



上海社会科学院

SHANGHAI ACADEMY OF SOCIAL SCIENCES

SASS STUDIES

Spring 2019
Volume 13

Uncertain World Economy with New Changes, New Risks and New Opportunities: An Analysis Report of 2019 World Economy

QUAN Heng, SHENG Lei, et al.

Forty Years of China's Open Development
Road: Strategic Nodes and Theoretical
Connotations

ZHANG Youwen

Connotation and Assessment of National
Power Based on Big Data

HU Jian

China's New Ideas on Regional Cooperation:
A Perspective from RCEP and B&R
Initiative

LIU Aiming

Precarious Employment and Labor Market
Segmentation: A Comparative Study on
Mainland China and Hong Kong

LI Jun

Population Ageing and Its Effect on
China's Health Expenditure: from a
Prospective Age Perspective

*YANG Xin, ZUO Xuejin, WANG
Meifeng*

Research on Japanese Think Tanks'
Views of the Belt and Road Initiative
and Its Impact

GU Hongyan

In Defense of China's Belt and Road
Initiative

Mahbub ULLAH



上海社会科学院出版社

SHANGHAI ACADEMY OF SOCIAL SCIENCES PRESS

SASS STUDIES

Spring 2019

Volume 13

不确定世界经济中的新变局、 新风险与新机遇(英文版)

Uncertain World Economy with New Changes,
New Risks and New Opportunities: An Analysis
Report of 2019 World Economy

QUAN Heng, SHENG Lei, et al.

上海社会科学院出版社

图书在版编目(CIP)数据

不确定世界经济中的新变局、新风险与新机遇:英文 /
权衡等著. —上海:上海社会科学院出版社,2019

ISBN 978-7-5520-2778-5

I. ①不… II. ①权… III. ①世界经济-研究-英文
IV. ①F11

中国版本图书馆 CIP 数据核字(2019)第 102858 号

不确定世界经济中的新变局、新风险与新机遇(英文版)

著 者:权 衡 盛 垒 等

责任编辑:应韶荃

封面设计:右序设计

出版发行:上海社会科学院出版社

上海顺昌路 622 号 邮编 200025

电话总机 021-63315900 销售热线 021-53063735

<http://www.sassp.org.cn> E-mail: sassp@sass.org.cn

照 排:南京前锦排版服务有限公司

印 刷:镇江文苑制版印刷有限责任公司

开 本:787×1092 毫米 1/16 开

印 张:13.25

字 数:250 千字

版 次:2019 年 7 月第 1 版 2019 年 7 月第 1 次印刷

ISBN 978-7-5520-2778-5/F·576 定价:68.00 元

版权所有 翻印必究

Editorial Board

Chairman: ZHANG Daogen

Vice Chairman: YU Xinhui

Members: DANG Qimin, FANG Songhua, HE Jianhua, HE Xirong, HUANG Renwei, LIU Aming, LIU Jie, LIU Ming, LI Yihai, MEI Junjie, QIANG Ying, QUAN Heng, RONG Yaoming, SHAO Jian, SHI Liangping, SUN Fuqing, WANG Hailiang, WANG Jian, WANG Yumei, WANG Zhen, WU Xueming, XIE Jinghui, YAN Kejia, YANG Xiong, YAO Qinhua, YIN Xiaohu, YU Lei, YU Hongsheng, ZHOU Fengqi

Editor in Chief: WANG Zhen

Executive Editors in Chief: WU Xueming, LIU Aming

Editor: ZOU Yi

编委会

主任: 张道根

副主任: 于信汇

委员: (按姓名拼音排列)

党齐民	方松华	何建华	何锡蓉	黄仁伟	刘阿明
刘杰	刘鸣	李轶海	梅俊杰	强荧	权衡
荣跃明	邵建	石良平	孙福庆	王海良	王健
王玉梅	王振	吴雪明	谢京辉	晏可佳	杨雄
姚勤华	殷啸虎	于蕾	郁鸿胜	周冯琦	

