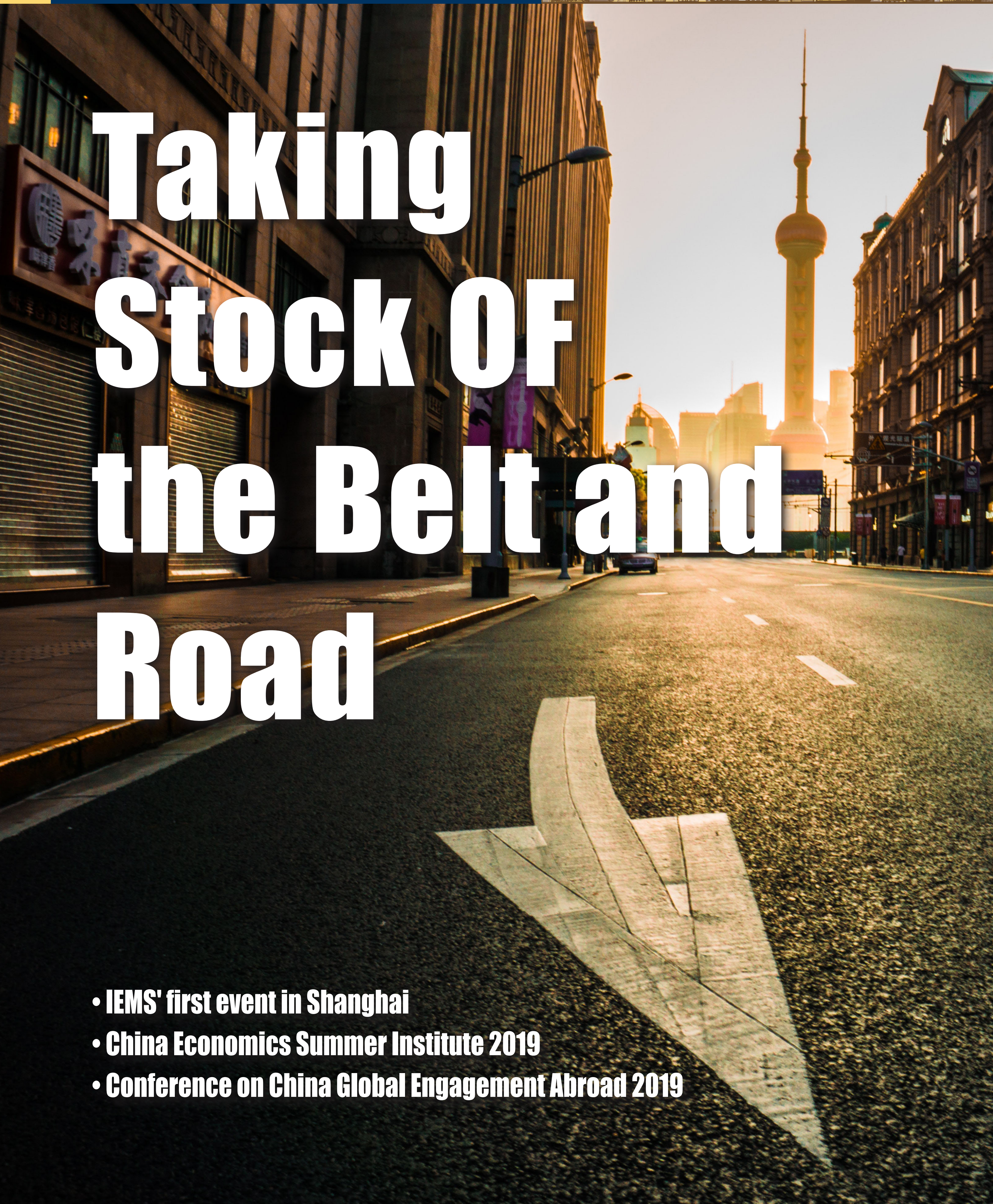
HKUST IEMS

INSTITUTE FOR EMERGING MARKET STUDIES

SPRING 2020 NEWSLETTER



Taking Stock OF the Belt and Road

- IEMS' first event in Shanghai
- China Economics Summer Institute 2019
- Conference on China Global Engagement Abroad 2019

