

INTERNATIONAL ECONOMIC REVIEW

Volume 158 Number 2 2022

Editor-in-chief Yao Zhizhong
Associate Editor-in-chief Sun Jie

Editorial Board

Cai Fang	Cao Yuanzheng	Chen Caihong	Cheng Wei	Ding Yifan
Fan Gang	Feng Xiaoming	Gao Haihong	Hai Wen	He Fan
He Liping	Hu Angang	Hua Min	Huang Haizhou	Jin Zhongxia
Li Daokui	Li Xiangyang	Li Xiao	Li Yang	Long Guoqiang
Shao Binhong	Sheng Bin	Song Hong	Wang Haijun	Wang Jisi
Wang Xin	Wang Yu	Xie Duo	Xie Ping	Yao Zhizhong
Yu Yongding	Zhang Bin	Zhang Liqing	Zhang Ming	Zhang Weiyang
Zhang Yansheng	Zhang Youwen	Zhang Yunling	Zhang Yuyan	Zhou Qiren
Zhu Min	Zou Jiayi	Liu Shiguo		

Director of Editorial Department Wang Bijun
Editorial Staff Cui Xiumei Qiu Jing

International Economic Review was launched in 1996 by the Institute of World Economics and Politics, Chinese Academy of Social Sciences. The Publisher cannot be held responsible for errors or any consequences arising from the use of information contained in this journal; the views and opinions expressed do not necessarily reflect the Publisher.

Manuscripts should be sent to : *International Economic Review* at the Institute of World Economics and Politics, Chinese Academy of Social Sciences (5, Jianguomennei Dajie, Beijing, 100732).

SUBSCRIPTION

Call: (8610)85195773

Fax: (8610)65137549

Email: ier@cass.org.cn

ISSN1007-0974

Printed in Beijing, China

INTERNATIONAL ECONOMIC REVIEW

2022. 2

Have the Global Low Inflation Dynamics Changed?

Peng Wensheng, Guan Tao and Zhu Haibin

9

The COVID-19 pandemic has disrupted the international supply chain and global economic recovery has been unbalanced, with developed economies recovering faster than developing countries; meanwhile, in the developed economies, demand recovery has been faster than that of supply, leading to this round of strong spikes in inflation. In the post-pandemic era, the hidden risks of excessive money supply and excess liquidity, labor shortages, the global industrial chain adjustments, intensified market monopoly, and efforts to implement carbon neutrality policies may push the global inflation above pre-pandemic levels. However, the upper limit of monetary policy tightening is constrained by the sharp surge in debt in the wake of the epidemic, and cannot be fully used to tackle inflationary pressures; as a result, pre-emptive plans to tackle rising inflation are more important than inflation forecasts.

How to Strengthen Policy Planning and Coordination to Steadily Expand China's Economy?

Huang Yiping, Liu Shangxi, Zhang Yongsheng and Wang Yong

18

China has entered a new stage of development with diverse goals and policies. It needs to further strengthen the match between social transformation and economic transformation, economic transformation and green transformation, and government transformation and development transformation; it also needs to shun rigid assessment mechanisms features extreme, short-term and indicator-based assessment methods, and focus on solving the “fallacy of composition” and “fallacy of decomposition” problems. Given the uncertain macro environment, top-level decision-making should be combined with grass-roots autonomy in making economic policies, leaving more room and flexibility for policy adjustments. In implementing policies, policymakers must take into consideration short-term and long-term consequences and make thorough risk assessments. The importance of GDP growth should not be underestimated, but it should not be over-emphasized, and environment protection and economic growth should be well coordinated.

