



# The Evolving Role of China in the Global Economy

edited by Yin-Wong Cheung and Jakob de Haan

Contributors vii

Series Foreword ix

Preface xi

Yin-Wong Cheung and Jakob de Haan

**1 Introduction 1**

Yin-Wong Cheung and Jakob de Haan

**I China's Exchange Rate Policy**

**2 United States, China, and the Rebalancing Debate: Misalignment, Elasticities, and the Saving-Investment Balance 17**

Menzie David Chinn

**3 The Role of the Chinese Dollar Peg for Macroeconomic Stability in China and the World Economy 53**

Gunther Schnabl

**4 Permanent and Transitory Macroeconomic Relationships between China and the Developed World 83**

Yueqing Jia and Tara M. Sinclair

**5 China's External Position: Simulations with a Global Macroeconomic Model 107**

Lukas Vogel

**II Chinese Savings and Investment**

**6 How Much Do We Know about China's High Saving Rate? 147**

Guonan Ma and Wang Yi

<b>7</b>	<b><u>Why Is China's Saving Rate So High? A Comparative Study of Cross-Country Panel Data</u></b>	<b>181</b>
	Juann H. Hung and Rong Qian	
<b>8</b>	<b>If You Try, You'll Get By: Chinese Private Firms' Efficiency Gains from Overcoming Financial Constraints</b>	<b>231</b>
	Galina Hale and Cheryl Long	
<b>III China's Monetary Policy and Capital Controls</b>		
<b>9</b>	<b><u>Chinese Monetary Policy and the Dollar Peg</u></b>	<b>265</b>
	J. James Reade and Ulrich Volz	
<b>10</b>	<b><u>Offshore Markets for the Domestic Currency: Monetary and Financial Stability Issues</u></b>	<b>301</b>
	Dong He and Robert N. McCauley	
<b>11</b>	<b><u>Crisis, Capital Controls, and Covered Interest Parity: Evidence from China in Transformation</u></b>	<b>339</b>
	Jinzhao Chen	
<b>IV China's FDI and Quest for Resources</b>		
<b>12</b>	<b><u>China's Outward Direct Investment and Its Oil Quest</u></b>	<b>375</b>
	Xingwang Qian	
<b>13</b>	<b><u>China's Investments in Africa</u></b>	<b>419</b>
	Yin-Wong Cheung, Jakob de Haan, Xingwang Qian, and Shu Yu	
	<b><u>Index</u></b>	<b>445</b>