Director's Message

China's rising economic status is increasing the impact of its external engagement on countries throughout the world. Two HKUST IEMS events held in the latter half of 2019 provided forums to discuss recent research on China's global engagement. In September, IEMS organized a public event at EY wavespace in Shanghai's World Financial Center to take stock of China's Belt and Road Initiative (BRI) and bring evidence-based insights to increasingly polarized public debates about the development impacts of BRI and China's motivations. Six HKUST IEMS Faculty Associates or Postdoctoral Fellows participated in panel discussions drawing upon research supported by a Hong Kong government-supported Institute project on BRI. The presentations dispelled ideological rhetoric about the Initiative, instead critically assessing the benefits and challenges of implementing BRI projects and suggesting ways to make the BRI more impactful.

In late summer, IEMS also organized a research workshop with the French Centre for Research on Contemporary China and HKUST's School of Humanities and Social Sciences on Chinese Global Engagement Abroad: Changing Social, Economic, and Political Configurations, where PhD students and postdoctoral fellows from multiple disciplines and institutions from around the world gathered to intensively discuss ongoing research.

I hope you will enjoy reading about these and other events in this newsletter, and I encourage you to read the new Thought Leadership Briefs written by the presenters at the Shanghai event in order to learn more about the true nature of China's external engagements with other countries.

Lessons from Old Russia

In a joint seminar with the Department of Economics, **Andrei Markevich**, Professor of Economics at the New Economic School in Moscow, analyzed the relative impacts of geographical and institutional factors on regional economic development during the late Russian empire (around 1900). He reconstructed gross regional products and labor productivity for all provinces of the empire in 1900 for the first time. His estimates highlighted substantial heterogeneity within a middle-income country. He showed that both natural advantages – sea access, mineral resources, land abundance – and institutions, in particular the legacy of serfdom, account for much of the observed regional variation in economic development. Consistent with evidence from modern times, he also showed that market potential and specialization externalities played a role.

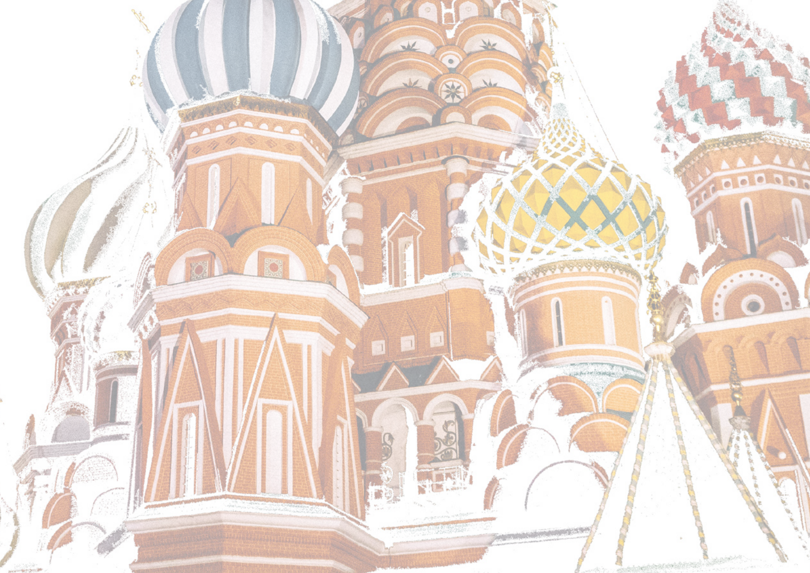
In the seminar, Prof. **Markevich** introduced his methodology by explaining how he constructs measures of economic development from data from the population census, regional data on value added in different sectors, and government price data (to construct a regional price index). He found that gross income (nominal gross regional products) and labor productivity varied greatly across different regions, with the richest regions being major economic centers in the Northwest, e.g. Baltic provinces, the industrial region in central Russia including Moscow, the southern region near the Black Sea, and oil-rich Baku Province. These regions enjoyed greater trade accessibility and natural endowments. The regional variation in income was significantly larger than among neighboring European countries or provinces in China today. However, the degree of regional inequality was comparable to that among countries of the New World.

