

# China's Development Models in an Era of Global Disruption

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# OVERVIEW

## Key Turning Points in China's External Engagement

Years	Event
1978-89	Reform and opening
1990s	Coastal development strategy
1997-8	Asian financial crisis
2001	WTO entry
2008-9	Global financial crisis
2013	Belt and Road initiative
2018	US-China trade & technology war
2020	Covid-19 pandemic

1. China's conflicted relationship with globalization
2. "Dual Circulation" strategy: formalization of hybrid development models
3. What's new (or not): securitization of economic policy

# 1. China's conflicted relationship with globalization

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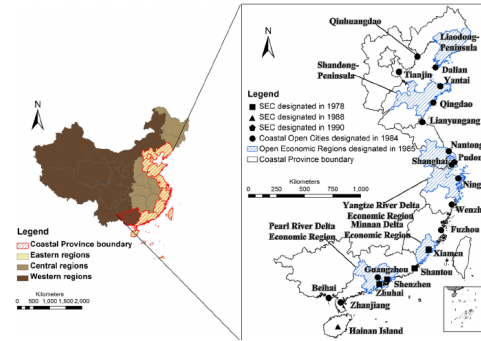


Source: bbc.co.uk

- Explosive growth centered in rural reforms
- Circumscribed experiments with trade liberalization

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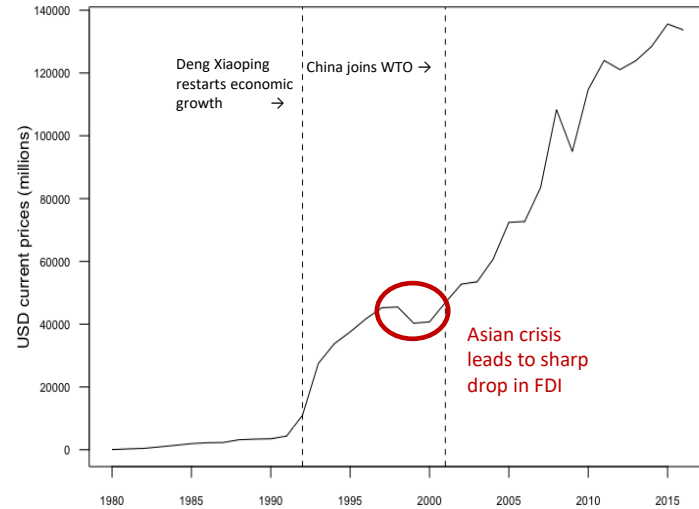


Source: Liu et al (2013)

- Free trade zones extended along the coast
- Bifurcated trading regime
- Coast: foreign firms
- Interior: Administrative guidance + SOEs

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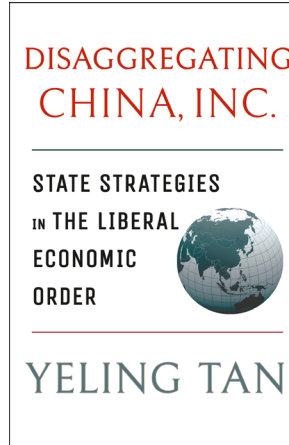


FDI inflows into China, 1980-2016 Year  
Source: UNCTAD

- Crisis triggers fall in FDI and exports
- Heightened concerns over external dependence
- Increased reliance on land development and state-led spending

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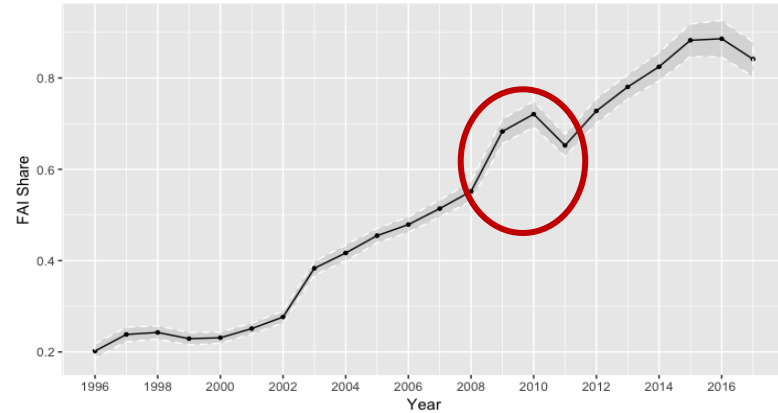
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- Critical turning point for global trading system
- Uneven implementation, bureaucratic resistance
- Abolition of dual trading regime
- From shallow to deep integration

