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Decoupling China in the global crisis: toward a more independent and balanced economy?

Abstract:

In the past two decades, the emerging China's economic power has been the most important factor to influence economic developments in other Asian countries. During this process, the regional industrial integration and the intra-regional exchange of intermediate industrial goods have been enhanced. This business pattern and a low degree of synchronization between the business cycles in industrial countries and emerging Asian economies like China has been so far the focus of the debate over "decoupling" hypothesis. Nevertheless, the global crisis in the second half of 2008 has exerted an immediate and direct impact on China's economy. The dramatic reduction of exportation whose influence gradually expanded to the investment area triggered the huge stimulus package of Chinese government expecting to maintain its growth rate. In this context, the concept of "decoupling" does not suggest an immunity to the big shocks of world economy, but a possibility that China and other emerging Asian economies can recover earlier than industrial countries. The recover of GDP growth rate and the increase of both exportation and FDI in September of 2009 seems imply such a "decoupling". The "scientific development" and "harmonious society" as two pillars of the development strategy announced in Party's 17th congress manifest the political intention to count on more on domestic consumption and adjust the economic structure to be a more balanced and sustainable one. In effect, the relevant policies has been put on place before the onset of this round of the global crisis, silently changing the demand and offer side of China's business trade. In this article, author intends to use the trade data and other economic indicators to reflect the real economic consequences of China's economic policy. The conclusion expected is as follows; on the one hand the process of value added has been relatively more localized, reducing the degree of dependence on the imports of intermediated goods from other Asian countries, and making the domestic production more vulnerable to the business variation in industrial countries; on the other hand, the domestic consumption is hardly sufficient to absorb the expanding productive capacities due to the enlarging investment. Thus, in the post-crisis period, China seems toward a "recoupling" model rather than a "decoupling" model. The influence on other emerging Asian economies is largely on debate.

Michael Jakobsen

Economic Decoupling as a Consequence of Inter-Ethnic Stalemates: On the Impact of Ethnicity on Economic Performance

Abstract:

This presentation begins by identifying the ancestry to the notion of decoupling in order to put the concept into a context. A point of departure in this connection is taken in the Dependency School back in the 60s, 70s and 80s. This is then followed by a discussion of the contemporary use of the concept. The presentation then turns towards a critical assessment of the concept by splitting it up into economic decoupling, political decoupling and differentiated notions of decoupling, ending up with a discussion of whether it is possible to employ the notion of decoupling at all in an ever globalizing world. In order to substantiate this discussion the case of Malaysia is introduced. Here the ramifications of the so-called 'bumiputra' policy will be put into a discussion of various notions of decoupling. The question is whether context and notions of 'glocalisation' is more appropriate when trying to explain the interplay between domestic developments and global constrains than the notion of decoupling due to all the conceptual uncertainties surrounding the use of the latter.

Kjeld Erik Brødsgaard and Xin Li

Presentation on 'The Beijing Consensus and Decoupling in China'

Bullet points:

- (1) Economic decoupling in China: China's model of economic development in contrast to the Washington Consensus
- (2) Political decoupling in China: China's political value and policies
- (3) International relations dimension of Beijing Consensus: China's ideal world order
- (4) The Beijing Consensus: Is it a symbol of decoupling?

Seán Golden

"Comprehensive National Power", Decoupling and Autarky: The Case of China

Abstract:

In 1820 the Chinese empire accounted for more than 30 % of world GDP with an economy that was largely autarkic. Over the course of the next hundred years or so the Chinese share of global wealth declined drastically while Western Europe, the USA and Japan came to dominate world GDP. At the beginning of the 21st century China has begun to recover the share of global wealth that was lost. This recovery is conditioned by the turbulences of globalisation, globalised capitalism and economic interdependence, and also conditions the status of other economies. Chinese strategists have been proposing the concept of "Comprehensive National Power" (CNP) as a unique Chinese contribution to International Relations Theory. CNP includes a wide variety of factors and indicators and is designed to enable China to withstand and overcome the turbulences of globalisation. As long as China's economic growth depends upon foreign direct investment and its export trade the Chinese economy will be vulnerable, but if China can consolidate a domestic consumer market on the scale it had in imperial times, Chinese autarky might obviate the need for decoupling.