Prof. **Markevich** attributed the disparity in income across geographic regions to three groups of factors: institutions, especially the legacy of serfdom; "first-nature" geography--location and endowments; and "second-nature" (or human) geography, including market potential, which was influenced by "first-nature" geography. Although all of these factors were important, he emphasizes that "second-nature" geography matters most of all, which perhaps implied little room for policy to narrow regional income disparities.

A REGIONAL PERSPECTIVE ON THE ECONOMIC DEVELOPMENT OF THE LATE RUSSIAN EMPIRE
Academic Seminar co-organiezd with the Department of Economics, HKUST
2018.10.23

Watch event video and download the working paper at http://iems.ust.hk/markevich

Live Video



China Economics Summer Institute

In August 2019, HKUST IEMS co-sponsored the 12th China Economics Summer Institute (CESI) held at the Guanghua School of Management, Peking University, China. CESI's objective is to create a network and community of top-level scholars working on Chinese economic development. The 12th edition of CESI brought together leading scholars from China, the US and Europe to present on a range of topics including finance, labor and organizations, trade, and corporate and consumer behavior.

In the first session, **Andreas Fuchs**, Kiel Institute for the World Economy and HSU Hamburg, and **Richard Bluhm**, Leibniz University Hannover, studied the influence of Chinese infrastructure projects on the geographic distribution of economic activity in developing countries. They presented evidence that Chinese projects in general, and transport projects in particular, help to reduce economic inequality in developing countries. **Shu Cai**, Jinan University, presented a paper entitled "Microfinance Can Raise Incomes: Evidence from a Randomized Control Trial in China", coauthored by **Albert Park**, Director of HKUST IEMS. He presented evidence that in contrast to the results of recent evaluations in other developing countries, expanding credit access to poor villages in China substantially increased incomes and reduced poverty by facilitating both self-employment activity (including farming) and out-migration. He suggested that China's robust urban labor market and very limited to access to loans from banks can help explain the positive impacts found in China.

In the second session on labor and organizations, **Valerie J. Karplus**, MIT, analyzed how centralized environmental inspections of coal power plants in China affected the level of pollution over time. She found a substantial decline (25-27%) of a major pollutant, sulfur dioxide (SO2), that gradually returned to baseline levels after inspection teams left. These findings suggest that crackdowns had no long-term effect on environmental performance as firms have weak incentives to protect the environment. She also found that allowing citizens to file complaints against polluting plants during crackdowns did not increase long-term effectiveness. **Hui Wang**, Peking University, examined wage inequality in China and found that in contrast to the pattern found in the US and developed countries, workers' wages are not systematically higher in larger firms, mainly because unskilled workers in China compete in a highly competitive labor market. **Shaoda Wang**, University of Chicago, reported on a large-scale field experiment which randomized subjective performance evaluation schemes for Chinese bureaucrats. He argued that masking the identify of evaluators reduces influence activities and improves work performance.

In the trade session, **Jianhuan Xu**, Singapore Management University, presented a novel paper on international trade and the environment that showed that an unintended negative consequence of having a large trade surplus is that it leads to very cheap shipping costs for imports because ships do not want to return with empty cargo. This leads to greater imports of heavy goods such as scrap metals and other industrial waste that are inputs into highly polluting activities, especially in countries with lax environmental standards. This logic helps explain why China has been the largest importer of heavy goods in the world. **Kevin Lim**, University of Toronto, also presented a trade paper, providing evidence that falling barriers to entry and rapid total factor productivity growth were key drivers of Chinese export growth from 2000 to 2007, and that stagnation in these same factors contributed to the relative slowdown in Chinese exports from 2008 to 2013.

