



"Critical Issues in China's Economic Reform and Transition" Jan. 7, 2016

Energy, environment, industrial policy and indigenous innovation, there are some of the critical issues facing China's economy today. Three experts from Fudan University's School of Economics shared their latest research and insight in a panel discussion organized by the Fudan-UC Center on Contemporary China, with co-sponsorship from the 21st Century China Program.

New Thinking for the New Normal: Fudan Economists at UC San Diego

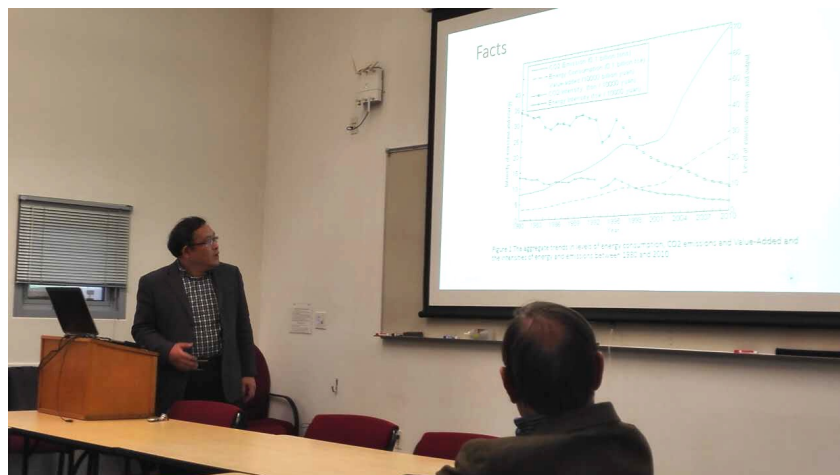
Starting off the 2016 year, three prominent economists from Fudan University presented their findings to the UC San Diego community. The theme of the evening was how government alone cannot force economic change in China, but can be a useful in facilitating positive market outcomes.



Professor Zhao Chen's joint findings emphasized this theme most strongly, as he proved that recently created export-processing zones (EPZs) are tremendously effective, but only when focused on industries that have a comparative advantage. When working against the market and focusing on industries a region had no previous advantage in, these zones created no growth.

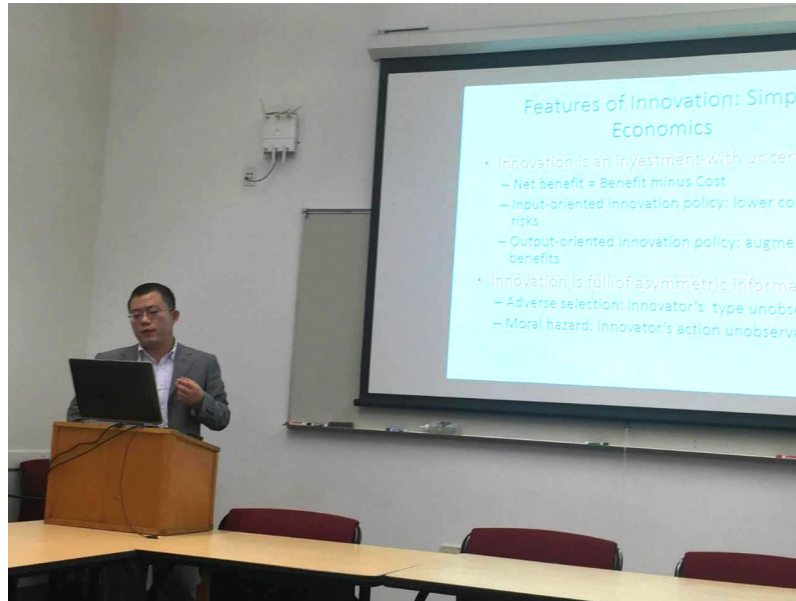


Professor Shi Yi Chen continued the theme by highlighted the flaws of centralized top-down pollution curbing mandates. Happily, he also modeled several ways in which market based emission trade lead to a win-win scenario balancing environmental protection with development.



Professor Zonglai Kou departed from his compatriots in that he was focused not on government effects but on limitations. Governments are notoriously ill equipped at assessing which ideas are worth investing in, but Professor Kou suggested rather than create new

mechanisms, China's government should piggy-back on venture capital trends. In this way, China could combine the best aspects of market-oriented investment with centralized monetary might.



As China enters the 'New Normal,' changing approaches to economic policy will be needed. Luckily, Fudan University's faculty provide a wealth of insights.