

# Foreword I

I was surprised when my good friend, Prof. Cheng-Few Lee, known as CF to friends and colleagues, told me that he was going to write an autobiography. My first reaction was how he could possibly fit this challenging project into his already grueling schedule. When I got the first draft two weeks ago, I could not help but admire him. He really did finish it, and with efficiency and flair. The book even includes several illustrations showing the seating plans of various courses he taught in Taiwan. As soon as I received CF's draft I started reading and couldn't put it down "till the midnight oil burned out." This book is full of fascinating anecdotes and useful insight.

CF's knowledge in the field of finance is immense. He obtained full professorship within five years of completing his Ph.D. program, a rarity among United States academic institutions. He has since devoted himself not only to teaching but also to writing, with 225 academic papers and 26 books currently in his portfolio. CF is a great teacher, too. He has advised more than 90 Ph.D. students. His former students are scattered all over the world, some of whom are valued employees of Taiwan's central bank.

Although CF is a naturalized American citizen and has lived in the United States for 48 years, Taiwan is never far from his mind. He would often call me from the United States at his own great expense to discuss issues that concerned him. He has frequently flown back to Taiwan to teach short courses and to provide policy advice whenever he is available. He is also popular with Taiwan's media. In the summer of 1994, CF and a team from the central bank coauthored the report "Suggestions and Directions on Developing Taiwan as a Regional Financial Center." We both advocated the gradualist approach to the opening of capital

accounts. This viewpoint was later vindicated following the 2007 Asian Financial Crisis. CF never transplanted policies that worked well in the United States directly to Taiwan without giving due consideration to local idiosyncrasies. Before introducing a new policy, he would make the necessary modification to meet the specific needs of Taiwan.

Though CF is usually busy with research and teaching there is also an easy side to his character. He loves dogs. When I visited him in New Jersey a few years ago I was impressed by the affection he showered on his dog, Snoopy, who is actually on the cover of CF's statistics textbook.

CF's new book is a labor of love and well worth reading. It should be of particular interest to those who care about finance in general and Taiwan in particular.

**Fai-nan Perng**  
*Governor of the Central Bank of China, R.O.C.*

## Foreword II

During 1979, shortly after China launched the transformational economic reform toward its role in the world economy, a delegation from the U.S. Department of Commerce traveled to Beijing to discuss how the United States could help the reformists spur economic development. As part of this effort, the National Center for Industrial Science and Technology was formed and was housed at Dalian Institute of Technology. The center became the first management executive training facility in China to operate with the cooperation of a foreign government. When I was a student of Dalian Institute of Technology, I learned the name of Cheng-Few Lee, who was one of the 40 distinguished U.S. professors selected to teach in this prestigious program offered to high-level Chinese government officials.

I did not actually meet him until many years later when I became his colleague at Rutgers University's business school. As an academic and researcher with a career spanning over 40 years, his scholarly record in the field of finance is unparalleled. He is the editor of many prestigious journals, including *Review of Quantitative Finance and Accounting*, *Review of Pacific Basin Financial Markets and Policies*, *Advances in Financial Planning and Forecasting*, and *Advances in Quantitative Analysis of Finance and Accounting*, and he has chaired many conferences on Financial Economics and Accounting and on Pacific Basin Business, Economics and Finance. He has published more than 225 articles in peer-reviewed journals such as: *Journal of Finance*, *JFQA*, *The Accounting Review*, *Journal of Accounting Research*, *Review of Economics and Statistics*, and *Management Science*. He has written several books on corporate finance, portfolio management, business statistics, and urban econometrics, and has made numerous speeches

at various academic conferences both domestically and internationally. A whole generation of finance students has had the privilege of taking his courses on Asset Price Analysis and Portfolio Theory, Corporate Finance, Derivatives and others. There is a well-known Chinese phrase that admires a master teacher who plants the seeds that lead to fields all over the world covered by the fruits of his students' contributions. To me, CF is this master in the field of finance.

