

Dr the Honorable Joseph YAM Chi-Kwong

Citation

In Hong Kong's 160-odd-year history, only one person has ever been called the czar of anything. That person is Joseph Yam Chi Kwong, the "Czar" or founding Chief Executive of the Hong Kong Monetary Authority. He earns this epithet partly by his longevity at the post, having served as its chief for sixteen and a half years, longer than many central bankers in other economies. The other reason for the honorific is the total autonomy he enjoyed while running the Authority.

This autonomy was not bestowed on him by virtue of his position. He earned it by his sheer professionalism and integrity.

As Hong Kong's de facto central banker, Dr Yam is our official chronic worrier over the soundness and stability of our financial and monetary system. In the best tradition of Chinese public leaders throughout history, he obsessively worried ahead of the rest of us, and he has both the worry lines and a head of luxuriant grey hair to prove it.

In Dr Yam's office were two strong boxes, one containing the contingency plans for worst-case scenarios — the so-called "What If" safe. In the other he kept the sensitive materials associated with the discharge of his duties. The calm exterior he showed to the world was often the result of his preparedness and his propensity to "expect the unexpected".

His official worrying days may now be over, having stepped down on the first of October this year. But Dr Yam is a man at peace with himself,

in the fullness of knowledge that he has left the Monetary Authority in a splendid shape. In a year when the world is still in the throes of the once-in-a-century financial tsunami, he is unworried if the foundations he has laid are strong enough to help our economy weather the tail end of this fierce storm.

Dr Yam was educated in economics and statistics in his undergraduate years. But no formal training could prepare him for the major challenges he was to encounter in setting up the Monetary Authority. In a sense, Dr Yam had to teach himself everything from scratch in establishing Hong Kong's de facto central bank. He may be the world's best-known, self-taught central banker. The Monetary Authority has two principal functions, the supervision of financial institutions and the regulation of financial markets, including the conduct of monetary policy. This duality of functions requires skills that are mutually reinforcing. In assembling his management team, he was careful to recruit people with intimate knowledge in one or the other. In doing so, he built a system that is quite unique to Hong Kong. Other systems in the world keep these two domains separate. But this dual functionality may explain the long-term stability of our banking system over the years. Dr Yam is of the view that his staff must know what the market is doing, giving the Hong Kong monetary system both flexibility and a firm grasp of market information.

We live in an interconnected world. Many of the economic crises are often not of our making.

During Dr Yam's tenure, Hong Kong had been through times of uncertainty and peril: the 1997 handover, SARS, the dotcom bubble, the property bubble, the Asian financial crisis, and now the global financial tsunami. With his steady hand, and a firm gaze over the horizon, he steered Hong Kong through choppy waters. Even in the current economic turmoil, the Hong Kong economic harbor is surprisingly calm and unworrying.

To the general public, Dr Yam is perhaps best known for two things: the role he played in establishing the Linked Exchange Rate, by which the Hong Kong dollar is pegged to the US greenback, earning him the nickname "Mr 7.8". The other refers to his successful and massive intervention to beat back the predatory speculators determined to manipulate our smallish market. At that time, he came under fire from those who were aghast at his bold gamble. Years later, they would heap praise on him, including none other than the former Chairman of the US Federal Reserve, Alan Greenspan. Emerging unscarred from the battle, Dr Yam has since become known as the man who successfully outmaneuvered the speculators, calming and consolidating Hong Kong's financial and monetary markets.

In a moment of modesty, Dr Yam says that he might not always be right, but that he aimed always to be less wrong. To him, it was all a matter of preparation plus an uncanny sense of timing. For his enduring and enormous contribution to Hong Kong's financial and monetary stability, Dr Yam was awarded the SAR Government's Gold Bauhinia Star in 2001. This year, this legacy was again recognized when the Grand Bauhinia Medal (GBM), the SAR Government's highest honor, was conferred upon him. For the same heroic achievement, he has been showered with academic honors by several local and regional universities.

It is no small achievement that in a recent poll, Dr Yam was voted the man investors trusted the most in following or reading the market. He felt that his natural constituency is the citizens of Hong Kong and its investing public. He seems to relish the plaudits from the public more than any institutional approbation, quoting with pride an online doggerel by an investor, "When Chieftain Yam is in command, the people of Hong Kong have no fears or cause for alarm." In his media sound bites, Dr Yam always appeared measured and deliberate. But in private conversations, he allowed himself a discernible display of emotion about his principles and convictions. His overriding rock-hard principle is that as a public servant, he is absolutely above personal considerations. Over the last sixteen and a half years, he has built a team of mission-driven professionals who hold themselves accountable to the people of Hong Kong. When it comes to his colleagues, this outwardly hardened "czar" has a soft core, brimming with pride over a team of solidarity on which much of Hong Kong's monetary and financial stability depends.

Now out of office, he may like to think of himself as an ordinary "Joe", but the Joseph Yam we know will always be an extraordinary leader who has done extraordinary things his way. To his admirers, Joseph Yam is pure gold. They say that he is constitutionally incapable of falsity. But they also warn you not to play chess with him, for he is always several moves ahead of you. And that is just what we like about the only "czar" in our city's history.

Mr Chancellor, on behalf of the Council of the Hong Kong University of Science and Technology, I have the high honor of presenting to you Dr the Honorable Joseph Yam, former Chief Executive of the Hong Kong Monetary Authority, for the award of Doctor of Business Administration *honoris causa*.