The Division of Economics and the Economic Growth Centre cordially invite you to a seminar by Dr Yong Wang

**Speaker**: Dr Yong Wang  
*Assistant Professor at Hong Kong University of Science and Technology  
Research Associate of Dallas Fed*

**Topic**: “A Model of China’s State Capitalism”  
(with Xi Li and Xuewen Liu)

**Chairperson**: Assistant Professor Guiying Laura Wu  
*Division of Economics  
School of Humanities & Social Sciences*

**Date**: Wednesday, 19 March 2014  
**Time**: 2:30 pm – 4:00 pm  
**Venue**: HSS Meeting Room 5 (HSS-04-89)  
Nanyang Technological University  
School of Humanities and Social Sciences  
14 Nanyang Drive  
Singapore 637332

**About the Speaker:**

Yong Wang obtained his PhD in Economics from the University of Chicago in 2009 and is now an Assistant Professor of Economics at the Hong Kong University of Science and Technology and a research associate of Dallas Fed. His main research and teaching areas include Economic Growth, Macro Development/Trade, Political Economy, China and India Economies. His recent research mainly focuses on structural change, industry and firm dynamics, and role of government in economic growth in developing countries such as China and India. Yong was a Resident Research Fellow at the World Bank during the 2010-2011 academic year and served as a short-term consultant from 2008 to 2012. His academic website is at: [http://ihome.ust.hk/~yongwang/](http://ihome.ust.hk/~yongwang/)

**Abstract:**

This paper documents a hallmark feature of China’s state capitalism as the state controlling the economy in a vertical structure: State-Owned Enterprises (SOEs) monopolize key industries in the upstream, whereas the downstream industries are largely open to private competition. We develop a general equilibrium model to show that the vertical structure, when combined with openness and labor abundance, is critical in explaining the puzzling fact that the profitability of China’s SOEs exceeded non-SOEs in the past decade while the opposite was true in the 1990s. We show how the upstream SOEs extract rents from the liberalized downstream industries in the process of industrialization and globalization. The unprecedented prosperity of SOEs is shown to be a symptom of the incompleteness of market-oriented gradual reforms. Emergence, sustainability, redistributive effects, and general implications for other countries of this state capitalism are also discussed.

**Reservation:**

Admission is free. Please reply to Christina, e-mail: achristina@ntu.edu.sg or Tel: 6790-5689 to confirm your attendance.