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Average Prefecture Fixed Asset Investment as share of GDP, 1996-2017

Source: CEIC Data

- Shifts in elite thinking about growth strategy
- 4 trillion RMB stimulus, channeled through SOEs
- Major focus on construction in interior provinces
- Problems of debt, excess capacity

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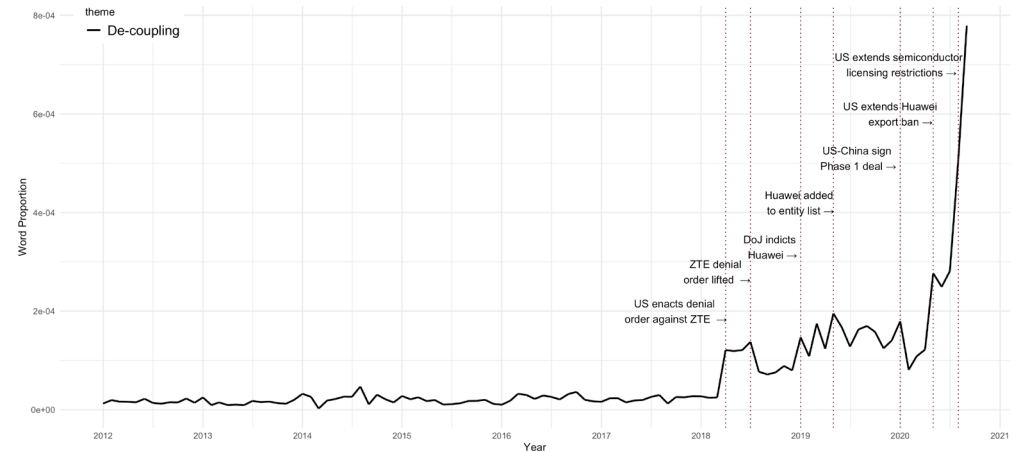


- Exporting of domestic excess capacity
- Major beneficiaries: SOEs, western provinces



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Prevalence of decoupling language in Chinese S&T media articles  
(on-going work with Dallas, Farrell & Newman)

- Responses: **Defend, Diversify, Decouple**
- Self-reliance, resilience in critical technology
- Shift in elite thinking: integration as a source of vulnerability

## 2. China's Dual Circulation Strategy

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2018	US-China trade & technology war	<ul style="list-style-type: none"><li>• Trade diversification</li><li>• Self-reliance</li></ul>
2020	Covid-19 pandemic	<ul style="list-style-type: none"><li>• Dual circulation</li></ul>

- Doctrinal formalization of long-standing concerns
  - Calibration between gains from globalization and vulnerability to external shocks
  - Easier said than done
  - Local governments locked into existing growth models
  - Pressures from local debt, dynamic-zero Covid policy

### 3. What's new (or not)

- Securitization of economic policy
- Xi Jinping's speech on the 14<sup>th</sup> Five Year Plan (2021)
  - “security” mentioned 17 times (compared to 5 times for the 13<sup>th</sup> Plan)
  - “security is a prerequisite for development, and development is a guarantee of security”
- Echoes of the past
- Domestic mobilization and institutional reconfiguration
- Requires cooperation from a diversity of actors

# CONCLUSION

- China has never fully embraced globalization
- Dual circulation strategy faces major obstacles
- Securitization results remain unclear

Thank you

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