

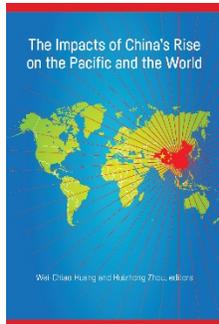


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## The Impacts of China's Rise on the Pacific and the World

Wei-Chiao Huang and Huizhong Zhou, Editors

March 19, 2018

KALAMAZOO, Mich.—China's rapid economic growth over the past few decades is remarkable. It now has the world's second-largest economy, and on its current path projections are for it to surpass U.S. gross domestic product in the year 2028. Paralleling this economic growth is China's expanding geopolitical reach and influence. The combination of these two forces—economic and political—makes China, by many accounts, the most important diplomatic challenge facing its neighbors, the United States, and rest of the world's nations.

But does the recent concentration of power around leader Xi Jinping—which includes tighter societal controls and adopting Xi's distrust of private markets—offer China a path forward for sustained rapid growth? China-watchers say that for such growth to occur will require a successful transition from a centralized economy to one more market-driven, and from one dominated by manufacturing and exports to one driven by services and consumption. And will China use its growing political influence, backed by a modernized military, to destabilize existing regimes? A group of China experts weigh in on these issues in a new book from the Upjohn Press. ***The Impacts of China's Rise on the Pacific and the World***, Wei-Chiao Huang and Huizhong Zhou, editors, offers an in-depth look at key internal factors influencing China's

economy as well as factors that will impact the U.S.-China relationship for years to come.

Included are:

- *Introduction*, by Wei-Chiao Huang and Huizhong Zhou. The authors prepare readers for the issues to be discussed in the following chapters by defining the issues and providing brief overviews of the authors' concerns and recommendations.
- *The United States and the China Challenge*, by Murray Scot Tanner. Tanner addresses five underlying factors in the U.S.-China relationship that pose challenges for the U.S.: 1) China's expanding national interests and its increasing power to protect them, 2) China's governance problems and its unwillingness to cooperate, 3) China's view of security and the complexity of building U.S.-Chinese "strategic trust," 4) mobilizing the U.S.'s allies and partners, and 5) China's internal challenges.
- *Is There a Xi Jinping Model of Economic Reform?*, by Barry Naughton. Naughton gives a timely assessment of the prospects of the Chinese economy under Xi Jinping, and why Xi's model for the economy may fail.
- *Understanding the Major Threats to China's Economic Growth*, by Wing Thye Woo. Woo points to three types of failures that, he says, will interrupt China's growth: 1) a breakdown of economic mechanisms spurred by state banks' solvency and the central government's fiscal health, 2) flaws in governance that lead to frequent events of social disorder, and 3) hitting some sort of natural or externally imposed limit.
- *State Enterprise Reform in China: Grasp or Release*, by Mary E. Lovely and Yang Liang. Lovely and Liang examine firms that were retained by the Chinese state and those that were released to the private sector between 1998 and 2006. This allows them to estimate the size of the state sector and to identify the characteristics of firms that made them more likely to be retained by the state.
- *Why Exit Rights Are the Key to the Reduction of Urban-Rural Income Disparity in China*, by Guanzhong James Wen. Wen points out that, despite China's dynamic economic growth, income inequality remains among the worst of all East Asian nations. To help correct this he calls for reforms to China's land tenure and hukou (family registration) systems.
- *Trade, Migration, and Growth: Evidence from China*, by Xiaodong Zhu. Zhu provides convincing evidence of the benefits of reducing restrictions on movements of goods and people in an economy, using China's experience between 2000 and 2005 as a case study.

The papers presented in this volume were originally presented during the 52nd Annual Werner Sichel Lecture Series held at Western Michigan University in 2015–2016. The series is cosponsored by the Department of Economics at WMU and the W.E. Upjohn Institute for Employment Research.

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