In the final session on corporate and consumer behavior, **Pei Gao**, NYU-Shanghai, examined transactions on China UnionPay bankcards to trace expenditure on children and found that parents invest more once the opportunity to obtain high-quality public education is improved, taking advantage of a reform that made it possible for children in some districts of Shanghai to become newly eligible to attend a higher quality high school. **Se Yan**, Peking University, studied the effect of religious norms on tax compliance, finding that firms located in regions with greater prevalence of Protestant activities historically (in 1920) are less likely to engage in tax avoidance in modern times (during 1999-2007). **Yu Zhang**, Peking University, studied the impact of housing wealth shocks on household spending on durable goods (specifically cars), and found that higher housing prices significantly increases auto purchases, using data from 2016-2017.

CHINA ECONOMICS SUMMER INSTITUTE 2019

Co-sponsored by HKUST IEMS, the Chinese University of Hong Kong – Tsinghua University Joint Research Center for Chinese Economy, the Guanghua School of Management at Peking University, the Stanford Center on Global Poverty and Development at Stanford University, and the School of Economics and Management at Tsinghua University. The Summer Institute is organized in collaboration with the BREAD, NBER and CEPR networks of academic economists.

2019.08.17-18 at Guanghua School of Management, Peking University, China

Working papers and event photos are available via http://iems.ust.hk/cesi2019

Taking Stock of the Belt and Road Initiative

It has now been more than five years since the wide-ranging, ambitious Belt and Road Initiative (BRI) was launched, with public commentary about it becoming increasingly polarized. In September 2019, we invited leading researchers from HKUST to the EY China wavespace in Shanghai to offer evidence-based research insights into the actual implementation of Belt and Road projects around the world to address four key issues that have been the subject of heated debate: 1) How has the Initiative impacted trade, investment, and infrastructure in Belt and Road countries?; 2) How can the investment financing system for B&R projects be improved?; 3) Is China using the Belt and Road Initiative to take advantage of other countries via debt traps, and resource and profit extraction?; and 4) Is the Initiative supporting or undermining sustainable development?

In his welcoming remarks, **Albert Ng**, Chairman of EY China, pointed out that the Initiative is no longer a "China Initiative", it has become a global one. Projects are decided by mutual consultation between China and host countries and therefore are implemented only if mutually beneficial. In his opinion, the Initiative will continue well into the future, so it is important to examine its commercial and social impacts as well as its future potential.

Albert Park, Director of IEMS, presented key results from quantitative analysis of investment flows from China to other countries before and after the BRI. Using project level data on Chinese outbound FDI projects, he showed that greenfield FDI increased by 146% more in Belt and Road countries than in non-Belt and Road countries, whereas non-greenfield FDI increased faster in non-Belt and Road countries due primarily to greater M&A activity. Analyzing the determinants of Chinese greenfield FDI to different countries over time, he finds that since the start of the BRI, the importance of economic fundamentals has declined, raising concerns about the likely economic success of BRI projects, and the importance of governance quality has increased, contrary to assertions that China is using BRI to exploit corrupt, poorly governed countries. The results suggest that China should give greater scrutiny to the feasibility, costs, and benefits of BRI projects.

