Thanaporn Pornvuthikorn
#5804640034

<u>Chinese Economy and Globalization</u>

Firstly, the lecturer talked about a brief history of China during the government of Chairman Mao which used the idea of communism, everything is 100 % state-owned in order to let every people owns the same proportion of stuffs. In this era, China wanted to industrialize the country or to make the Great Leap Forward to promote economic growth and government power. However, the propaganda they used was to try to make their people believe that China is the best and the Chairman is their everything. During those days, sometimes, government released massive propaganda that was contrasted with the bad reality to make people still believe in the state. In this period, there were many massive wasted investment and also too high target production rate which lead to inefficient distribution of resources. There were also so many rural farmers who worked super hard but get very little food to eat, starving and famine spread a lot. Many say that it is the worst man-made famine in the history.

The next was the cultural revolution which still emphasized on the basis that view the chairman as the god-like and believe that he is only one who can lead the people to success. This period, there were no culture, no rich and no education. So, Chinese people wanted only chairman. This period owned many adverse consequences like massive loss of human capital due to the lack of education during those days and so on. China learnt a lot of lessons in this era and try to do things that will not make the history repeat again.

Then, we go to the modern China, which makes the great steps to economic reform, China try to make more openness and more privatization, like, to let private sector have some ownership, not 100% state-owned anymore.Additionally,they also make restore of education since the cultural revolution, more movement of labors into private sector, lessen the state-owned enterprises and so on.

Nowadays, China becomes more and more successful and become one of the most powerful in terms of economic power right now. China is known now as one of the cashless society. The online payment and e-commerce are very famous there due to the convenience delivered to customers, making this kind of business is very booming in China. For example, “11/11”or the global shopping festival established by Alibaba group is one of the most popular campaign in China and can bring about a lot of revenue circulated in the economy. Furthermore, according to the rising cost of labor, trend has changed. From ‘made in China’ into ‘innovate in China’. China’s spending on research and development is quite high. It also have initiated the one belt one road project which is like the silk road for 21st century. This can make positive impact to trade among countries around the region. Anyway, there still existed some issues that China quite concern. They are the problem of education, which can link with human capital issues as well as the issue of unequal distribution of wealth among each part of the country.

So we can see that China has learned a lot from its own history. We can see that the government try to improve many things that their country made losses in the past. For example like the consequences from the cultural revolution which bring down their economy a lot. We can observe that China has to improve a lot in many sectors for their country before they can achieve more economic power and become one of the important leader in global economy like nowadays. This lecture provided a lot of important information about China including history and nowadays’ circumstance and also important policies to improve the country. It makes me know China a lot better than I was.

Freer Flow of Capital

For this lecture, we can firstly see that there are many trade agreement initiation around the world which is one of the important reason making the global real income increase and also the better income distribution among each particular region. Next, the lecturer talked about the AEC blueprint which consisted of the five objectives of free flows among members which are goods, services, investment, skilled labor and capital. Anyway, in terms of capital flows, we can bring only the 'freer' flows of capital and this lecture would emphasize on this. The concept of capital flows is in the concept of the balance of payment which contain of current account and capital account. We can see from the ASEAN capital account liberalization framework which there are total of five stages: current account, direct investment, portfolio inflows, portfolio outflows and other flows, respectively. In each stage would have different level of risk associated as well. Another observation is that, we see that we would use the different relevant features for each different countries. Furthermore, the lecturer also talked about the Master plan of Thailand and about the safeguards for banking and capital account liberalization. We can see that the flows of capital is quite fluctuated, so we need some authorities to preserve the government's regulatory to adopt the necessary measures to cope with the difficult balance of payment, the instability in exchange rate and macroeconomic as well as the difficulties caused by capital movement. Next, he talked about the international investment agreements like bilateral investment treaties and investment chapters of FTAs. Thailand has now sign the 42 bilateral investment treaties under negotiations since 1960s. The lecturer also provided an activity to work together. Like, divide the people into two groups, ASEAN and South Korea. Each team would get the information of that country and also the common information. The common information can be fixed and devise differently across the group. However, the representatives of each group has to find the way and room for negotiation with each others.

Mainly, this lecture provided the information about the capital flows liberalization which quite a lot relevant to trade agreements. We can see that trade agreements become the important part nowadays for economic progress of each particular country. What interesting is the game or the activity that the lecturer gives to us. It somehow help us to imagine the picture more clearly of how the nations negotiate to each others.