

Beijing Forum 2019 China's Economic Development in the Reconstruction of Globalization (III) (Group B)

At 9:00 on November 3th, the panel “China’s Economic Development in the Reconstruction of Globalization”, part the Economy sub-forum of Beijing Forum 2019, was inaugurated in the Friends of Beida Auditorium, Peking University Education Foundation. The session was divided into two parts, and chaired respectively by Professor Ju Jiandong from Tsinghua University and Professor Wang Hao from the National School of Development at Peking University. Altogether, five speakers gave talks in this session, including Professor Sheng Liugang from The Chinese University of Hong Kong, Professor Ju Jiandong from Tsinghua University, Professor Li Han from Southwestern University of Finance and Economics, Professor Li Kunwang from Nankai University, and Professor Wang Hao from Peking University.

Professor Sheng Liugang from The Chinese University of Hong Kong delivered a speech, titled “Trade and Investment along the Belt and Road”. Abstract: Combining data on China’ greenfield ODI, brownfield ODI, exports and imports from 2013 to 2017, we empirically investigate the effect of BRI on economic cooperation between China and BR countries use the differences-in-differences method. From the aspect of outward direct investment, the result showed that BRI increases China’s infrastructure greenfield ODI more in BR countries, and there is no evidence that BRI increases China’s manufacture and service sector greenfield ODI more in BR countries and BRI increases brownfield ODI more in BR countries. From the aspect of trade, BRI increases China’s exports more to BR countries, especially in the ordinary exports by POEs, little effect on FOEs’ exports and BRI increases more China’s exports of infrastructure-related goods to BR countries. But no evidence supports that BRI increases more China’s imports from BR countries.

Professor Ju Jiandong from Tsinghua University gave a presentation on “The Sino-US Trade Dispute and Reconstruction of Globalization”. Prof. Ju’s research revealed that the acrimony and impasse are in part the result of a worldview that assumes there are only two options: “deep integration” and “decoupling”. But there is a third option that allows countries considerable latitude at home to design a wide variety of industrial policies, technological systems, and social standards,

and allows countries to use well-calibrated policies to protect their industrial, technological, and social policy choices domestically without imposing unnecessary and asymmetric burdens on foreign actors. Prof. Ju's paper raised the "Four Buckets" framework for trade between divergent nations, including the "Prohibited" bucket, the "Bilateral Discussions and Adjustments" bucket, the "Domestic Adjustments" bucket and the "Multilateral Governance" bucket. The combined GDP of the United States and China together accounts for 40% of world GDP. Therefore, whether US-China relations are cooperation or confrontation crucially depends on whether the rest of world that accounts for 60% of world GDP chooses sides and joins the confrontation between China and the United States, or maintains their independence.

Professor Li Han from Southwestern University of Finance and Economics delivered his speech on "High Speed Rail and Firm Productivity-Evidence from China". In recent years, both developed and developing countries are investing massively in infrastructures, and high speed rail (HSR) draws great attention from policy makers due to its advantages. Based on the phenomenon, Prof. Han's paper explored a quasi-natural experiment and implemented a DID method to identify the causal effect of HSR on firms' labor productivity. And to address the endogenous issue, Han constructed a set of instrument variables to deal with the non-random placement of infrastructure. The result showed that (1) HSR significantly improves labor productivity of firms in the treatment group by 10% higher than firms in the control group;(2) HSR enhances the productivity of private firms more than state owned firms; and (3) capital intensive firms benefit more from the HSR than labor intensive firms.

Professor Li Kunwang, from Nankai University, gave a talk on "Trade and Intergenerational Occupation Mobility in China". Abstract: The existing research found that there is a close relationship between economic globalization and intergenerational mobility. This paper discussed the impact of opening up on intergenerational career mobility in China from the perspective of trade opening. The results showed that (1) the deepening of trade openness significantly promotes the intergenerational occupational mobility, and the trend of the child's occupational status is lower than that of the father's occupational status, (2) the increase in trade openness has led to the polarization of labor among the generations. The generation of middle-aged fathers in their middle-aged status has a weaker trend toward higher occupational status than its tendency to move to a low-professional status, and generally shows an intergenerational trend toward low-professional

mobility.

Professor Wang Hao from Peking University delivered a speech titled “Competition, Cooperation and Economic Development”. His presentation sorted out the two economic relations of competition and cooperation, and pointed out that in the real world, information is incomplete, and most economic theories on incomplete information are based on cooperation relationships. At the same time, the article considered the intervention by governments and put forth that cooperation often suffers from “transaction costs” because agents may “abuse” their private information. But an uninformed third party, especially a government, could help to lower the costs. In the end, the paper put forth that governments are not only “referees,” but also “coordinators.”

After the presentations, audience members made comments and asked questions, and presenters gave their responses.