CF is a colleague with an admirable personality. He is well known as a kind and humble person, with many friends and acquaintances. He has influenced countless faculty, students, and staff who have benefited from his wit and wisdom. I count myself among this fortunate group, and I am honored to call CF a great friend at Rutgers Business School.

**Lei Lei, Ph.D.**

*Dean, Rutgers Business School*

## Foreword III

Readers of CF's autobiography will surely already know that, in an impressive variety of ways, he has been a tireless contributor to the finance profession. His most direct contributions have come through publication in numerous journals and books of the important scholarly contributions made by his research. He has also supervised the training of a large number of Ph.D. students, who have made numerous significant contributions to the literature of finance and accounting. He has, furthermore, created and edited journals that have provided an important outlet for significant work. Beyond this he has organized countless conferences that have been a stimulus to furthering research. Finally, there is his teaching at all academic levels. I can testify that he does all of this with an enthusiasm that never seems to diminish. His energy continually amazes me.

I am tempted to take this opportunity to recount in detail all of CF's contributions to the general progress of our field. I have chosen instead to briefly discuss the personal experiences I have had interacting with him for over 40 years. Most of that interaction took place in the years just after I first met CF in 1976. At that time, he had just arrived as Professor of Finance at the University of Illinois. Although I have now been a Professor of Finance at the Wharton School of the University of Pennsylvania for 37 years, then I was in the Economics Department at University of Illinois at Urbana-Champaign (UIUC) and my knowledge of finance literature was quite limited. During the three years we spent as colleagues at UIUC, my interest in finance developed and my own work evolved in that direction. In part that was due to my interaction with CF. As an economic theorist, I was familiar with a good part of the theoretical foundations of finance, but I really didn't know much about the broader literature of finance. It was CF who helped to introduce me to that

literature and who kept me up to date on how the field was developing.

As I look back on those years, I regard this as all quite fortuitous. At that time, important advances had recently been made and were continuing to be made in both the theory of finance and the empirical testing of these new theories. The driving force in this progress was the application of the economic theory of uncertainty and the application of econometrics to finance. Both CF and I had been trained as economists; his training was primarily in econometrics. In fact, as a student I had also concentrated on theoretical econometrics and statistics. But in the years after finishing my graduate work at the University of Minnesota the focus of my work shifted primarily to economic theory, with a focus on the economics of uncertainty and information. CF and I had quite common backgrounds and shared interests. We spoke the same language, and we were both familiar with different aspects of a literature that was rapidly growing in important and diverse directions. The opportunity to learn from each other presented itself and we took advantage of it. I can say with certainty that I learned a lot from CF during that time. The discussions we had led me to think about finance from a new perspective and it helped to shape the direction of my work by informing me about the new results in the field.

I left UIUC in 1979, but since that time CF and I have stayed in touch and continued to interact. Much of this interaction has taken place at conferences he has organized at Rutgers University and elsewhere. I have on several occasions presented my work at Rutgers and I always appreciate the questions CF raises and his perspective on my ideas. It is a pleasure to be able to benefit from his expertise and knowledge. It is a joy to have him in the audience and I look forward to the next time.

**Richard E. Kihlstrom, Ph.D.**

*Ervin Miller–Arthur M. Freedman Professor of Finance and Economics  
Wharton School of the University of Pennsylvania*

## Foreword IV

I have personally known CF Lee since 1988 when he joined the faculty at Rutgers University. He was a ball of fire interested in ensuring that students received a top-notch education and his colleagues were engaged in quality teaching and research. A number of times, CF, as he is affectionately known, would come into my office to discuss how he would improve the department or suggestions for the finance curriculum at Rutgers. In most cases CF identified and analyzed potential problems correctly even when others thought that the issues might be politically too sensitive. But as hard-driven as he is, CF is generous to his colleagues and students alike. CF could not turn anyone down and often looks for ways to help a colleague who needs advice on how to publish a paper. Most impressive, is that at his age (I will only say he is older than me and I am 64 at the time of this writing) he is still going strong. Academically he is more active than most academicians who have less than half his time in academia.