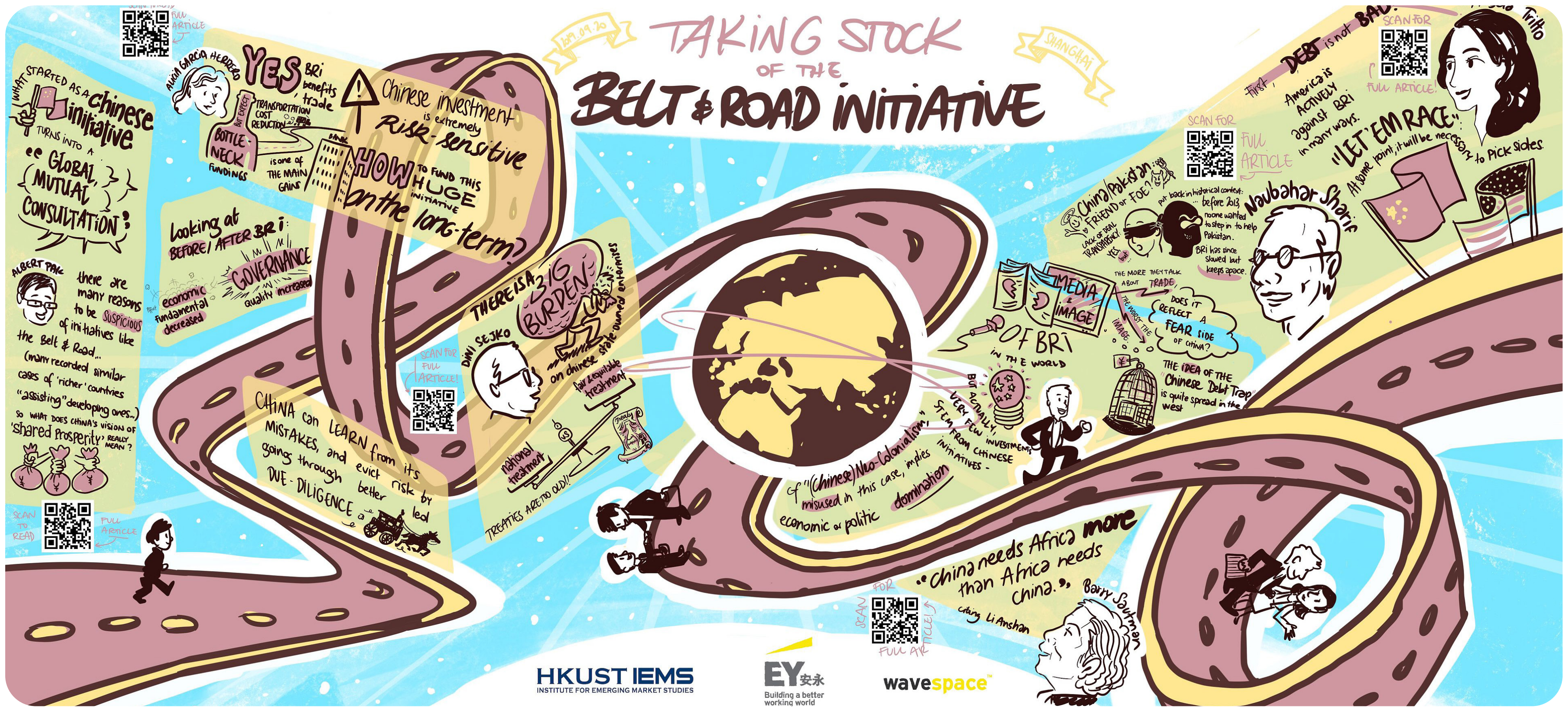
The importance of 60 Belt and Road economies in world exports has grown from 21% in 1995 to 37% in 2015. **Alicia Garcia-Herrero**, Chief Economist for Asia Pacific at Natixis, argued that we will continue to see more trade benefits due to transport cost reduction associated with new infrastructure built under the BRI. However, the trade benefits will not necessarily be evenly distributed across countries. She remarked that "China will look more like Europe in terms of trade and transport costs". However, there is a limit to what China can finance given the worsening asset quality of Chinese banks. For this reason, Hong Kong has a role to play in intermediating external financing as a key offshore center in the region. In order to fill the financing gap, she also calls for more financing by host countries and more co-financing by beneficiaries, especially the European Union which benefits greatly from BRI projects but has contributed very little to their financing.