主编: 王振

执行主编: 吴雪明 刘阿明

编辑: 邹祎

SASS STUDIES

Volume 13 • Spring 2019

CONTENTS

Uncertain World Economy with New Changes, New Risks and New Opportunities: An Analysis Report of 2019 World Economy / <i>QUAN Heng, SHENG Lei, et al.</i>	1
Forty Years of China's Open Development Road: Strategic Nodes and Theoretical Connotations / <i>ZHANG Youwen</i>	33
Connotation and Assessment of National Power Based on Big Data / <i>HU Jian</i>	63
China's New Ideas on Regional Cooperation: A Perspective from RCEP and B&R Initiative / <i>LIU Aming</i>	78
Precarious Employment and Labor Market Segmentation: A Comparative Study on Mainland China and Hong Kong / <i>LI Jun</i>	99
Population Ageing and Its Effect on China's Health Expenditure: from a Prospective Age Perspective / <i>YANG Xin, ZUO Xuejin, WANG Meifeng</i>	131
Research on Japanese Think Tanks' Views of the Belt and Road Initiative and Its Impact / <i>GU Hongyan</i>	157
In Defense of China's Belt and Road Initiative / <i>Mahbub ULLAH</i>	180

SASS STUDIES

Volume 13 • Spring 2019

目 录

不确定世界经济中的新变局、新风险与新机遇：2019 年世界经济分析报告 / 权衡 盛垒 等	1
中国四十年开放型发展道路：战略节点与理论内涵 / 张幼文	33
基于大数据的国家实力：内涵及其评估 / 胡键	63
中国地区合作新理念：区域全面经济伙伴关系与“一带一路”倡议的视角 / 刘 阿明	78
非稳定就业与劳动力市场分割：对中国内地与中国香港的比较研究 / 李骏	99
前瞻年龄视角下的人口老龄化及其对中国医疗费用的影响 / 杨昕 左学金 王美凤	131
日本智库对“一带一路”倡议的认知及其影响研究 / 顾鸿雁	157
为中国的“一带一路”辩护 / 马赫布卜·乌拉	180

Uncertain World Economy with New Changes, New Risks and New Opportunities: An Analysis Report of 2019 World Economy

*QUAN Heng ,
SHENG Lei , et al .*

Abstract: In 2018, the world economic growth remained stable overall, but it failed to continue the momentum of global synchronous recovery growth in 2017, and differentiation began to show up. The global trade and investment growth was dragged down by rising global trade frictions, tightening financial environment, increasing policy uncertainty and volatility in financial markets of emerging economies. The sustainability and inclusiveness of global economic development was challenged. Looking forward to 2019, the world economic growth is expected to be less optimistic. There are multiple challenges affecting economic stability and the growth will slow down. Economic growth in developed economies will slow down. The economic growth in the U. S. will return to mediocrity because the role of government fiscal policy may weaken. The Eurozone will face unsustainable growth due to “internal affairs” (e. g. huge debts) and “external troubles” (e. g.

QUAN Heng, Research Professor, Vice President, SASS; Director, Institute of World Economy, SASS

E-mail: quanheng@sass.org.cn

SHENG Lei, Associate Research Professor, Institute of World Economy, SASS
Participants in the writing of this article are all members of Macro Economic Analysis Group at SASS Institute of World Economy, including QUAN Heng, SHENG Lei, ZHANG Guangting, SUN Lixing, ZHANG Tianguai, XUE Anwei, JIANG Yunfei, ZHI Yan, LIU Fang, YAO Daqing and GAO Jiang.

global trade friction shocks), making its economic growth unsustainable. Japan's economic growth will decline as trade protectionism intensifies and trade frictions heat up. Uncertainties in emerging economies will increase due to international trade, investment and financial environment. Economic and political risks will go high, thus weakening economic growth momentum. The economic growth in various countries will also be clearly differentiated. Though China will embrace slowed economic growth due to its pursuit of a high-quality and healthier mode, its development will be in an important strategic opportunity period for now and for a long time under the landscape of great changes.

