

Bold strategy to remake the world or irrational exuberance? — The Belt and Road Initiative and China's fiscal foundations



Date: 19 January 2018 (Friday)

Time: 4:30 – 6:00 pm

Venue: Connie Fan Multi-Media Conference Room
4/F, Cheng Yick-chi Building
City University of Hong Kong
Tat Chee Avenue, Kowloon

Speaker: Professor Christine Wong
*Professor of Chinese Studies and Director of the Centre for
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Abstract

The Belt and Road Initiative is a project of breathtaking scale that aims to reshape economic geography to enhance China's centrality in the world. Estimates for the costs of infrastructure to create a sea and land network linking more than 60 countries from Asia to Europe run upwards of 5 trillion US dollars. China has to date committed several hundred billion yuan and created financial institutions to carry out the Belt and Road vision, including the Asian Infrastructure Investment Bank and the Silk Road Fund, alongside the China Development Bank, Export-Import Bank, and state-owned commercial banks. At the Belt and Road Forum in May 2017, President Xi Jinping also committed RMB 60 billion (\$8.7 billion) for humanitarian efforts in health care, housing and poverty alleviation for Belt and Road countries.

Does China have the financial wherewithal to implement this grand scheme?

This lecture examines China's recent fiscal evolution and places the Belt and Road Initiative in the long arc of escalating fiscal expansion since the turn of the century. Under the Hu Jintao – Wen Jiabao administration, the government spent lavishly on boosting public services, especially in the rural areas, using buoyant revenues that grew from ¥1.34 trillion to ¥8.3 trillion during the decade of 2000-2010, a 6.2-fold increase. The Belt and Road Initiative is a new program under Xi Jinping's international policy, likewise conceived in an era of high growth and high foreign reserve accumulation. What happens when China's growth slows? Will China's fiscal institutions be robust enough to enable government to manage the transition and avoid overextending its finances under the BRI?

Biographical Sketch

Professor Christine Wong is Professor of Chinese Studies and Director of the Centre for Contemporary Chinese Studies at the University of Melbourne. She has previously taught at the University of Oxford, the University of Washington, the University of California, Santa Cruz and Berkeley campuses; and Mount Holyoke College. Professor Wong has also held senior staff positions in the World Bank and the Asian Development Bank, and worked with many other international agencies including the IMF, OECD, and UNDP. She is a member of the OECD Advisory Panel on Budgeting and Public Expenditures.

Professor Wong has published widely on China's public finance, intergovernmental fiscal relations and their implications for governance, economic development and welfare. Her recent publications include:

"China's War on Air Pollution: Can Existing Governance Structures Support New Ambitions?" (with V Karplus) in *China Quarterly* September 2017; "The financial crisis and the challenge of fiscal federalism in China: the 2008 stimulus and the limits of China's intergovernmental system" in *The Future of Federalism: Intergovernmental Financial Relations in an Age of Austerity* (Eccleston and Krever, eds., 2017), and "Rumbling of Reform in China's Fiscal Foundations" East Asia Forum, April 17, 2017.

Online Registration: <http://www.cityu.edu.hk/vprt/enroll.html>



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