

Book Review

Book Review

Peter Baláž, Stanislav Zábajník and Lukáš Harvánek (2020), *China's Expansion in International Business: The Geopolitical Impact on the World Economy*, London: Palgrave Macmillan, 335 pp. + xviii.

Owning the labour-abundant advantages, Asian countries became the destination of foreign capital since the early 1970s when various failures began to arise in the world. The flying geese paradigm forecast that China will follow the development path of Japan and the newly industrialised countries (NICs) and transform the production activities from low value added to high value added. Being contradictory to many of the existing development theories, China's fast economic growth attracts concern on exploring the real story of its development. The authors of this book (2020 edition, published on 20 September 2019) try to show the whole trajectory of development of the Chinese economy, and to identify the geopolitical effects on the world.

The new position of China in the world is introduced in chapter 1. The inflow of foreign capital from Japan, Hong Kong, Taiwan and Singapore brings not only new jobs but also technology and managerial skills. This is due to the external elements such as the increasing labor cost of those countries and areas. Meanwhile, since 1978, the Chinese government has changed its policy to embrace the market-oriented economy to fulfill the demand of the domestic market. With the average economic growth rate of 10 per cent in past few decades, China becomes

the world's second largest economy. Now, the Chinese economy is one of the important driving forces in the world economic development.

Chapter 2 shows the potential fundamentals of the development of the Chinese economy and explores the factors that contribute to the development of China such as labor force and education system. China's economic growth mainly relies on capital and labor in the short term, but more on technological progress in the long run. Meanwhile, China's economic sectorial structure has been upgraded from agriculture sector to industrial sector and services sector with the development of the Chinese economy. For education system, the central government realizes the critical role of education only after the Cultural Revolution. Education is one of the effective ways to attract foreign investors to build the affiliate in China to operate sophisticated production processes. Universities in China, as a main source of R&D and generation of new technology, have built a broad connection with the top universities in the United States and member countries of the European Union (EU). All the above helps China to achieve its economic position in the world.

Chapter 3 mainly explains the importance of China in global trade. To improve the Chinese economy, international trade is a vital factor for utilizing comparative advantages to expand the international market. The share of Chinese trade volume in the world trade increased from 1 per cent in 1978 to 11.75 per cent in 2018. In different periods, China's partnership with the Council for Mutual Economic Assistance (COMECON), Japan, Hong Kong, United States and the Western Europe changes. This can be explained by the dynamic changes of political doctrines and foreign relations. From the commodity perspective, China's export has changed from industrial inputs in 1980s to high value-added goods in 2010s. China's economic policy, foreign direct investment (FDI) and its long-term development strategy play an important role in advancing the country's foreign trade.

The power of FDI in China's expansion in the international economy is explained in chapter 4. Capital movement plays a critical role in promoting economic development by transferring technology and know-how. FDI plays the unique role in the development of the Chinese economy. Before 2010, the accumulation of inward FDI promoted economic growth and expanded foreign trade. After 2010, as the Chinese economy faced the pressure of slowdown, outward FDI helped Chinese enterprises to seek new market and cheap labor in order to keep the expansion of firms. The motivation of China's outward FDI has changed from resource-seeking to asset-seeking. With the proposing of the Belt and Road Initiative (BRI) by Chinese president Xi Jinping, the Chinese government highlights the importance of outward FDI in those countries and tries to find a new economic growth engine for China.

Chapter 5 describes the role of energy for China's development strategy. As the world's largest energy consumer, China has a huge demand for coal, crude oil, copper, steel and many other metals. As the world factory, energy consumption has a positive relationship with the economic growth in China. Energy consumption is not only to fulfill the demand for local Chinese consumption but also for the consumption of the rest of the world. Energy security is crucial for the long-run development of the economy. It can be predicted that China will follow the United States' strategy to reinforce the cooperation with the developing countries by importing raw materials and exporting goods. The dominant role of the Chinese economy in energy market will be enhanced.

This book helps the readers to understand the essence of China's expansion in international business from the perspectives of international trade, FDI and energy. It explores the development path of the Chinese economy and its impact on the world economy. Following the flying geese paradigm, China has successfully transformed its role from a

cheap labor and products supplier to a leading player in the world. By expanding export and attracting FDI, the labor in China is employed to produce goods and trained to be more skilled. With the accumulation of capital inflows, the Chinese companies learn the advanced managerial skill and high technology, which enhances its competitiveness in the world market. With the slowdown of the Chinese economy and increasing labor cost in China, outward FDI increases sharply to seek new market.

In international business, outward FDI is more controversial than international trade, as it outputs the capital and controls the economic even security sectors of the host country. For Chapter 4, some part of the contents is rather confused as the authors combine inward FDI with outward FDI. There should be a clear boundary between inward FDI and outward FDI, as they play different roles in the development of the Chinese economy. The authors only show the Chinese investment in the European Union and ignore the other import partners such as the United States and the Association of Southeast Asian Nations (ASEAN). For chapter 5, the authors do not explain clearly why they only compare the energy consumption between China and EU.

