

2024 GARGI AND VP DUTT MEMORIAL LECTURE

REPORT

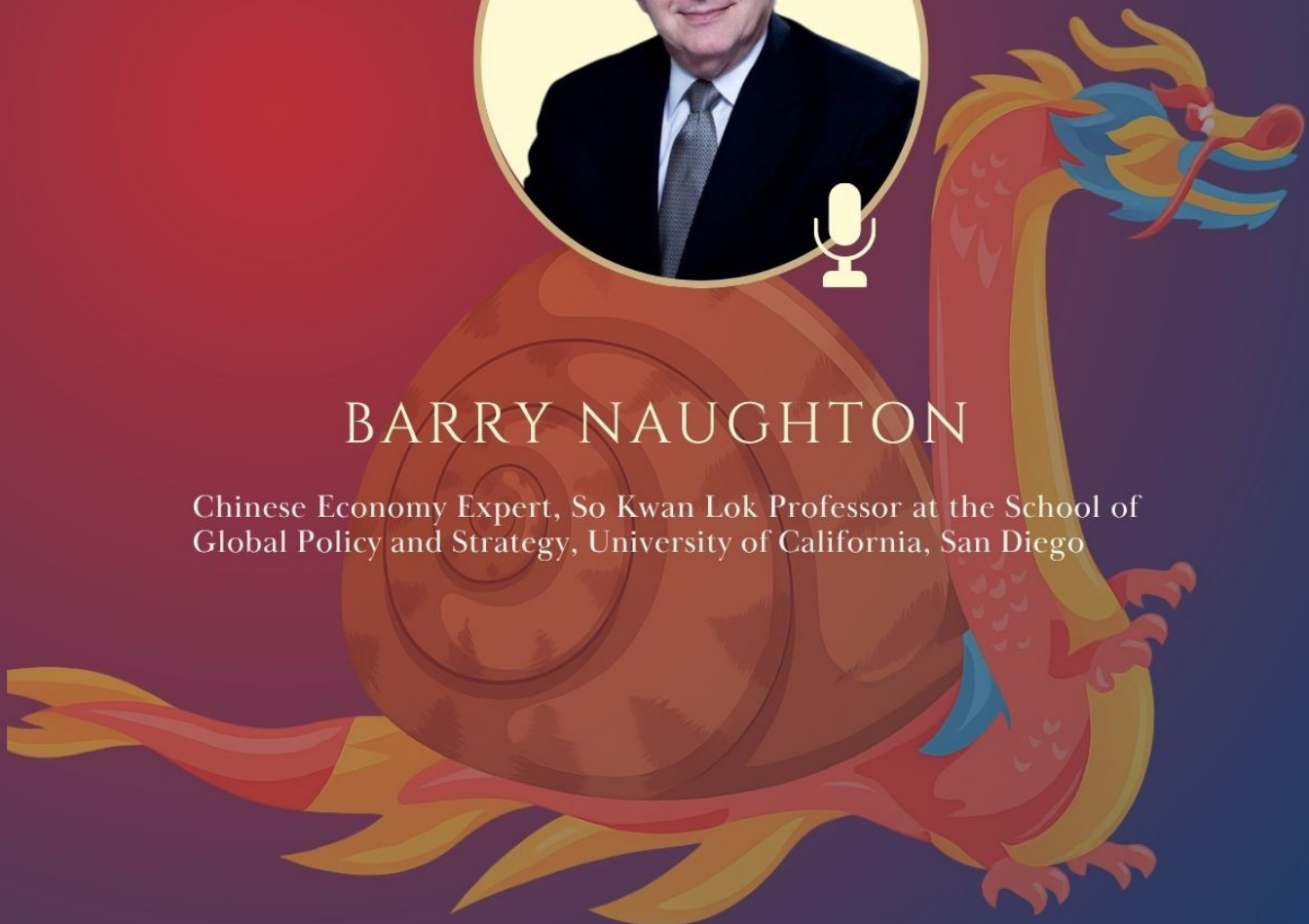
CHINA'S ECONOMIC SLOWDOWN: STRUCTURAL, CYCLICAL AND SYSTEMIC

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Biographical Note



Prof. Barry Naughton is an American economist, an expert on the Chinese economy, and the So Kwan Lok Professor at the School of Global Policy and Strategy, at the University of California San Diego. Prof. Naughton is well-known for his balanced approach to analysing the Chinese economy, where he combines rigorous economic analysis with a nuanced understanding of the political and social context of China. In his works on the Chinese economy, Prof. Naughton covers four major areas: market transition and system change, industry and technology policy, foreign trade, and, political economy.



Prof. Biswajit Dhar is a Distinguished Professor at the Council of Social Development, New Delhi, and formerly, Professor at the Centre for Economic Studies and Planning at the Jawaharlal Nehru University, New Delhi. Prof. Dhar has interacted closely with several inter-governmental organisations, and has served as a consultant to the United Nations Conference on Trade and Development, the UN Economic and Social Commission for Asia and the Pacific, and the World Health Organisation, among many others.

