshino: That's great.

Professor C.F. Lee: Very profitable operation.

Professor Hoshino: I saw it, Whitcom Center or

something like that?

Professor C.F. Lee: Yes exactly, he donated one million; I think he paid 55000 first and I don't know how much he paid later. Yes Whitcom Center donated money for the conference. He's here, you saw the name here. Right.

Professor Hoshino: Yes I saw it somewhere here or there.

Professor C.F. Lee: Whitcom Center for Research in Financial Service.
Taiwan retirement is 65.

Professor Hoshino: Oh, Taiwan is 65.

Professor C.F. Lee: Public school, for private school is 70.

Professor Hoshino: Private school is 70. That's the opposite. Public schools are longer.

Professor C.F. Lee: No, public is 65.

Professor Hoshino: Public are 65, private are 70.

Professor C.F. Lee: That's right.

Professor Hoshino: Uniform? All private universities? No difference among private universities.

Professor C.F. Lee: I don't see any difference.

Professor Hoshino: In Japan there is. Even private universities. Some private universities are 75 but majority now 70, some 65 years.

Professor C.F. Lee: Some are 75?

Professor Hoshino: Very rare.

Professor C.F. Lee: First we advertise then people apply, send in the data, then we have a committee to decide which to invite to campus. Then after interview and the referee deliberating, which one we should consider first.

Professor Hoshino: Advertising for journal or for web?

Professor Hoshino: Possible.

Professor C.F. Lee: Journal and web, both.

Professor C.F. Lee: Do you know somebody that I know?

Professor Hoshino: What kind of journal or web?

Professor Hoshino: Now we have two or three Chinese, they speak Japanese so no problem. Previously we had two Korean associate professors they don't speak Japanese, they just speak English, still he hired them. Two of them went back to Korea. They got jobs in one Korean university, Seoul National University.

Professor C.F. Lee: The Journal of Finance has a special web now. Even the pamphlets are posted on the web. It costs about 300 dollars for advertising.

Professor Hoshino: Financial Management Association used to do so.

Professor C.F. Lee's wife: Where they got their PhDs?

Professor C.F. Lee: Oh yes, you are right they have that kind of advertisement.

Professor Hoshino: States.

Professor Hoshino: But there are also informal recruiting processes.

Professor Hoshino: How many years you can keep the two positions, here and Taiwan?

Professor C.F. Lee: What?

Professor C.F. Lee: No I am just visiting.

Professor Hoshino: Informal. That's the very formal way, advertising and committee and screening. But is there any informal way?

Professor Hoshino: How many years can you keep?

Professor C.F. Lee: Informally? That's mean. Somebody knows that a person is very good. But the idea of the process can not change.

Professor C.F. Lee: No, just not really keep. When you are retired you can go anywhere you know. No formal position.

Professor Hoshino: But we have, lets say, visiting professorship. Then in that case is it the same procedure?

Professor Hoshino: Is it possible to keep two positions?

Professor C.F. Lee: Visiting professor is very informal, relatively.

Professor C.F. Lee: No.

Professor Hoshino: Do you have too many young PhD students majoring in accounting who want to get a job in Japan?

Professor Hoshino: In Japan there is one exceptional case. Professor Aoki, Kyoto University and he kept the position at Stanford University. I think 19 years he kept the position in Kyoto and Stanford. Now he retired from Stanford. He became professor of Emeritus at Stanford university, I saw his title. But sometime later I found he is a professor at Hitotsubashi University. I saw his title, I was surprised.

Professor C.F. Lee: But they don't know Japanese.

Thank you very much for sharing time interview.

Professor Hoshino: We have some professors who teach in English. Not so many, some.

Professor C.F. Lee: So it's ok?