

POLIS-GPE seminar series, 1/2024: China and the reshaping of the GPE



After the recent launch of the new POLIS MA in GPE, we are pleased to announce a new GPE seminar series that recognises the rapidly growing research and teaching activities on GPE matters at the School. We envisage to have a distinct geographical focus - either on a country or a region respectively - over the coming terms. Beginning with China, in the coming weeks we bring in speakers from around the globe to discuss major aspects of the political economy of China and China in the GPE. These are our speakers and their themes; if you have time – come and join us:

- **5.2. 6pm, online: Professor Ka Zeng (Arkansas) and Associate Professor Soo Yeon Kim (Singapore): Chinese Firms in the Trade War: Decoupling through Reshoring?**
As the largest commercial conflict in modern history, how has the U.S.-China trade war affected commercial relations between the two largest economies in the world? This presentation leverages firm-level data to examine the impact of the trade war on the greenfield investment of Chinese investors. Our research yields a few interesting findings. Importantly, our longitudinal analysis of Chinese greenfield investment projects yields some evidence that the tariffs have dampened overall Chinese investment. Further analyses for different world regions indicate that while the tariffs have generally had a chilling effect on Chinese investment in most world regions, they may have prompted Chinese investors to engage in "tariff-jumping," that is, to evade the tariffs on their exports to the U.S. by establishing production facilities in the U.S. market. Our analysis further shows that the trade war may have incentivized Chinese investors to increasingly invest in countries with good political ties with Beijing, in particular in regions such as the Middle East or North Africa, presumably as a buffer against potential downturns in bilateral relations? It may also have contributed, at least in part, to a reduced willingness by Chinese SOEs to engage in overseas investment. However, we found no evidence that the tariffs have led to a perceptible shift in China's investment flows toward BRI countries. Overall, these findings help to illuminate the extent to which policies of "decoupling" may have been effective in inducing shifts in Chinese investors' investment patterns, at least in the short-run. The presentation will conclude with a discussion of how studies of U.S.-China trade relations fit within the broader international political economy literature on China's evolving role in the global economy.

- **23.02, 3pm, in Leeds: Dr Nick Jepson (Manchester): China and the emerging Second Cold War: Competition for network centrality in finance and production**

This talk builds on recent work which theorises the emergence of a US-China Second Cold War (CWII) as a means to grasp contemporary shifts in geopolitics and the global political economy. CWII is conceptualised as one event within a larger historical sequence of US hegemony and challenges to it (encompassing the original Cold War), just as the two World Wars have been understood as episodes in a longer world-historical process of imperial decline and geopolitical reorganisation. Competition in the original Cold War primarily revolved around rival territorial blocs. In the very different context of the contemporary world economy, competition in CWII instead takes place via a struggle for centrality in key global networks (infrastructure, digital, production, and finance). This presentation uses the examples of development finance and critical minerals as a means to illustrate the nature of this competition and explore China's position within the finance and production networks (respectively) in more detail.

- **6.3., noon, online: Professor Shaun Breslin FAcSS (Warwick): Securitising political economy: Shifting Perceptions of China in Europe**

In the mid-2010s, a number of European governments were competing with each other to attract Chinese investment and to become China's best friend in Europe. By the end of the decade, many of those same governments were now viewing Chinese investment as a problem, arguing that Chinese economic statecraft provided at least a challenge to Europe and Europeans, and maybe even a threat. In seeking an explanation for this shift in dominant discourses, this paper focuses on how a particular view of what China is and stands for influences a particular understanding of the nature of China's political economy. This results in a very broad understanding or definition of what is foreign policy and what is economic statecraft in the Chinese case, and what is used as supposed evidence of this state intent (compared to what is done by economic actors from other countries).

- **15.3., 3pm, Leeds: Professor Lee Jones (Queen Mary) International Competition and the Stalemate in Sovereign Debt Restructuring: From the Age of Choice to the Age of Choke**

Until recently, sovereign borrowers in the Global South were supposedly enjoying an unprecedented 'age of choice', as geopolitical competition between lenders allowed them to extract better terms. Today, many developing countries face a looming debt crisis. Many financing options have dried up, while debt restructuring talks have often stalled, compounding debtors' misery. This is frequently attributed to geopolitical rivalry among creditors, reflecting China's rise as a sovereign lender. But why should competition between providers, once supposedly a boon for borrowers, now be a bane? This article explains, by switching an inadequate geopolitics lens for a political economy analysis. We argue that the earlier expansion lending was primarily driven not by geopolitical contestation but by prevailing politico-economic conditions within China and on international financial markets amid US-led quantitative easing, and facilitated by China's fragmented internal governance. As economic conditions changed, financing dried up and creditors scrambled to secure a return on their loans. Today, China's chief competitors are not Western states, but rival lenders: commercial bondholders and multilateral development banks. Given China's fragmented governance, Chinese lenders' commercial motives primarily drive its behaviour, not geopolitical objectives.

- **20.3., noon, online: Yuning Shi (SOAS) Is China financialised? The significance of two historic transformations of Chinese finance**

This presentation tackles the question of whether financialisation is present in the Chinese economy by analysing two key transformations of the country's financial system. The first was a state-led reform process through which the Chinese financial system introduced market practices, similarly to the rest of the economy. The second was a market-led process, reflected in the emergence and rise of shadow banking, which originates from within financial markets with the aim of bypassing loan restrictions. The analysis shows that despite the two transformations and the enormous growth of finance during the past four decades, the underlying character of the Chinese financial system exhibits remarkable continuity. Namely, it remains bank based – albeit partially liberalised – with a predominant role for bank credit and a strong presence for the state. The relational and government-controlled structures of Chinese finance have not been replaced by arm's length and private mechanisms. On these grounds, it is premature to consider the Chinese economy to be financialised.

