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Title

China Since the Global Crisis: Ascent Uninterrupted?

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Supplemental Material

<https://escholarship.org/uc/item/73x567vb#supplemental>

David Lampton presents a wide-ranging analysis of the macro-economic strengths and potential weaknesses of China since 2008. He argues that China's has a strong foundation for economic growth in the near and medium-term and suggests multiple reasons for this conclusion. He notes that this growth is likely to be secular but with occasional falls from unexpected shocks. He also considers several large problems that China faces on the macro-economic level especially in the areas of the environment, social organization and political adjustment.

Victor Shih argues that the economic stimulus promoted by the Chinese central government from 2008 onward has been a great success on the surface. It is argued that the success of this Keynesian operation did not result in a huge growth of central government debt as a percentage of GDP. However, he goes on to show that while the central government was calling for stimulus, it was local governments who were tasked with putting the stimulus into operation. Local governments created investment companies who in turn used land titles to secure loans from banks. The borrowed capital was used for infrastructure development. However, it is unclear that infrastructure will be profitable and hence, difficult for local governments to repay the loans. The Chinese macro-economy has much more debt to GDP than the national statistics reveal and, thus, a much greater fragility to shocks.