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World Openness : Resilience, Rebirth and Security

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and Alexander Lomanov*

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The World Openness Report 2022 was released on November 5th, 2022 at an international seminar, which was held during the 5th Hongqiao International Economic Forum. Experts at the meeting shared their observations and views on world openness theory, policy and practice. In recent years, the world has experienced quite a number of shocks, with a small number of countries first advocating policies prioritizing their own interests at the cost of others' and decoupling from other countries, followed by the novel coronavirus pandemic and geopolitical crisis dealing a double blow to the whole world. Humanity is once again standing at the crossroads of history: Should we open up or close the door? The relative decline of Western-style economic globalization has opened up space for new types and strategies of globalization. China has always been opening up to the outside world. Only by continuing to open up can it break through all the adversities amid headwinds. Despite the shrouding mists and spring chill, new forces promoting global opening-up are sprouting and thriving. The digital economy and green development will become a key force in reorganizing global factor resources, reshaping the global economic structure, and transforming the global competition landscape.

Digital Currency and Currency Internationalization: From the Perspective of Currency Function

Guan Tao

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Digital currency includes central bank digital currencies (CBDCs) and some stablecoins; they have complete monetary functions, such as unit of account, medium of exchange, and store of value. At present, central banks are actively engaged in the research and development of CBDCs, and stablecoins account for a large share of the cryptocurrency market due to their relatively stable value. From the perspective of currency function, this article argues that CBDCs and stablecoins as well as the underlying technology on which they are built have significant potential to promote cross-border payment and can become an important supplement to the currency internationalization drive. However, apart from the function of

cross-border payment, the internationalization of a currency also requires its international role in denomination, financing, investment, and reserve to be fully brought out, where the CBDCs and stablecoins do not have any advantage over traditional bank currencies. For China, while it has been a global leader in the development of digital currency and the cross-border use of e-CNY has become technically feasible, it is institutional supply that is the most critical factor in the internationalization of the RMB. Politicized interpretation may derail a country's efforts to develop CBDC.

Panorama of Digital Currency Research: An Analytical Framework for Fiscal Applications

Ma Yang and Yang Dong

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The current research on digital currency has been conducted mainly from a financial perspective, while the fiscal perspective that can also reflect the economic attributes of digital currency is almost blank. To ensure that China's leading role in digital currency layout can be transformed into a national competitive advantage, this article constructs an analysis framework of fiscal application of digital currency. The long-term development of digital currency requires an important fiscal supporting role, while the programmability and payment-as-settlement features of digital currency can optimize fiscal management activities. Digital currency makes up for the shortcomings of the fiscal policy, such as long time lag and difficulty in effect assessment. The flexible programmability of digital currency strengthens the advantage of fiscal policy in adjustment of macroeconomy through in-depth microstructure involvement. On the basis of summarizing useful experiences in other countries, the article analyzes the different focuses of digital currency in two different fiscal scenarios – automatic stabilizer and discretionary policy, and explores how digital Renminbi can unlock its technology innovation potential in centralized treasury collection and payment and government debt management. With the help of digital currency, the coordination of macroeconomic governance methods will become smoother.

The Development of Stablecoin and Its Potential Macro-Policy Challenges

Zhang Bei, Zhang Xiaoyan and Zhang Wenting

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Stablecoin is a category of encrypted digital currency issued by private institutions. It is a product of the development of the blockchain and maintains stable purchasing power by anchoring legal currency (or assets). Stablecoin has expanded rapidly since 2020, with its total

market value increasing by nearly 28 times in the past two years. The market is mainly dominated by five stablecoins, such as the TEDA coin. Affected by the plunge of algorithmic stablecoins since May 2022, the stablecoin market as a whole has suffered setbacks, indicating that it is not yet a currency in the full sense of the word and it could give rise to potential risks, such as operational risks and illegal trading, which pose a challenge to macroeconomic policy-making. Stablecoin may divert some commercial bank retail deposits, reduce their funding sources' stability, and weaken traditional banks' advantage in cross-border payment. As a financial asset, it may weaken the effectiveness of the transmission channel of monetary policy. It may also undermine a country's monetary sovereignty, curb the multi-polar international monetary system, weaken the effect of capital controls, and affect financial stability. Meanwhile, stablecoin may easily cause such problems as deposit runs and network security, bringing losses to consumers. Its anonymity principle also facilitates tax evasion, money laundering, and terrorist financing, which brings great challenges to financial regulation. Therefore, the article suggests that efforts should be made to strengthen tracking and monitoring of stablecoin, guide consumers to raise self-protection awareness, actively participate in cross-border regulatory coordination and governance, and promote the use of e-CNY in a stable and orderly manner.

