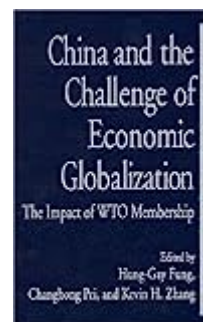


Hung-Gay Fung, Changhong Pei, Kevin H. Zhang, eds. *China and the Challenge of Economic Globalization: The Impact of WTO Membership*. Armonk: M.E. Sharpe, 2006. xvii + 317 pp. No price listed (paper), ISBN 978-0-7656-1468-1.



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The learned editors have presented their readers an instructive volume on the state of the Chinese economy with special focus on China's admission to the membership of the World Trade Organization (WTO). As the author of *China's Industrial Revolution and Economic Presence* (2006), it is a special privilege for me to review the volume.

The book has been organized in four parts. Part 1 on "Economic Performance after China's Accession to the WTO" has four papers, contributed by Changhong Pei and Jinjian Shen, Kevin H. Zhang, Penelope B. Prime, and Ying-Qiu Liu. Part 2, dealing with "The WTO and China's Economic Welfare," includes six presentations by Xiaodong Wu, Yan-Zhong Wang Nini Yang, Bing-Wen Zheng, Jian Zhang, and Ju-Wei Zhang. Part 3, covering "Financial Reforms and Capital Markets," gives us four papers, authored by Hung-Gay Fang and Qingfeng "Wilson" Liu, Hung-Gay Fang, Wai Kin Leung and Stanley L. Zhu, Changwen Zhao and Kun Li, and Mei Liao. Finally, part 4, on "Industrial and Agricultural Development," consists of four by Ting Gao, Francis Tuan, Agapi Somwaru and Xinshen Diao, Xiao-shan Zhang, and Wai-Chung Lo. The editors themselves have authored/co-authored specific contributions. Indeed, editors and contributing authors introduce us to a unique pool of scholarship, representing universities and research academies

in China and in the United States.

China only got WTO membership in late 2002; therefore contributors to the volume would only have had opportunity to observe economic changes for 2004 and 2005 (if we assume the manuscript was prepared at the beginning of 2006). China's industrial revolution, as I have noted in my book, is a long-accomplished fact and China's economic presence was not conditioned by her WTO membership. Of course, WTO membership has given China's foreign trade—both imports and exports—more competitive market access.

In part I, Ying-Qiu Liu's paper, "After Accession to the WTO: Foreign Direct Investment Flows in Western China," merits special attention. I have argued that China's GDP can continue to grow at the high rate of 9-plus percent by moving into western China, where there is both an unexplored resource base and an abundant labor supply. The recent inflow of massive funds from overseas banks, hedge funds, and investment-banking institutions will help the process just as FDI did in the first phase of China's industrial revolution. Part 2 is a bold attempt to evaluate the change in China's economic welfare attributable to China's WTO membership. Let us agree that non-membership denied China certain economic gains. Thus, membership itself is a plus. However, membership of WTO will bring with it certain obliga-

tions and costs. While it is too soon to make a substantive evaluation, Nini Yang ventures to discuss some related issues. Ju-Wei Zhang in a thoughtful research paper explores the employment potential of China's WTO membership; this issue warrants further empirical research. The analysis of the changing of employment elasticity from 1979 to 2000 presented here is a valuable exercise. One must wait for relevant data for China's post-WTO membership.

Part 3 addresses certain critical issues. Comparative data on sectoral shares in China's GDP show that over time, China's industrial sector has made massive progress; the agricultural sector's share is decreasing; and the service sector is suffering from a relatively poor performance record. I have argued that this imbalance with the service sector lagging far behind the industrial/manufacturing sector, is a challenge for the Chinese economy. Inflation has periodically threatened to get out of control. China has initiated corrective measures. The People's Bank of China (PBOC) has been engaged in formulating and managing proper monetary policies. The paper by Mei Liao investigating China's implementations of commitments to the WTO in this regard must be widely read.

Part 4 includes two interesting, albeit short, papers. Francis Tuan, Agapi Somwaru and Xinshen Diao coauthored the paper reviewing the impact of China's WTO membership on China's agricultural policy devel-

opments. Land belongs to the family, and then to the people of China, consisting of all the families of China. Xiao-shan Zhang elaborates the issues and poses the critical question of whether the Chinese farmers will be potential losers from the WTO.

The authors limit their studies to China's WTO membership and economic globalization. Let us invite them to follow up with research papers as China's WTO membership progresses over time. China has a leadership to role to play in global trade liberalization. The Doha Round is threatened with a tragic demise. The confrontation on free trade with respect to agricultural products has placed the United States and the European Union on one side and the poorer economies of the world on the other. Environmental issues and the Kyoto Protocol remain another divide.

China's economic presence is global and China must assume an articulate leadership role in the substantive globalization of the world economy. The anti-globalization movement warrants some patient hearing. Restructuring of the post-World War II international institutions, such as the International Monetary Fund (IMF), the World Bank (inclusive of the International Bank for Reconstruction and Development (IBRD) and other related agencies) has become an issue. But then no single scholarly enterprise can address all the challenging issues in the field at large; this volume nonetheless represents a valuable addition to the literature.

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