All in all, this is a good book that introduces China's expanding role in international business. It gives a big story from about 70 years ago until now. Meanwhile, the new economic conditions are also included such as the BRI and the new normal of China's economy. It is worth to read it.

Chang Le

*Department of Economics
Faculty of Economics and Administration
University of Malaya
Malaysia*

Chang Le (常樂) was on the staff of the Malaysian Ministry of Higher Education/University of Malaya High-Impact Research (HIR) grant project “The China Model: Implications of the Contemporary Rise of China” at the Department of Administrative Studies and Politics, Faculty of Economics and Administration, University of Malaya, and is a Ph.D. candidate at the faculty. <Email: changle1984@siswa.um.edu.my>

Contemporary Chinese Political Economy and Strategic Relations: An International Journal

Volume 5 Number 2 June/August 2019 (*Focus Issue*) ISSN 2410-9681

Upon the Thirtieth Anniversary of Tiananmen Protests and June Fourth Massacre: Value Renewal and Path Finding for China's Pro-democracy Movement

Focus Issue Editors: Joseph Y.S. Cheng and Emile K.K. Yeoh

Foreword

Why We Remember June Fourth 511
Perry Link

Prologues

Thirty Years after Tiananmen: The PRC as an Emerging Global Threat to Freedom 521
Larry Diamond

Assessing China's Situation and Challenges 537
Joseph Yu-shek Cheng

From Protests to Crackdown

April 27th, 1989: The Day the Chinese People Stood up 575
Jean-Philippe Béja

June 4th, 1989: A Founding Non-Event, a Breaking Point in Time and Space 595
Michel Bonnin

The Tiananmen Military Coup d'État of 1989: A Neglected Aspect of History from a Comparative-Politics Perspective 619
Guoguang Wu

(Continued on next page)

China Post-Tiananmen

Liu Xiaobo and the Citizens' Rights Movement: 657
A New Face for China's Democracy Movement in 2003
Perry Link and Weiping Cui

From 1989 to "1984": Tiananmen Massacre and 691
China's High-tech Totalitarianism
Teng Biao

Interpreting China Post-1989 Tiananmen Square Protests: 713
Discursive Formation of "Sinicization of Everything"
Wai-Kwok Benson Wong

Transborder Reverberations

Tiananmen Protests and Lessons for Democratization 745
in Vietnam
Nguyen Quang A

A Review of the Consensus-building of One Country, Two 765
Systems in the 1980s and 1990s
I-Lun Shih and Alex Yong-kang Chow

Commentary – The Hard Side of CCP's Soft Power: 793
Confucius Institute
Fernando Romeo

Postscript

Thirty Years after the Tiananmen Protests and June Fourth 801
Massacre: Requiem for a Chinese Dream – and Recharting
the Path of Nonviolent Action and Civil Societal Movement
to China's Democratic Future
Emile Kok-Kheng Yeoh

Contemporary Chinese Political Economy and Strategic Relations: An International Journal

Volume 5

Number 1

April/May 2019

ISSN 2410-9681

Foreword

- Hegemon on a Roll or Realism in the Periphery? – China and the Developing World in the Context of Transnational Linkages and Comparisons 1
Emile Kok-Kheng Yeoh

Sovereignty, Dependency and Peripheral Realism

- Into China's Rough Seas: Troubled Maritime Institutions in the West Philippine Sea – Implications for Philippine National Security 33
Rhisian Mae E. Morales

- Malaysia Baru*: Reconfiguring the New Malaysian Capitalism's Dependency on China – A Chronicle of the First Post-GE 2018 Economic Reforms 77
Elsa Lafaye de Micheaux

- On President Rodrigo Duterte's "War on Drugs": Its Impact on Philippine-China Relations 137
Diosdado B. Lopega

Social Welfare, Social Movement and Social Control

- Politics of Social Welfare: A Comparison of Social Work Curriculum and Pedagogy in India and China 173
Rajendra Baikady, Shengli Cheng and R.M. Channaveer

(Continued on next page)

Policing Transnational Protests in an Asian Context: The WTO Sixth Ministerial Conference in Hong Kong 211
Lawrence Ka-ki Ho

Trade, Investment and Regional Dynamics

Belt and Road Initiative and the South American Integration Initiatives: A Comparative Analysis between Asian and Latin American Initiatives with a Complementary Proposition 253
Henrique Pissaia de Souza and Tingyu Liu

Does the “Belt & Road Initiative” Possess Soft Power? 301
Saifur Rahman

“New Go South Policy”: Are Exports and Imports of Taiwan with ASEAN-10 Cointegrated? 333
Chii Torng Liew and Tuck Cheong Tang

China, Sustainable Development and the Peripheral Frontier

China’s ECM Model in Sustainable Management of Rivers: Drawing Lessons for the Zambezi River Basin from the Case of Mekong River 363
Lucy Anning

Environmental Dimension of Regional Development in China, with Special Focus on Grassland Ecological Compensation in Alxa League of Inner Mongolia 409
Emile Kok-Kheng Yeoh and Suruna

Book Review

Ling Chen (2018), *Manipulating Globalization: The Influence of Bureaucrats on Business in China* 493
reviewed by Mária Ilona Bábosik