Bios

- **Ka Zeng** is Distinguished Professor of Political Science and Director of International and Global Studies at the University of Arkansas. Her research focuses on China's role in the global economy, in particular Chinese trade policy, China's behavior in global economic governance, and China-related trade dispute dynamics. Professor Zeng is the author or co-author of *Trade Threats, Trade Wars* (Michigan, 2004), *Greening China* (Michigan, 2011) and *Fragmenting Globalization* (Michigan, 2021). She is also the editor or co-editor of *China's Foreign Trade Policy* (Routledge, 2007), *China and Global Trade Governance* (Routledge, 2013), *Handbook on the International Political Economy of China* (Edward Elgar, 2019), the *Research Handbook on Trade Wars* (Edward Elgar, 2022), and *China and the WTO* (Cambridge, 2023). Prof Zeng is currently Senior Research Fellow at the Wong Center for the Study of Multinational Corporations. She is also a fellow in cohort V of the Public Intellectuals Program sponsored by the National Committee on U.S.-China Relations. She is a contributor to journals such as *International Studies Quarterly*, *Review of International Organizations*, *Review of International Political Economy*, *World Development*, *Economics & Politics*, *Business and Politics*, *Journal of Experimental Political Science*, *Journal of World Trade*, *International Interactions*, *China Quarterly*, *Journal of Contemporary China*, *Social Science Quarterly*, *Chinese Journal of International Politics*, *International Relations of the Asia-Pacific*, *Pacific Affairs*, and *China & World Economy*.
- **Soo Yeon Kim** is Associate Professor at the Department of Political Science, National University of Singapore. She holds a Ph.D. in Political Science from Yale University and a B.A. in Political Science and International Studies from Yonsei University. Professor Kim's research areas are International Political Economy of Emerging Markets, International Political Economy of Asia, and Trade politics. Her current research focuses on free trade agreements in Asia; rising powers in the global economy; and WTO disputes. She is the author of *Power and the Governance of Global Trade* (2011, Series in Political Economy, Cornell University Press).
- **Nicholas Jepson** is a lecturer in global development at the University of Manchester's Global Development Institute (GDI). His work examines the global political economy of the rise of China, particularly in Latin America, sub-Saharan Africa, and Central and Eastern Europe. He recently completed a Leverhulme Early Career Fellowship on China's approach to sovereign debt distress and its wider implications for the global

financial architecture. His book *In China's Wake* (Columbia University Press) was shortlisted for the 2021 BISA IPEG Prize and received honourable mention for the 2021 Immanuel Wallerstein Memorial Book Award from the ASA's Political Economy of the World-System section. His work has appeared in *New Political Economy, Geopolitics, Development and Change, Area Development and Policy, and World Development*. He leads the working group on finance for the China in Europe Research Network (CHERN) and is a founding member of the Second Cold War Observatory.

- **Shaun Breslin** is Professor of Politics and International Studies at the University of Warwick, United Kingdom. He is expert on Chinese politics and economy, globalization, regionalism, governance and international political economy. He is the author of *China Risen: Studying Chinese Global Power* (Bristol: Bristol University Press, 2021), *China and the Global Political Economy* (Basingstoke: Palgrave-Macmillan, 2007), *Mao* (Harlow: Longman, 2000, first edition 1998), and *China in the 1980s: Centre-Province Relations in a Reforming Socialist State* (Basingstoke: Macmillan and New York: St Martins, 1996). Breslin is also the co-author of four other academic books and numerous publications in his field. Breslin is co-editor of *The Pacific Review*, senior research fellow at the Wong MNC Center, Scientific Advisor FORAC (Foreign acquisitions and political retaliation as threats to supply security in an era of strategic decoupling), Associate Senior Research Fellow at The Italian Institute for International Political Studies, and a Fellow of the Academy of Social Sciences (FAcSS).
- **Lee Jones** is Professor of Political Economy and International Relations at Queen Mary University of London. His research focuses on political economy, security, governance, sovereignty and intervention, particularly in East Asia. Jones's current research focuses on Chinese development financing, Western attempts to compete with China, and the global debt crisis. He is co-author of *Fractured China: Exploring How State Transformation is Shaping China's Rise* (Cambridge University Press, 2021, with Shahar Hameiri) and *The Political Economy of Southeast Asia: Politics and Markets Under Hyperglobalisation* (Palgrave Macmillan, 2020, with Toby Carroll and Shahar Hameiri). His most recent book is *Taking Control: Sovereignty and Democracy after Brexit* (Polity, 2023, co-authored with Philip Cunliffe, George Hoare and Peter Ramsay).
- **Yuning Shi** is a PhD candidate in Economics at SOAS, University of London. Her areas of expertise are financialisation and the transformation of the Chinese economy after the Opening and Reform which began in the late 1970s. She is also interested in critical finance, the political economy of money and finance, the political economy of the Chinese economy, and comparative studies of state-owned enterprises in China and other countries. She is currently picking up a new focus of area on Southeast Asian countries, especially Malaysia and Singapore. Yuning recently published an article on the transformation of China's financial system (*New Political Economy*, DOI: 10.1080/13563467.2023.2253158), and on China versus the US in the pandemic crisis - governance and politics confronting systemic challenges (with Dic Lo, *Canadian Journal of Development Studies*, DOI: 10.1080/02255189.2020.1839393).