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Game Changer: How Subsidies to Chinese Industry Altered the World As We Knew It

New Oxford University Press Book, "Subsidies to Chinese Industry: State Capitalism, Business Strategy and Trade Policy"

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NEW YORK, April 17, 2013 -- /PRNewswire/ -- Why did China frequently move in a couple of years, in capital-intensive industries with no labor-cost advantage, from bit player and net importer to largest manufacturer and largest exporter in the world? Why have so many industrialized countries become primarily exporters of commodities and scrap to China? And how is this affecting business strategies and national competitive advantage?

In a new book, "***Subsidies to Chinese Industry: State Capitalism, Business Strategy and Trade Policy***" through data and analysis, Usha and George Haley argue that industrial subsidies contributed significantly to China's success and may exceed thirty percent of industrial output in key industries.

Economic theories have portrayed subsidies as distortive, inefficiently reallocating resources. However, China's state-capitalist regime uses subsidies to promote the governments' and the Communist Party of China's interests. Over the last five years, research in this book on several industries, including steel, glass, paper, auto parts, and solar, has been incorporated into regulation and business strategy both in the United States and European Union.

Usha and George Haley use state capitalism and imperfect markets to provide a theoretical and relevant explanation for Chinese subsidies and policies underlying them. The authors develop independent measures of industrial subsidies using publicly-reported data at company and industry levels and from diverse sources covering the decade after China joined the World Trade Organization. They examine businesses' competitive and political responses to trade policy for success.

ADVANCE NOTICE

- GORDON BRINSER, PRESIDENT, SOLARWORLD INDUSTRIES: "This richly researched book provides a much-needed foundation for grasping the serious and growing threat posed by China's massive subsidization of its export-intensive strategic industries, which is harming industrial growth in the West. Upending conventional wisdom, the book shows that China's success does not stem from cost advantages as much as from subsidies calibrated for world-market dominance. As an executive of the largest solar-technology manufacturer in the Americas, which concluded one of the biggest trade cases ever brought against China, I can attest that traditional trade law and policy approaches, on their own, may not be enough to combat China's state-engineered export juggernaut. Usha and George Haley have provided

important recommendations to ensure fair and robust competition across the oceans as well as a bright economic future for our peoples."

- MARSHALL MEYER, TSAI WAN-TSAI PROFESSOR, WHARTON SCHOOL, UNIVERSITY OF PENNSYLVANIA: "Subsidies to Chinese Industry is a treasure trove of data on Chinese subsidization of four key sectors—steel, glass, paper, and auto parts. It is must reading for anyone seeking to understand China's low-cost advantage and, crucially, whether this advantage is likely to remain."

- INGO WALTER, SEYMOUR MILSTEIN PROFESSOR OF FINANCE, CORPORATE GOVERNANCE AND ETHICS, STERN SCHOOL OF BUSINESS, NEW YORK UNIVERSITY: "A definitive and fascinating study of China's explosion onto the global markets for manufactured goods on the back of a single resource and the unintended consequences in capital allocation that will take years to return to alignment with basic principles of comparative advantage. The role of China's curious blend of market-driven economics and direct state involvement is creatively dissected here to provide valuable insights into what comes next."

For information, go to <http://www.ChinaSubsidies.com>

AUTHORS

USHA HALEY has testified/presented on Chinese subsidies to the US-China Economic and Security Review Commission, US Congress Committee on Ways and Means, USITC, US Commerce Department and USTR. Her research on Chinese subsidies has supported regulation in the USA and EU. Her over 200 publications and presentations include 7 books and articles in California Management Review and Harvard Business Review. In 2012, she received the Academy of Management's Practice Impact Award for scholarly impact. In 2011, the Economist featured her as Thought Leader on emerging markets. In 2003, the Literati Club gave her a Lifetime Achievement Award for research on Asia Pacific business. She is incoming Professor/Director of the Robbins Center for Global Business and Strategy, West Virginia University.

GEORGE HALEY has testified/presented on Chinese subsidies and business to the US-China Economic and Security Review Commission, USITC, Connecticut Economic and Community Development Department and National Intelligence Council/CIA. He has over 125 publications /presentations including two best-selling books on Asian business, a leading business textbook, and articles in Harvard Business Review and Industrial Marketing Management. In 2010, AmericanMadeHeroes named him a Hero for his work with American manufacturers and IndustryWeek identified him as Thought Leader on Manufacturing. In 2009, the American Marketing Association's flagship Marketing News named him Marketing Academic to Watch based on research, teaching and impact. He is Professor of Marketing and International Business at the University of New Haven and Director of the Center for International Industry Competitiveness.

SOURCE Usha Haley, George Haley

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