Keywords: World Economy; Great Changes; Risks; Opportunities; Trade Frictions

It has been over a decade since the outbreak of the international financial crisis, but the world economy is still struggling amid the challenge of anti-globalization, causing troubles and changes on its path to recovery. In particular, a few developed countries such as the United States pursue unilateralism and trade protectionism, which led to a downturn in the recovery of world economy, the rise of anti-globalization trend, a slowdown in such factors as global investment, trade and personnel, the increase of trade frictions, and challenges against the multilateralism rules. The world is amidst great changes, under which landscape the world economy is looking for new growth drivers. Our economy with Chinese characteristics entering a new era is also at a historical stage of structural optimization and a shift in the force that drives growth. How will the future world economy go? Where is the changing world going? Can the Chinese economy assume a more important role and mission in this change? These are major issues faced by China's past, present and future development. They are also concerned and focused by the international community.

Upon review on the new highlights and new problems of the world economic performance in 2018, this article arranges the key variables, important factors and major events that may affect the world economic trend in 2019 and in the upcoming future, looks into the world economic development trend in 2019, deeply analyzes the reform achievement of the Chinese economy on the supply side and the demand side, as well as points out the new impetus for future development and the new risks that may be faced.

Review of World Economy in 2018

In 2018, the world economy remained steady growth amid “great

frictions”, “great adjustments” and “great changes”, at a level basically the same in the last year. The world economic growth in 2018 was clearly differentiated, unlike the strong rebound in various countries in 2017. Except for a few countries such as the United States whose economic growth continued to increase, the economic growth in most economies declined somewhat, and the signs of a global economic downturn are worthy of vigilance. Of all the developed economies, only the United States is an exception, a slight economic decline occurred to both the Eurozone and Japan’s economy; emerging markets and developing countries maintained economic growth at a level consistent with that in the previous year, India continued to rise, and the Brazilian economy went further better, while developing economies including China, South Korea and Russia suffered drawback in economic growth to various extents.

New Highlights of World Economy in 2018

(1) The global economic growth remained stable. Overall, the global economy maintained steady growth in 2018. The IMF predicted a real GDP growth rate of 3.73% in 2018, up 0.11% from the 2017 level. The World Bank predicted a real GDP growth rate of 3.1% in 2018, up only 0.1% from the 2017 level of 3%. By countries, the economic growth of developed countries was high, with large internal differentiation, while that of emerging economies and developing countries slowed down noticeably. In summary, in 2018, the global economy maintained steady growth in the context of profound changes in the international environment, which is the biggest highlight.

(2) The chain reaction formed by the U.S. tax cuts stimulated the global economic growth. In 2017, the Trump administration’s large-scale tax reduction plan was approved by the Senate, causing its tax cut-based active fiscal policy to trigger a wave of heat tax cuts worldwide. Countries represented by India and France followed suit. For example, in 2017, India lowered the individual income tax of low and middle-income people from 10% to 5%; in 2018, France proposed a mandatory tax cut of seven billion euros. The U.S. -led tax cuts triggered a chain reaction at the global level. Judging from the overall situation of the business environment, the policy of cutting taxes and fees played an active role in global economic recovery. Besides helping alleviate burdens on enterprises, tax cuts could increase the income of people and stimulate consumption, thus contributing to economic growth. On the other hand, however, tax cuts may also increase the risk of government debts.

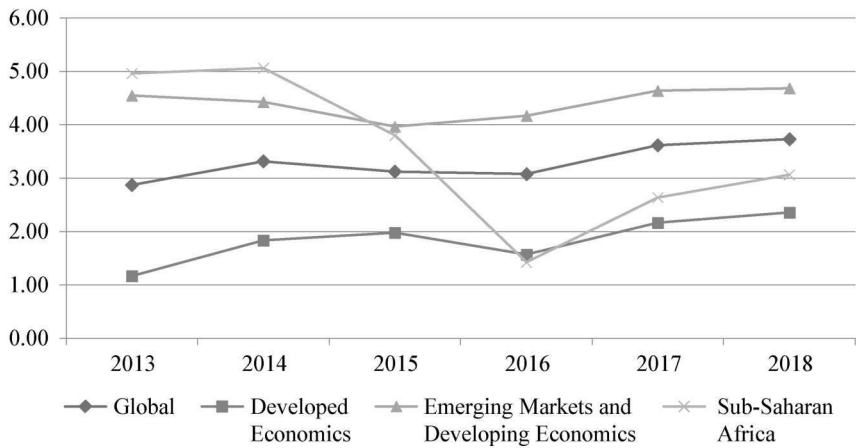


Figure 1 IMF Prediction of Real GDP Growth Rates of the World and Major Economies (%)

Note: The data in 2018 are predicted values.
Data Source: Wind Database.