Economic Policies after the Growth Miracle

Zhang Bin, Zhu He, Zhong Yi and Zhang Jiajia

28

After the World War II, some economies in Europe and East Asia achieved miraculous economic growth. It had been followed, however, by a decline in traditional growth momentum, with the growth of the new economy facing various constraints, leading to public dissatisfaction. Some European countries suffered stagflation for more than a decade after their growth miracle, while Japan entered the era of “Japan the No. 1”, successfully putting inflation under control while using aggregate demand management to maintain economic prosperity as new economy also grows at a fast pace. The government’s economic policies, whether in Europe or Asia, during the growth miracle now need to be adjusted; as the complexity of the economy increases, only by letting the market dominate resources allocation can productivity be further increased. Aggregate demand management requires the right tools instead of structural policies. Monetary and fiscal policy tools could be applied in overcoming the lack of endogenous market demand. It has also been inevitable for those countries to improve social security and adjust it in a timely manner and in accordance with the changing challenges those countries face.

Platform Economy, Labor Market, and Income Distribution: Recent Trend and Policy Options

Li Lixing and Zhou Guangsu

46

The development of platform economy has speeded up the change of the nature of work, from human labor to automation, from off-line to online, from fixed arrangement to flexible employment, and from single-employer to multiple employers. The proportion of gig workers who belong to the new employment category in the labor force has increased, bringing a structural change in the labor markets around the world. Analyses suggest that digital technology has caused the division of production process, outsourcing, and the re-structuring of work tasks, leading to a trend of “dis-organization”. Traditional employee jobs are being replaced by new types of employment, so that employer-employee relationship has experienced important changes. This article suggests that the challenge of labor protection and worker welfare should be solved with the unbundling of employer-employee relationship. New types of social security should be explored and a broader labor protection network should be established to accommodate the technology advancement. While innovation and development of platform economy should be encouraged, the social safety network for vulnerable groups should be improved, income re-distribution methods in a general sense should be strengthened, so that the development dividends could benefit those whose interests have been jeopardized in the structural reform.

Global Digital Economy Governance: Elements, Mechanisms and Breakthroughs

Chen Weiguang and Zhong Lieyang

60

Against the backdrop of the continual impact of the COVID-19 pandemic on the global economy and the anti-globalization tide, a new round of globalization driven by digital technology has been on the rise. The digital economy based on internet and digital technology is becoming a new driving force for global economic growth. Some problems, including digital divide, platform monopoly and cross-border data flow, have gone beyond the boundary of traditional global economic governance, and it is necessary to establish a systematic analysis framework of global digital economic governance. Based on the analysis of the principles, subjects, objects, methods, goals and operational mechanisms of global digital economic governance, this article argues that traditional governance mechanism can hardly adapt to the rapid development of global digital economy, and the alliance- and network-based governance structure, centered on the Group of 20 (G20) and radiating to the periphery, is being formed on the basis of regional multilateral agreements. With the in-depth development of digital economic globalization, the subjects and objects of global digital economic governance will tend to be diversified in the future. It is an ideal goal of global digital economic governance to build a new order featuring unity, inclusiveness, sharing and reciprocity.

Understanding of FinTech Supervision: Change, Diversity, and Direction

Zhang Yang

88

There has been little consensus as to how the fin-tech sector should be supervised. Based on the three variables of major events, demand preference for fin-tech and technology impact, this article records the cognitive changes of fin-tech supervision of academics and regulatory authorities, and compares the cognitive differences between the United States, the United Kingdom and China. The study finds that before 2016, the mainstream understanding was that fin-tech supervision and financial supervision were not the same, and regulatory autonomy, innovation and regulatory balance, and the special risks of fin-tech were used to explain the uniqueness of fin-tech supervision, but there was no consensus at the interpretational level. At the same time, the practice of fin-tech supervision has presented the same characteristics as financial supervision, and is still within the framework of financial regulation, which macro prudence, micro prudence, and regulation of behavior. China and the United States have attached importance to fin-tech macro and micro prudential supervision, while the United Kingdom has focused on fin-tech behavior supervision. The rapid development of fin-tech innovation and application since 2016 has made fin-tech supervision increasingly differ from

traditional financial supervision and is seen as an important force in revising cognition of fin-tech governance and influencing regulatory practice. The United Kingdom has strengthened the cognition that RegTech equals fin-tech supervision, and has continued to explore regulatory tools and RegTech innovations. The United States has begun to attach importance to the particularity of fin-tech and has innovated fin-tech supervision under the framework of functional supervision. China has emphasized macro-prudential supervision of fin-tech and explored the role of fin-tech infrastructure in regulation.

