

RESEARCH PROJECTS 2014

Project Title

China's International and Intranational Risk-sharing

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Abstract

Many economists argue that insufficient risk sharing in China is crucial in understanding many puzzling facts during China's economic growth, such as its high saving rate, huge foreign exchange reserve and current account imbalance. Hence, understanding the source of incomplete consumption risk-sharing in China will shed light on these important issues.

Furthermore, studying the cyclical property of risk sharing and factors affecting risk sharing in a large developing country like China has very important welfare and policy implications. Hence, the main objective of this project is to explore the consumption risk sharing in China. The key issues we will examine are: 1) the cyclical property and determinants of consumption risk sharing in China; 2) the consumption risk-sharing between China and the rest of the world and its interaction with intra-national risk sharing.

