

| FEATURES

Facing the World with Humility and Confidence: An Interview with Academician Yiting Li

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Professor Yiting Li of NTU's Department of Economics was elected as an Academician of Academia Sinica in July, 2022. Looking back at her academic career, she found to her surprise that "the word I use the most is 'fortunate.'" She once read an article that mentioned life is a U-bend, and the "happiness curve" of life hits rock bottom at around the age of 46. "After that, the only way to go is up." She always says the value of money is based on the "self-fulfilling prophecy," so she is welcoming the moment of her self-fulfillment with gratitude, grace, and ease.

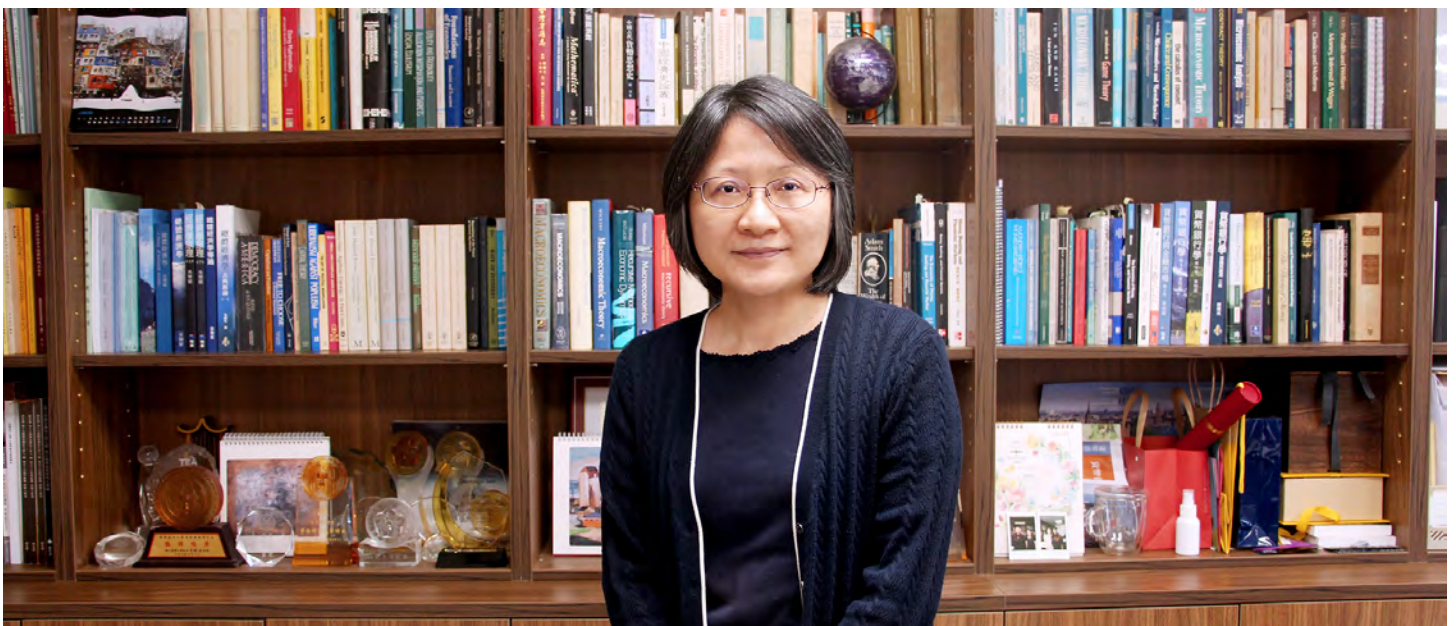
Things economics taught me

Yiting Li studied in the undergraduate program of International Business for the simple reason that it was ranked number one choice. During her college years, she found herself deeply inspired by the concept of caring for society and human well-being while participating in a club activity with senior schoolmates. This led her to start taking courses offered by other colleges and departments. During a classroom lecture, she felt deeply touched by the thoughts of a leading economist and

decided to apply for the Graduate Program in Economics.

Li focused her master's thesis on how the hyperinflation in Taiwan ended after World War II. Looking back now, she said that such a beginning seems to have predicted her current research interests: "My research has been focused on such questions as why does money have value and why do people trust the central banks that issue currencies?"

When the value of money is depreciated, inflation occurs. The concept is based on the so-called "self-fulfilling prophecy;" that is, if people think money will not be valued in the future, they will naturally not make an effort to work hard in exchange for money, which results in the lack of value in money. If that is the case, how can people believe in the value of money? As the value of money is determined by the public's "belief" in the future value of the banknote, this "belief" is affected by many factors, the most important one being the willingness and commitment of the issuer to maintain the purchasing power of the money.



Prof. Yiting Li of the NTU Department of Economics was elected as an Academician of Academia Sinica in last July. Prof. Li looks back at her life's work with gratitude. She thinks everything in life is an experience co-created with many others around you, and "at the end of the day, there is no bad experience."

