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Important Tasks in Current Researches on Chinese Economic Management

At present, the world economy is extremely unstable, and especially, factors such as devaluation of US dollar, etc. have brought very tremendous negative influences on the economic development of each country. This has presented a very important task for our economic management research circle, namely how to eliminate such negative influences, and create a stable environment for the economic development of each country. Now, I want to talk about such situations and my opinions on this.

For economic distress, and constantly enlarging trade deficit resulting from unbalanced finance and trade, America has over-issued currency and executed the policy of devaluation of US dollar since 2004 for crisis export. The implementation of this policy is very beneficial for America, and precisely, it is not only beneficial for balancing American trade deficit and financial deficit, but also exports the effect of its inflation. US dollar is a world currency for international settlements of each country, so this policy has brought seriously unbeneficial influences to each other country in the world. Firstly, this policy has induced the rise in prices of petroleum, food and resources in the world; secondly, this policy has induced the rise in production cost and price as well as the inflation of each country, and thus brought international price rise and inflation; thirdly, this policy has induced the instability of import and export trades of each country, and made each country's economic structure unbalanced; fourthly, this policy has induced the changes in exchange rate of each country as well as the passive appreciation of our country's currency, attracted international hot money to impact their stock market and building market, produced the drastic fluctuation of commodity market, and made economy comprehensively unbalanced. Since last year, an important reason for the rise in price and inflation of China, and for the decrease of economic growth speed rests with the devaluation of US dollar.

American financial crisis includes not only the devaluation of US dollar, but also American subprime lending crisis and bankruptcy crisis of FreddieMac and FannieMae. Such crises have also caused unbeneficial influences on the economy of each country, and especially brought tremendous losses to countries holding American mortgage bond.

The rise in price of petroleum is another important factor causing the economic instability of each country. The price of each barrel of petroleum was about USD37 before America invaded Iraq, and after American invasion, the price began to rise, and rose to USD60 in June 2005; later, for various factors such as the devaluation of US dollar, etc., the price of petroleum kept rising, and reached USD80/ barrel in 2007; since this year, the price has risen more swiftly, topped USD100 in this January, rose to USD120 in May, and was up to USD140 in July. Recently, the price has decreased somewhat, but is still at a high position, and changes irregularly. The rise in price of petroleum has increased some burden for American oil-consuming consumers, but is beneficial for the overall economy of America. America controls plentiful petroleum resources, and has sufficient reserve of petroleum. This is beneficial for the smooth devaluation of US dollar, and has become an assistant for USA to get rid off the crisis of economic depression. However, for the economy of each other country, especially for countries relying on import of petroleum, it has brought many disasters, such as rise in production cost, rise in price of various materials such as energy resources, etc., increased burden of common people, and influences on economic development, etc.

The rise in price of foodstuffs is undoubtedly another disaster for economic development of each country. Especially, African countries in shortage of foodstuffs, and some countries with miscrop of foodstuffs for some reasons suffer from not only heavier inflation, but also survival crisis. However, America having abundant foodstuffs is the biggest beneficiary. The rise in price could not only reduce the subsidy of American Finance for farmers, but also become a nostrum for making up the trade deficit of US dollar.

In addition, some developed countries hold the “antidumping” banner, but actually execute protectionism, and prevent the entrance of other countries’ commodities; on the other hand, such developed countries require other countries to open to them without limitation, and to allow the straight pushing-in of their commodities and capital. Such unequal policies have greatly restricted the economic development of developing countries.

Such situations show that, the modern world economic order is very unstable and unequal; financial market is in constant turbulence; foodstuffs necessary for people's survival are not safely guaranteed; the price of energy resources and raw materials, etc. necessary for social production has risen greatly; world inflation has occurred; and world market could not realize orderly circulation. All these have seriously blocked the sustained and stable economic development of each country. Each country shall make joint efforts to change such pattern.

Therefore, scholars of China and the other countries have conducted researches, and brought forward some hypotheses:

Some scholars consider that, it is necessary to establish a stable and orderly financial safety structure above all. Firstly, change the state that developed countries determine financial pattern, and increase the representation and voice of developing countries in international financial institutions. Secondly, break the pattern that USA controls the world. Some scholars also bring forward that, it is necessary to establish a world currency, and each country shall use this currency for settlement uniformly; the value of this currency shall be kept stable, and the appreciation or devaluation of this currency shall be jointly determined by each country of the world, instead of by some small portion of countries. Also, some scholars bring forward that, before the establishment of world currency, it is necessary to establish a regional currency like European dollar as a tool of settlement among each countries in this region, and between the countries in this region and countries in other regions. Thirdly, each country shall make efforts to stabilize their own currency, and shall not bend to the pressure of our countries.

Some scholars consider that, it is necessary to establish the world foodstuff safety system at the same time. Foodstuff is the base for people's survival, and without foodstuff safety guarantee, everything is nothing. Firstly, foodstuff supply shall be based on local country, and try to avoid and reduce the dependency on other countries. The key is to establish the foodstuff production base of local country. Secondly, foodstuff export country shall export foodstuffs to countries in shortage of foodstuff in line with the principles of humanism, equality and mutual benefits, but shall not bid up the price by taking advantage of others' precarious position. Thirdly, establish a world foodstuff market of fair dealings, and oppose foodstuff monopolization.

Some scholars consider that, it is necessary to establish a just and reasonable international trade system as soon as possible. Current price fluctuation and speculative stockpiling of many

energy resources and raw materials such as petroleum, etc. are related to lack of a just and reasonable international trade system. The key here is that, every country shall jointly oppose trade protectionism and strengthen multilateral trade system. Therefore, we shall make great efforts to push the recovery of Doha Negotiation Round which failed again this year, strive for actual effects, and realize the target of development round. Also, it is necessary to further exert the functions of WTO in maintaining fair trade.

Some other scholars consider that, it is still necessary to establish a fair and effective world development system and mechanism. This is an indispensable condition for realizing the equal, harmonious and sustainable development of world economy. Therefore, firstly, each country shall strengthen the coordination of macroscopic policies; developed and developing countries shall establish equal, mutual-benefit, co-win, and cooperative relations, jointly promote the sustainable development of world economy, and establish such coordination mechanism. Secondly, developed countries shall intensify supports for developing countries, and especially, developed countries shall fulfill their promises, increase economic supports for developing countries, reduce and exempt liabilities, open the market, and transfer techniques. Thirdly, developing countries shall persist in the principles of development on an independent basis and self-independence, make efforts to develop their own economy, realize sustainable development, and reduce the dependency on other countries. Fourthly, exert the functions of UN and its related institutions, push international society to increase economic investments, and ensure the reasonable development, effective utilization, and fair circulation of resources.

These researches and hypotheses, as I know, are very good and eye-opening, but are supposedly primary and incomplete. Especially, how shall we realize these hypotheses? Economic management scholars of each country shall strengthen cooperation and conduct deep-going researches to find the answer.