Table 1 OECD Prediction of the U. S. Consumption, Export, Fixed Capital Formation and Other Indicators (%)

Indicator name	Real Growth Rate of Private Consumption Expenditure	Real Growth Rate of Goods and Services Exported	Real Growth Rate of Fixed Capital Formation	Proportion of Government Income in GDP
2013	1.86	2.43	3.04	32.13
2014	2.26	3.31	3.50	33.39
2015	3.16	1.48	3.93	33.41
2016	2.96	2.55	5.44	33.90
2017	1.64	3.18	2.99	32.97
2018	2.70	4.12	4.89	31.20
2019	2.67	2.11	4.18	30.95

Note: The data in 2018 and 2019 are predicted values.
Data Source: Wind Database.

(3) Competition for new technologies among countries intensified. Recent years saw new breakthroughs in many fields such as the Internet, AI, and new materials. The integration of technology and industry has stimulated the rise of new industries, new formats, and new models. For instance, new

energy vehicles and shale gas technology have been industrialized; AI has been well accepted in military, medical, transportation and other fields, and the development of related industries has been inseparable from AI technology. Countries such as the United States and Japan were competing fiercely in AI. The United States has a leading position in this field, powered by the lead of its five technology giants¹. In 2009-2017, Google and Microsoft applied 295 and 268 AI patents, respectively, followed by Facebook of 76 patents, Amazon of 75 and Apple of 23². Japan predominate in the fields of robot and intelligent transportation³.

(4) The Belt and Road Initiative has been widely recognized by the international community. The construction of the Belt and Road has advanced steadily since its proposal, with remarkable results and major achievements in economic and trade cooperation. By 2018, China had signed over 140 cooperation documents with countries along the Belt and Road; registered more than USD 6 trillion of imports and exports with and more than USD 80 billion with the countries along the Belt and Road⁴. The spirit of the Belt and Road has been written into the outcome documents of such major international mechanisms as the UN, the China-Africa Cooperation Forum, the SCO, and the Asia-Europe Meeting. The Belt and Road has increasingly become the consensus of international cooperation as well. From the China-Pakistan Economic Corridor to the China-Myanmar Economic Corridor, from the China-Laos Railway to the China-Europe Train, from the Piraeus Port to the Hambantota Port, from the construction of connectivity to the industrial park cooperation, a large number of the Belt and Road key cooperative projects have been comprehensively promoted⁵. The construction of the Belt and Road has injected new vitality into the development of countries along the route. It is China's wisdom that contributes to the world economic development.

¹Five technology giants refer to Google, Microsoft, Amazon, Apple and IBM.

²"Application of AI Patents in the World: America in the Lead, China in the Second Echelon, with Baidu Boasting Excellent Performance", <https://tech.sina.com.cn/roll/2018-08-24/doc-ihic-siaw2629494.shtml>.

³"Japan to Test AI on Pre-configuration of Emergency Vehicles", http://www.xinhuanet.com/2018-12/12/c_1123842339.htm.

⁴Data Source: Wind Database.

⁵Wang Yi, International Cooperation on the Belt and Road Embarks on a New Journey [EB/OL]. <https://www.yidaiyilu.gov.cn/xwzx/gnxw/74313.htm>.

Major Problems of World Economy in 2018

(1) The global trade friction initiated by the United States still played a role. In 2018, the United States initiated trade frictions with several countries. First of all, the continued trade friction between the United States and China had a great impact on the global economic landscape. The United States subsequently gave lists of tariffs of USD 50 billion, USD 100 billion and USD 200 billion from March 2018. China was forced to impose tariffs on related products. After several failed consultations between the two sides, trade frictions further heated up. Second, trade disputes between the United States and the European Union exacerbated. On June 1, 2018, the United States imposed a 25% heavy tax on steel and aluminium imports from the European Union, then the latter of which imposed a 25% tariff on some imports from the United States as a response. The United States also had trade frictions with countries such as Canada and Mexico by imposing tariffs on some products. The global trade frictions initiated by the United States ran through 2018, causing a destructive impact on the world economy. If the Sino-U. S. trade friction continues a strong momentum, its harm to the world economy would be catastrophic.

