The emergence of China and India in the global economy
July 2008 conference

This three-day conference debated all aspects of the impact of the emerging economic powers on Europe and the United States and the changes within India and China themselves. A highlight of the conference was a policy panel featuring Athar Hussain of LSE’s Asia Observatory, Alan Winters, recently appointed chief economist at the UK’s Department for International Development, Martin Wolf of the Financial Times and Yale professor Peter Schott.

CEP’s director John Van Reenen, chaired a lively discussion, which he kicked off by asking three questions about lessons for growth, the effect of globalisation on inequality and threats to the political coalition for globalisation.

The panellists focused on the fact that the lessons from China and India’s development may be limited for other countries. A key factor has certainly been an emphasis on exports, a degree of opening up of markets to imports and some liberalisation of the economy. But China has embarked on a more classical development path through manufacturing exports, whereas India’s growth has been startlingly service-driven, a very new mode of development.

There was some dispute over the role of trade in driving inequality in the rich countries. Martin Wolf argued for technology having the major role whereas the other panellists saw a greater role for trade. John Van Reenen’s research shows that the two are inter-related: trade with China appears to have stimulated faster technological progress in the West.

Although the panel agreed that the prospects for the Doha round were grim, Martin Wolf pointed to the fact that globalisation had created footloose multinationals with much less vested interest in protectionism in any one country. This by itself undermined one of the key lobbies against trade – vested domestic business interests.

The conference on the emergence of China and India in the global economy was co-organised by Stephen Redding and John Van Reenen of CEP. Full details on the conference are available here: http://cep.lse.ac.uk/_new/events/event.asp?id=50