Impact of US–EU Global Infrastructure Plan Coordination on the Belt and Road Initiative and China's Countermeasures

Zou Lei

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With the in-depth implementation of China-proposed Belt and Road Initiative (BRI), infrastructure investment has become an important content of major power competition. The United States and the European Union have successively proposed their global infrastructure investment plans, including Build Back Better World (B3W), Partnership for Global Infrastructure and Investment (PGII), and Global Gateway. The two sides have attempted to strengthen policy coordination on investment rules, financing models and project layout through mechanisms such as the G7 Summit and the US–EU Trade and Technology Council, seeking to provide alternatives to the BRI. Generally speaking, their challenges to the BRI are mainly manifested in three aspects: public opinion pressuring, rule barriers, and project competition. At the same time, however, they face such problems as inadequate financing ability, internal coordination challenge, and refusal of developing countries to take sides. It is likely that these three infrastructure plans proposed by the US and the EU will be in a “competitive coexistence” with the BRI for a long time. China should respond to the many challenges posed by the US and the EU, and actively explore space for bilateral or trilateral cooperation.

Impacts of COVID-19 Pandemic on Labor Market: Evidence from Developed Countries

Zou Jingxian and Meng Xingyi

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The COVID-19 pandemic has brought a series of far-reaching changes to the labor market. Evidence from developed countries that have taken the lead to loosen control measures over pandemic shows that the changes are mainly manifested in the acceleration of automation substitution, the popularity of home office, and the new phenomenon of “shecession” (i. e. declining female jobs during recession, a term coined to distinguish from the “mancession” manifested in the decline mainly in male employment). From the perspective of labor demand and supply, the COVID-19 pandemic has had a greater impact on groups more vulnerable in the labor market, including low-skilled, female, young, and old labor force. When discussing the problems in the labor market, it is necessary to assess the duration of the issues. At the aggregate level, the shrinking of the labor market seems to be a long-term issue resulting from the problems at both the supply and demand sides. Meanwhile, at the structural level, the asymmetric impacts on low-skilled and female employment also tend to be long-lasting, while the reasons behind differ: the long-term problem of low-skilled workers mainly stems from the automation substitution at the demand side, while the long-term problem of female employment is mainly from the supply side, i. e., the COVID-19 pandemic has brought additional burden of family chores to women, and such a division of family work can be quite persistent. Comparatively speaking, the problems on young and old labor are more likely to be short-term issues, which are expected to be mitigated when the epidemic weakens. Identifying the reasons and assessing the duration of the problems are key to finding the proper solutions.

WTO Services Domestic Regulation Agreement: Progress, Comparison, and Response

Xia Tianyou and Liu Ying

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The agreement on WTO trade in services domestic regulation is, by nature, open and quasi-plurilateral. Compared with Article VI of the *General Agreement on Trade in Services*, it has had significant progress, as it includes substantive contents such as binding rules on the exercise of power by competent authorities of the Member, information disclosure obligations of the Member, enquiry point regime, basic standards for the development of regulatory measures, among others. However, the agreement still has some defects, such as failure to respond to the question of what is “administered in a reasonable ... manner” and evasion of the definition of “principle of necessity”. Compared with other major regional free trade agreements, the WTO agreement on services domestic regulation has a broader scope of regulation and a higher level

of protection. So far, there is still a gap between China's domestic regulation legal system and the WTO agreement. Therefore, it is necessary for China to improve its way of regulation and properly handle the relationship between autonomous regulation and free trade; it should also improve the legislative structure to better implement the transparency standards of the WTO agreement, add relevant rules to its domestic regulation regime in accordance with the *Reference Paper on Services Domestic Regulation*, and shorten the approval process appropriately on condition that fairness is ensured.

The Security Foundation of China–ASEAN Blue Economy Cooperation from the Perspective of “Security–Development Nexus”

Chen Xiang

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Building blue economy partnership is an integral part of the China–ASEAN comprehensive strategic partnership and also an important goal to achieve for the purpose of promoting in-depth development of all-round China–ASEAN cooperation. Based on the “security–development nexus” theory, there is a logical relationship of mutual impact and mutual contribution between China–ASEAN blue economy cooperation and maritime security cooperation, i.e., the blue economy has a “dual connotation” of being linked to both security and development issues. The dual function of blue economy is embedded in the interactive structure of security and development. Under the “security–blue economy–development nexus” framework, blue economy cooperation requires solid security foundation and stable regional environment. Meanwhile, continuous maritime security cooperation promotes the development of blue economy partnership, and blue economy cooperation can spill over to influence political mutual trust and security interaction. Although blue economy cooperation aims to further maritime security cooperation between China and ASEAN, the Sino–US competition, the South China Sea issue, and the domestic politics of ASEAN countries hinder the maritime security interaction between the two sides, which in turn affects their blue economy cooperation. China should strengthen its maritime security cooperation with ASEAN countries through solidifying the material foundation of cooperation, strengthening institutional construction, and building mutual trust.