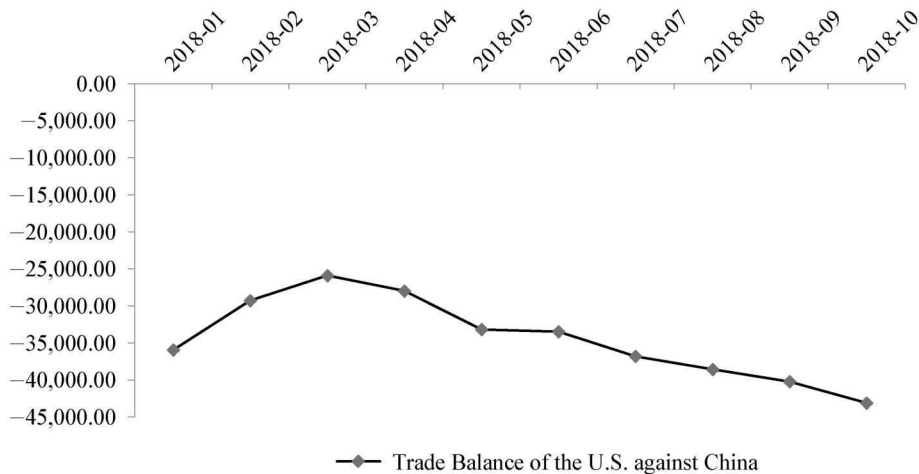


Figure 2 Trade Balance of the U. S. against China (Unit: Million Dollars)

Data Source: Wind Database.

(2) The U. S. unilateralism and protectionism became popular. Since Trump took office, unilateralism and protectionism have been pursued with

the America First slogan. The U.S. government's policy showed obvious signs of anti-globalization. The withdrawal from several international organizations and conventions is a true portrayal of America's unilateralism. From January 2017 to October 2018, the United States announced its withdrawal of the Trans-Pacific Partnership Agreement (TPP), the Paris Agreement, UNESCO, the Iranian Nuclear Deal, the UN Human Rights Council, and the Universal Postal Union Program. The international order after the withdrawal of the U.S. did not stop. Both the Iranian Nuclear Deal and the TPP run as usual. Nevertheless, the withdrawal of the United States undoubtedly caused a negative effect on the original international organizations and directly affected the process of global governance and globalization. This reflects both the anti-globalization tendency of the United States and the fact that globalization has to be escalated and changed in some respects. How to coordinate the interest relationship between developed and developing countries and how to reform the existing international organizations and conventions would be an important challenge in the near future.

(3) Brexit became slower. In March 2017, Britain began its way out of the EU, but no agreement has been yet signed. The risk of non-agreement Brexit soared. The slowed Brexit has become a major risk to economic growth of the UK. Owing to its close trade ties with the EU, Britain is strongly economically dependent on the EU, so disorderly leave may maul heavily the British economy. According to Eurostat data, Britain's imports from the EU in 2017 accounted for 51.9% of total trade, with an upward trend. If finally, the non-agreement Brexit reduces the trade volume between Britain and the EU by 25%, Britain's total trade volume would fall by 13.0%, and its national income would decrease by 6.5%-9.7%¹. Given the high degree of economic relevance between Britain and the EU, any slight uncertainty of the Brexit policy would increase the risk of pound sags. On December 11, 2018, while the Brexit vote plan was postponed, sterling dropped to its lowest since June 2017. In 2018, the exchange rate of British pound against the USD fell from its highest of 1.44 in April to 1.25, a drop of 13.19%.

(4) Emerging markets suffered currency volatility. In 2018, despite of stable economic growth in emerging markets, the America First and unilateralism pursued by the Trump administration added great uncertainty to

¹Brexit Sohu, "A Detailed Analysis of Process, Impacts and Uncertainties", http://www.sohu.com/a/281011757_313170.

the world economy and passed them on the exchange rate market of emerging economies. For example, in 2018, the Turkish lira depreciated by 90 % , even by 18% in a day. The panic spread among emerging market countries, triggering a follow-suit drop of exchange rates of Argentine peso, Durant in South Africa, etc. In 2018, the maximum drawdown in the exchange rate of the RMB against the USD also exceeded 10 % . The currency volatility in emerging markets were in jeopardy. The currency volatility in emerging market countries reflects the structural problems of their economic development. Exchange rate risk is only an external manifestation of economic risks. The slowed growth momentum and industrial restructuring in emerging market countries, coupled with rising external debts, produced a quite weak economic base. In the future, under the background that the United States pursues trade protectionism and unilateralism, emerging market countries will face greater difficulties and challenges in realizing the transformation of development drivers.