CF Lee is a distinguished and highly visible scholar. He has published more than 225 articles. He is the editor of *Review of Quantitative Finance and Accounting*, *Review of Pacific Basin Financial Markets and Policies*, *Advances in Investment Analysis and Portfolio Management*, *Advances in Financial Planning and Forecasting*, and *Advances in Quantitative Analysis of Finance and Accounting*. He was an associate editor of *JFQA* (1977–1983), co-editor of the *Financial Review* (1986–1991) and *Quarterly Review of Economics and Finance* (1988–1992). He has published the *Encyclopedia of Finance* (2006, 2013), *Handbook of Financial Econometrics and Statistics* (2014), and the *Handbook of Quantitative Finance and Risk Management* (2010). In addition he has published many different textbooks: *Financial Analysis*,

*Planning and Forecasting* (1985, 2009, 2016), *Corporate Finance: Theory, Method, and Applications* (1990), *Statistics for Business and Financial Economics* (1993, 2000, 2013), *Foundations of Financial Management* (1997), *Security Analysis and Portfolio Management* (1990), *Portfolio Management, and Financial Derivatives* (2012), *Readings in Investment Analysis* (1980), and *Financial Analysis and Planning: Theory and Application, A Book of Readings* (1983). In sum, he is the most prolific researcher of articles and books in the finance field. Often, I would meet people at academic conferences and upon learning that I am from Rutgers, the inevitable question was: “What is CF up to now?”

In addition to his many publications, CF has organized many highly visible conferences. He initiated the Annual Conference on Financial Economics and Accounting beginning in 1990. A consortium of top research institutions including Rutgers University, NYU, UT-Austin, Indiana University, University of Maryland, Georgia State, University of Toronto, Temple University, and Tulane University sponsors the conference. Last fall, this conference took place at Rutgers. CF led the selection of papers and discussants and verified that all the logistics were in place. The participants were highly regarded researchers and helped promote our school, Rutgers Business School, as a top-notch business school. In 1993, Professor CF Lee initiated the Annual Conference on Pacific Basin Finance, Accounting, Economics, and Management. This conference has been held in Taiwan, Hong Kong, China, Thailand, Singapore, Vietnam, Australia, and at Rutgers University. He has also organized two conferences for Taiwan: the Annual Conference of Economic and Financial Policy, which began in 2005, and National Chiao Tung University International Finance Conference, which began in 2006. These conferences helped cement Professor Lee’s reputation as an important and highly visible scholar in finance.

Besides teaching his normal course load, CF has been a very active dissertation advisor. He has supervised or served as a committee member for over 90 dissertations. Many of his students are highly successful academic faculty or government officials. However, it should be known that he was willing to supervise students who had a difficult time finding an advisor either because the subject was not of interest to

any faculty member or the student failed to make a personal connection. CF is always ready to help.

As a result of his activity, I sought to nominate CF to receive the 2016 Dean's Award for the Nationally Prominent Professional Activities. The process of nomination required me to obtain external letters citing his many contributions. And to my surprise, CF is also sought after for counsel to numerous financial policymakers in Taiwan. Fai-nan Perng, Governor of the Central Bank of the Republic of China, writes in his letter: "Dr. Lee was regularly consulted by regulators and the financial industry in Taiwan. While addressing difficult issues, he readily defies conventional views and promotes policy that would specifically work in Taiwan." I am his Chair for almost 20 years and he never once mentioned to me his prominence in advising government officials. In many ways, CF can be very humble and modest about his impact.

I received a letter from one of the more prominent faculty members in finance, Kose John of New York University. He ably summarizes Professor Lee's achievements: "CF has a worldwide reputation as a highly prolific researcher, mentor to hundreds of students and professors, editor of multiple journals of high impact, and an active organizer of many national and international conferences. Through all these channels, CF has influenced generations of doctoral students, junior and senior faculty including myself."