Transparency appeal: the hope for a central bank that builds trust

While speaking of policy issues, Li's eyes and tone visibly lit up. She pointed out that the trust mechanism of money is based on the independence, transparency, and accountability of the central bank. For example, 43 countries around the world have released historical data on their central banks' foreign exchange interventions, but the Central Bank of the Republic of China (Taiwan) (CBC) has not yet promised to disclose such information. "Many scholars want to study whether CBC's exchange rate policy can be characterized as 'CBC tamped down on NTD's appreciation, while it took a let-it-go policy on NTD's depreciation.' Without data on foreign exchange interventions, researchers have to rely on coarse proxies, e.g., changes in the stock of central bank's reserves." However, Li is of the opinion that allowing the public to examine a central bank's policy is needed to build trust in money and to achieve price stability.

Another policy she has been advocating strongly to CBC is something young people can resonate with, namely, to follow the European Central Bank's (ECB) example and include owner-occupied housing prices in the price index. She explained the reason in detail: rising housing prices lead to an increase in living costs, which will also be passed along to renters, causing the prices to go up, further burdening low-income households and creating an impact on financial stability. The subprime mortgage crisis is not far behind, and housing prices have become the key to financial stability. ECB's consideration in constructing a new price index also reflects the logic that both from the perspective of price and financial stability, a central bank must keep updated on housing prices.

Achieving academic partnerships by being true to the original intention and going with the flow

Back in the office, Li is still her reserved self. She said, "I don't really have any big ambitions." She kept repeating that she was just "doing her duty as a researcher," leaving everything else to chance. "When I attend research conferences, I try my best to share research work and exchange ideas with scholars."

Considering herself not a "sociable" person, Li somehow managed to gradually forge good relationships at international academic events with sincerity, an open-minded attitude, and friendliness. Three years ago, a scholar with a Ph.D. came to teach at the Department of Economics precisely because her advisor got to know Yiting Li well through some seminars. Therefore, Li encourages young colleagues to participate in more international conferences, "the more specialized (the seminar), the better!" The contacts and partnerships cultivated through academic exchanges can also enhance the development of the department.

Q&A

Q: What animal do you think you are like?

A: A cow that chews on grass and enjoys the sun leisurely.

Q: What is your impression of NTU?

A: The biggest treasure of NTU is the people. They are amazingly diverse, and they all stand out.

Q: What has inspired you lately?

A: The abundance of life is made up of seemingly insignificant bits and pieces.

Q: What experiments do you do in daily life?

A: Making tea and coffee as a display of creativity.

Q: How is the importance of currency reflected?

A: When you are used to a certain country's currency, you are integrated into the local culture. Therefore, the importance of currency cannot be underestimated.

Grasping every tiny sign to discover your true interest

Yiting Li found that some students do not know which field of economics they are interested in. She believes that interest is not necessarily aligned with one's capabilities but hidden in tiny signs under the surface. When you realize you have been thinking about certain questions and trying to find the answers, you should ask yourself why you are curious. This is a good way to be true to yourself and understand your interests.

As a woman, Li keeps reminding and supporting herself with what Professor Cass at the University of Pennsylvania (U Penn) told her prior to obtaining her degree, "I have doubts about you adapting to the culture in Asia that does not encourage women to express themselves bravely." Fortunately, now she can see that regardless of gender, her colleagues are trying to create a friendlier work environment. At the end of the day, the more important thing is how female researchers can be confident and humble when defending their research and finding the balance without going overboard.

When it comes to life, a book about meditation tells her that no matter what state she goes into during meditation, she should just tell herself “not yet (enlightened),” without overthinking or worrying. Life is nothing more than an experience co-created

with many others, so whether it is good or bad, there will be gratitude at the end. Everyone is born with different personalities. The important thing is to understand and reach your full potential. If you keep an open attitude, you will understand that



BIO

Yiting Li

33rd Academician of Academia Sinica

Yiting Li is a Distinguished Professor in National Taiwan University. She earned her Ph.D. in Economics from the University of Pennsylvania in 1995, and was with National Tsing Hua University before joining National Taiwan University in 2002. Her research interest includes monetary theory, banking and financial markets, and macroeconomics. She is in the advisory board of *Taiwan Economic review*, and serves as an associate editor of *Academia Economic Papers*, *Journal of Macroeconomics*, and *Taipei Economic Review*. Yiting Li received Beth Hayes Prize for Graduate Research Accomplishment in Economics from the University of Pennsylvania. She also received the Best Teacher Award from NTHU and NTU, three times Excellent Research Award by National Science and Technology Council, Academic Award and National Professorship Award by the Ministry of Education, and NTU chair professorship. She is elected as an Academician of Academia Sinica in 2022.

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