(5) The sharp fluctuation in crude oil prices caused global concerns. The sharp fluctuation in crude oil prices in 2018 was mainly driven by the instable sustained growth of the global economy, the uncertain position of the Middle East countries on the reduction of crude oil production and the rapid increase of shale oil production. Specifically, first, the reduction of crude oil production fared slowly because OPEC countries voiced differently on it, with doubts about whether they would insist on reducing production commitments in the future; second, shale oil production hit a new high in 2018, which may hedge the production reduction of OPEC countries, thus causing it hard to change the total supply of crude oil. The U. S. Energy Information Administration (EIA) predicted the U. S. crude oil production from seven major shale producers to reach 8.03 million barrels a day by the end of 2018 and 8.166 million barrels a day by January 2019. The violently fluctuated crude oil prices had the greatest impact on oil-producing countries and may exacerbate tensions in the Middle East. In May 2018, the United States announced its exit from the Iranian Nuclear Deal and increased economic sanctions on Iran, whose crude oil exports will face great uncertainty. If the crude oil price plummets, the Iranian economy would be directly hit and if the economy in the Middle East deteriorates, there is possibility that the Middle East oil-producing countries once again join forces to raise up oil prices.

(6) The intensified U. S. debt incurred global jitters. The Trump administration's proactive fiscal policy stimulated economic growth in a short

time, but the structural problem plaguing the long-term economic growth was not resolved, which led to a rapid rise in government debts. After the 2008 financial crisis, the proportion of the U. S. central government debt in GDP continued to rise (see Figure 3), from 64.04% in 2008 to 105.40% in 2017. In 2018, the new debt was USD 1.36 trillion, with a proportion in GDP hitting a historical high. According to the IMF, global public and private debt swelled to 225% of global GDP in 2017, 1/3 of which were from the U. S. government debt. Despite its stimulating effect on the economy, the U. S. tax cut policy has not formed a benign mechanism that drives tax revenue growth through income growth. The global debt problem aggravated in 2018, but countries did not pay much attention and take any effective measures. Risks underpinning the future global economy may play a role due to today's neglect.

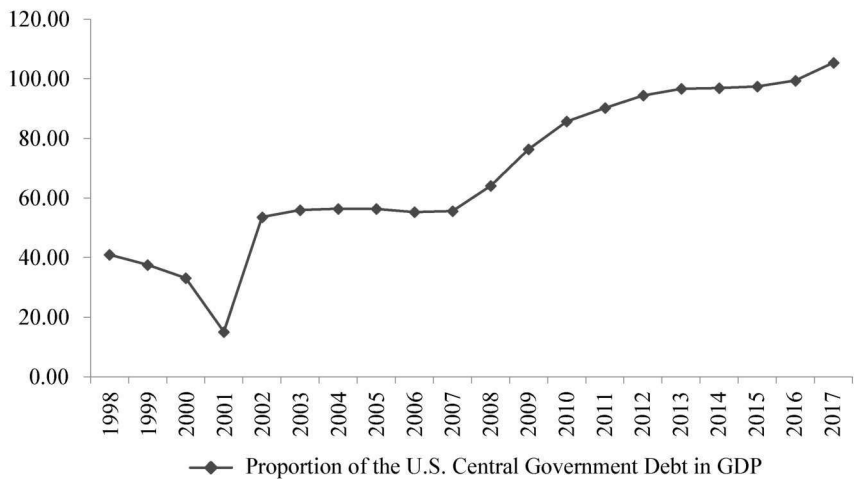


Figure 3 Proportion of the U. S. Central Government Debt in GDP (Unit: %)

Data Source: Wind Database.