China's Blocking Statute System Buildup amid US Economic Sanctions

Ye Yan

111

In recent years, the United States has frequently abused its extraterritorial jurisdiction and implemented its foreign policy through unilateral economic sanctions, which has hindered the free economic exchanges around the world. Many countries have enacted blocking statutes to safeguard their legitimate rights and interests. Due to China's unique national conditions and international situation, the US economic sanctions have significantly affected China's national security, economy, politics and diplomacy in four scenarios. Scenario I refers to economic sanctions imposed by the US on third countries that influence transactions between China and those third countries. Scenario II, III and IV refer to economic sanctions imposed by the US on China that influence transactions between third countries and China, between the US and China, and between Chinese entities, respectively. In the buildup and implementation of its blocking statute system, China should give priority to different scenarios in a flexible manner based on different situations to equip itself with legal tools and improve its influence in international opinion as it copes with and counters economic sanctions imposed by the US. China's blocking statute system, however, is a double-edged sword, which would put private entities and public authorities into a dilemma. Such a dilemma, however, is an indispensable price for China to pay as it safeguards its sovereignty, and copes with and counters the US economic sanctions. At present, China has basically built a blocking statute system through the promulgation of *the Provisions on the Unreliable Entity List*, *the Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures*, and *the Anti-Foreign Sanctions Law*, marking a major step forward as the country copes with and counters economic sanctions from the US. Meanwhile, there is still room for improvement in China's blocking statute system. In the legislation and implementation of its blocking statute system, China should fully bring out the system's value as a tool to counter foreign sanctions, while exercising self-restraint to strike a balance between safeguarding its macro national interests and protecting micro individual interests.

Reverse Market Shock of US Technology Sanctions: Analysis Based on the Huawei Incident

Chen Sichong, Wang Ziyu and Liang Yitian

140

The US authorities included Huawei in its entity list of export control on May 15, 2019, requiring domestic suppliers to obtain special permission before selling products and services to the Chinese tech company. However, the export control policy of technology sanctions is a double-edged sword, which may have negative impacts on domestic suppliers while imposing sanctions on enterprises of other countries. It is important to study the reverse market shock of the export control policy. This article estimates the impacts of the entity list of US export control policy on Huawei's suppliers in the US, and examines the impact factors of heterogeneous shocks and their industry diffusion effects, as well as the counter-effects of shocks on export control policy. The results show that most of Huawei's suppliers in the US have suffered losses from the US government's export control policy. Moreover, suppliers with closer business ties to Huawei or weaker profitability are more affected by export control policy. Meanwhile, the export control policy of the US has also led to a significant industry diffusion effect, which has a negative impact on other companies in the suppliers' industries. Therefore, some suppliers have taken measures against the export control policy, leading to a certain degree of disruption in the implementation of the control policy. Moreover, this article finds suppliers with larger size of market value loss seem to have a more significant impact on the policy. To cope with the technology sanctions of the US, Chinese companies should improve themselves, and communicate and collaborate closely with their suppliers in order to minimize the negative impact of technology sanctions of the US.

Difficulties and Solutions for the Construction of Cross-border E-commerce Statistical Monitoring System

Li Zhiyuan and Liu Dan

160

Cross-border e-commerce has played an increasingly important role in international trade. China has made remarkable headway in the development of cross-border e-commerce, but its regulation has lagged behind. Since 2014, the statistical monitoring and regulatory system of cross-border e-commerce in China has been gradually established, although it is yet to become fully fledged. More discussion on how to improve the system to facilitate sustainable development of cross-border e-commerce in the context of big data is needed. This article documents types of cross-border e-commerce and points out the difficulties in monitoring and regulating cross-border e-commerce transactions. It then introduces the current situation and shortcomings of cross-border e-commerce regulation in China, and explains the statistical quality requirements. On that basis, the article points out that logistics enterprise is the pivotal link in the construction of a statistical monitoring system. The article finally gives specific suggestions for the construction of such a system.