I am, indeed very fortunate, to have CF as a colleague and friend for over 27 years.

**Ivan Brick**

*Dean's Institutional Professor and Chair*

*Finance and Economics Department*

*Executive Director of the Whitcomb Center for Research in Financial Services*

*Rutgers University*

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# Foreword V

It is my great honor to write this foreword for Professor Cheng-Few Lee's autobiography. I was his student in the China–U.S. joint MBA program at the National Center for Industrial Science and Technology Management Development, Dalian, China in 1983. Professor Lee taught a financial management course there. After 33 years, I still remember his great enthusiasm and sense of humor during his lectures. Given his educational background in both Taiwan and the U.S., my classmates and I respected Professor Lee a lot, especially for his outspoken view and suggestion about how China could speed up the open market economy policy. As an eager-to-learn young man, I have discussed with Professor Lee how to apply Fuzzy Sets techniques to remodel the Net Present Value (NPV) to reflect the uncertainty of Capital Budgeting problems in accounting. His supervision and encouragement triggered my research interest in accounting. From 1996 to 2010, I have coauthored four papers with Professor Lee in bankruptcy prediction, human resource allocation, capital budgeting, and transfer pricing. Even more important, our teacher–student relation has expanded to a lifetime of friendship. In Chapters 4 and 11 of this book, Professor Lee has recalled our meeting at Dalian in 1983.

Professor Lee is a very warm and helpful person to his students. In 1985, I was admitted by Professor Po-lung Yu at the University of Kansas as a visiting scholar, but did not know Professor Lee was a roommate of Professor Yu when they studied at the National Taiwan University during the 1960s. When I arrived at the Kansas City International Airport, Professor Yu told me that Professor Lee had called him to take good care of me. This made me feel comfortable on my first day in the U.S. In 1999, after 13 years, I asked my friends in the Development Research Center of the State Council of China to invite both Professor Lee and Professor Yu,

two of my great mentors, to visit Beijing, Chengdu, and Lhasa. In addition to giving lectures on our respective areas to the Chinese audience, we traveled to many historic spots and visited a number of Buddhist temples. The best part of this trip was that I, as the observer, listened to Professor Lee and Professor Yu's conversations about their college life, including their personal stories from the 1960s. Their experiences, not only academically, but also personally demonstrated the beauty of our career as scholars.

After visiting China, we visited Taiwan together. During my stay in Taiwan, Professor Lee brought me to meet a number of his friends, including Fai-nan Perng, the Governor of the Central Bank of Taiwan. In 2010, Professor Lee and I co-organized the 18<sup>th</sup> Pacific Basin Finance, Economics, and Accounting (PBFEA) conference at the Graduate University of Chinese Academy of Sciences Beijing, China. In addition, I have joined together with Professor Lee at his academic conferences in various places, such as Bangkok, Taipei, and Nagoya.

In 2007, Professor Siwei Cheng, father of China's Venture Capital, and I jointly established the Research Center on Fictitious Economy and Data Science at the Chinese Academy of Sciences, Beijing, China. Professor Lee was invited to serve as a member of the board of advisors with four other Nobel Prize winners in Economics. In 2013, Professor Lee was presented the first "Siwei Cheng Award in Quantitative Management" by the First International Conference on Information Technology and Quantitative Management (ITQM 2013), Suzhou, China for his outstanding academic contributions in accounting and quantitative finance (<http://www.iaitqm.org/honorhall.html>). Professor Lee is definitely a world-class scholar and my teacher forever. And I think he is my teacher for my lifetime. I would like to congratulate him for completing the meaningful autobiography.

**Yong Shi**

*Bai-Ren Distinguished Professor and  
Director of Key Laboratory of Big Data Mining and Knowledge Management  
Chinese Academy of Sciences, China  
and  
Union Pacific Chair of Information Science and Technology  
University of Nebraska at Omaha, U.S.A.*