Major Factors Affecting the World Economic Growth in 2019

The balance of world economic expansion has been broken, which may weaken the synchronization of economic growth among economies and “uncertainty” may become the key word for world economic growth in 2019. In this article, the following six variables are summarized as the main factors affecting the world economic growth in 2019:

Sino-U. S. Trade Friction Will Have a Deep Impact on World Economy

First, Sino-U. S. trade friction will directly generate trade effects on third countries. In 2017, East Asian countries exported products with high tariffs imposed by the U. S. against China to the U. S for a value of over USD 10 million, indicating that the Sino-U. S. trade friction will lead to a potential replacement in non-Chinese suppliers with existing production bases¹. Second, the Sino-U. S. trade friction will indirectly cause a chain shock to upstream and downstream manufacturers. In the value chain trade, the “fracture” of any link or process will have a direct impact on the industrial structural layout and manufacturers in upstream and downstream countries. Once Sino-U. S. trade frictions escalate, the expected decline in China’s exports to the U. S. will have a ripple impact on upstream and downstream producers through value chain trade. Third, the Sino-U. S. trade frictions will prompt the transfer of international investment to third countries. Trade frictions will increase the trade costs of Chinese companies serving the U. S. market, causing multinational companies (including Chinese companies which invest overseas) to seek alternative sub-optimal capital recipient countries outside China in order to avoid the U. S. import tariff hikes. In this way, Chinese companies with greater productivity will be locked out of the production network.

The Potential Risks in the Financial Market Will Increase the Vulnerability of World Economy

The intensified monetary policy differentiation in different economies in 2018 reflects the reduction in synchronism of world economic growth. The tightening of monetary policy in major economies will put great pressure on emerging markets and make the global economy and financial markets more vulnerable. First, the global stock market may go further down. In 2018, the global stock market entered the accelerated release period of risks, represented by the obviously more frequent daily slumps in the U. S. stock market. With the enhancement of linkage among the global stock markets, the adjustment of the U. S. stock market will have a significant impact on the global markets. Second, the international debt market environment continues

¹Cali Massimiliano, “The Impact of the US-China Trade War on East Asia”, <https://voku.org/article/impact-us-china-trade-war-east-asia>.

to deteriorate. The debts of global residents, enterprises, governments and financial institutions have reached the historical high, and the ratio of global debt scale to GDP has expanded to 3.1 times¹. The tightening of liquidity in developed economies increases the debt and financing costs, which may also risk up sovereign debt crisis in developed economies. Third, the exchange rates in emerging economies may face the risk of further depreciation. In 2018, the exchange rates against the USD in most emerging markets were drastically adjusted. In the context of a strong dollar, emerging market currencies may be posed under the pressure of further depreciation.

The U. S. Tax Cut Policy Will Form a New Path Affecting World Economic Growth

Implemented in 2018, the U. S. tax reform program is expected to have a strong effect on savings and investment, and the stimulus to U. S. economic growth may exceed expectations. First, the U. S. tax cuts may lead a new wave of global tax cuts. The United States is the core hinterland of the global capital market. Its tax cut policy will attract the return of foreign capital, leading to problems such as capital loss, investment reduction and rising unemployment rate in countries like Germany, France and Japan². In order to resolve the U. S. tax cuts, governments may passively reduce taxes to retain foreign capital. Second, the U. S. tax cuts will affect the direct investment of multinational corporations and cause capital backflow. The United States approaches as a “tax haven” of enterprises, which will attract a large number of enterprises as well as overseas capital and commercial systems to return, thus stimulating the competitiveness of U. S. enterprises. Third, the U. S. tax cuts will exacerbate domestic financial risks. The U. S. government debt has reached the upper limit of USD 19 trillion and will continue to rise sharply in the next few years. The U. S. tax reform may have a positive impact on the world economy in the short term, but in the long run, it may lead to rising liabilities, loss of dollar credit, and serious risks to the world economy.

¹“Global Debt at a Staggering USD 247 Trillion, the U. S. Suffers the Worst Blow But Still in Fantasy?”, http://www.sohu.com/a/258081858_334198.

²“Japan Fell into Recession after Reagan’s Tax Cuts! What Impact Will Trump’s Tax Cuts Have on the Global Economy?”, http://www.sohu.com/a/208662642_2760934.