Report

The Gargi and Vidya Prakash Dutt Memorial Lecture was originally launched as the V.P. Dutt Memorial Lecture series, instituted and organised by the University of Delhi in honour of Prof. Dutt. In 2013, the lecture series revived by the Institute of Chinese Studies (ICS), New Delhi in collaboration with the India International Centre, New Delhi. The lectures have been sponsored by Ms. Anuradha Dutt — daughter of Profs. Gargi and VP Dutt, and Managing Trustee of the Gargi and Vidya Prakash Dutt Foundation. Although briefly disrupted by the COVID-19 pandemic, the series resumed in an online format. In 2023, the ICS community decided to dedicate the lectures to the memory of both Profs. Gargi Dutt and V.P. Dutt.

The 2024 Gargi and VP Dutt Memorial Lecture on ***China's Economic Slowdown: Structural, Cyclical and Systemic*** was delivered by Prof. Barry Naughton, So Kwan Lok Chair of Chinese International Affairs at the University of California, San Diego. The lecture was chaired by Prof. Biswajit Dhar, Honorary Fellow at the Institute of Chinese Studies (ICS), New Delhi. The distinguished lecture was organised by the Institute of Chinese Studies at the India International Centre (IIC) on 3 April 2024, with *ThePrint* as media partner.

Mr. Akshat Mayne, Research Assistant at the Institute of Chinese Studies, extended a formal welcome to all attendees, and introduced the speaker and the chair.

Prof. Alka Acharya, Honorary Directory at the Institute of Chinese Studies and Chairperson at the Centre for East Asian Studies, School of International Studies, Jawaharlal Nehru University, also welcomed the audience and expressed gratitude to the Gargi and VP Foundation. She mentioned that originally these lectures were in the name of Prof. Vidya Prakash Dutt. However, after the pandemic, in consultation with Ms. Anuradha Dutt, and with the support of the Gargi and Vidya Prakash Dutt Foundation, the lectures commenced in physical mode and in the joint name of Profs. Gargi and VP Dutt. Prof. Acharya also acknowledged Ms. Dutt's timely suggestion regarding the Chinese economy as the theme of the lecture. She concluded her remarks by welcoming Prof. Naughton and also by

highlighting the pivotal role of the Gargi and Vidya Prakash Dutt Foundation in supporting and building of a new generation of scholars of China Studies through the prestigious Institute of Chinese Studies-Harvard Yenching Institute (ICS-HYI) Multi-Year Doctoral Fellowship in China Studies.

Prof. Dhar presided over the session and set the tone for the lecture. He noted that the “Chinese economy is extremely important for the global economy...and thus, the Chinese economy facing uncertainties means a great deal”. He also referred to the International Monetary Fund’s analysis, which projected that despite economic headwinds from the real estate sector, China will contribute 35% to global growth in 2023-2024. At the end of his comments, Prof. Dhar invited Prof. Naughton to explain the ‘mysterious’ growth of the Chinese economy.

Prof. Naughton opened his lecture by explaining the slowdown in China’s post-pandemic economic trajectory. He pointed out that “the Chinese economy is facing mild-deflation and even the Chinese currency has depreciated. The Chinese youth is unemployed and the stock market is also performing terribly”. The underperformance led to widespread debates and also “disappointed” economists, who expected China to maintain the pre-pandemic status quo. Nonetheless, Prof. Naughton underscored that the data for analysing China’s economic performance was collected during the global lockdown period. He argued that China is a responsible player even in times of crisis due to its “pro-active and growth-oriented economic policies”.

Prof. Naughton presented the different scholarly and academic interpretations on this issue. There are those who attributed structural changes such as “shrinking labour force, ageing population, and internal migration” to China’s economic decline. Other scholars believed that cyclical or recurrent factors such as “insufficient aggregate demand, housing crisis, low demand for Chinese-manufactured exports” were responsible for the economic slowdown.

To address the economic hurdles, China has prioritised “high-tech industries over expanding aggregate demand”. Prof. Naughton explained that China has reoriented its approach, which aligns with President Xi Jinping’s ambition, to overcome the economic slowdown. Under

President Xi's leadership, China has focused "on the construction of a modernised industrialised system" to position China at the forefront of global manufacturing. Prof. Naughton further described that China's strategy to invest in Electric Vehicles (EVs), innovation-driven industries, AI, new minerals, and semiconductors, provides diverse options to China for achieving its economic objectives.

In the latter part of the lecture, Prof. Naughton shed light on the systemic factors, which influenced the Chinese economy. For instance, President Xi's adjustments like providing incentives to research institutes aimed at boosting birthrates and tech-driven industries have led to major changes in China. He concluded the lecture by stating that China's goal has shifted towards prioritising the development of a multifaceted and interconnected system. However, Prof. Naughton also cautioned that China's protectionist measures may serve short-term goals but can also incur significant economic costs in the long run.

The lecture was followed by numerous questions from the members of the audience, who were keen to delve deeper into the complexities of Chinese politics and economy. The questions covered a wide range of topics such as the US-China trade war, green industries in China, China's action against Alibaba, corruption in China, and President Xi's future plans,

Image Gallery



Image Gallery



Institutional Profile



The **Institute of Chinese Studies (ICS)**, New Delhi is engaged in and committed to interdisciplinary research on China. Apart from the annual All India Conference of China Studies (AICCS), the Institute undertakes various collaborative research programmes and multilateral initiatives with prominent institutions in India and abroad, and brings together leading and upcoming scholars through multiple fora. Among its many legacies, it has been conducting the iconic Wednesday Seminar for over 50 years and publishes the *China Report*, a peer-reviewed quarterly journal on China and East Asia, currently in its 60th year of publication.



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