There is also regulatory risk for Chinese state owned investors when investing in Belt and Road countries. This is characterized by geographical extension, and large upfront investments that will need a long time to generate profit. In light of this, **Dini Sejko**, Postdoctoral Fellow at HKUST IEMS, argued that there is a need to update the multitude of international investment treaties that China has negotiated with Belt and Road countries as many of them are outdated and do not provide adequate protection for Chinese investors. In order to maintain fair and equitable treatment, Sejko called for investment contracts that include dispute settlement clauses and specify reliable arbitration venues, as well as better investment guarantees in international agreements.

Informed by fieldwork undertaken in Ethiopia and Sri Lanka, **Barry Sautman**, IEMS Faculty Associate and Professor Emeritus of Social Science at HKUST, dispelled the claim that China lends to developing states expecting they will default, thereby enabling China to seize the borrower's national assets, a strategy known as the "Chinese Debt Trap" (CDT). Using the frequently cited example of Hambantota International Port (HIP) in Sri Lanka, which was financed with low-interest concessional Chinese loans from 2007 to 2012, Sautman showed that the idea of building HIP was Sri Lankan, and only after it was loss making for the entire period of operation by the Sri Lankan Port Authority of Government Agency (SLPA) from 2012 to 2017 did the Sri Lankan government decide to lease the port to China Merchant Port which plans to make additional investments and eventually make the port profitable. China holds only 15% of Sri Lankan public entity external debt, the other 85% is mostly to Western commercial banks and US international sovereign bond holders. There is therefore no empirical or logical basis to claim a "Chinese Debt Trap". He argued that these are theories employed by US elites as a political instrument in their attempt to counter China's BRI.

Also debunking the idea that China uses the BRI to exploit host countries was **Angela Tritto**, Postdoctoral Fellow at HKUST IEMS, who argued that host countries have agency in making deals with China. Based on fieldwork conducted in Indonesia, Malaysia, and Myanmar, she remarked that it is ultimately the host country's decision to take on debt and to decide on which projects to invest in. In fact, most Southeast Asian countries place strict limits on their debt to GDP ratio. For example, Indonesia's debt is only 36% of GDP, most of which is owed to Singapore and Japan. Tritto also addressed the issue of sustainable development and found that although many of the BRI investments in Malaysia use green technologies, 17 deals to build new coal power plants were negotiated by the Indonesian government during 2013-2015. After 2015, Chinese projects in coal power and resource-depleting industries declined noticeably, reflecting changing government priorities. She anticipated that Chinese projects in Malaysia also will move towards greener investments, reflecting a commitment to greater sustainability.

Naubahar Sharif, IEMS Faculty Associate and Associate Professor of Social Science and Public Policy at HKUST, focused his comments on the extent to which China is a friend or a foe of Pakistan. Based on extensive interviews with different stakeholders in Pakistan, he found that the sentiment that China is exploiting Pakistan is espoused mostly by Pakistani industrialists and business people fearful of competition from relocated Chinese manufacturing firms. Suspicion about CPEC's benefits as well as a US$ 22 billion debt obligation to China and lack of transparency of CPEC projects adds to the sentiment that China is taking advantage of Pakistan. In reality, although China has a strategic objective to establish a trade route through Pakistan to the Arabian Sea, Chinese investments are definitely helping to remove critical bottlenecks (especially power generation, also transport costs) to an economy that suffered immensely between 2002 and 2013. Furthermore, Pakistani students are being given scholarships for higher degrees in China as part of the people-to-people exchanges supported by BRI and technical and vocational training schools are being set up in Pakistan to raise the skill level of the labor force. Sharif concluded by saying that when looking at the Pakistan's development as a whole, Chinese intervention since 2013 has been extremely beneficial, the fruits of which the country continues to reap.



An illustration of the key issues covered in the event, created by Sophie Ong, Graphic Recorder at EY wavespace Shanghai. Enlarged version available on the event webpage

TAKING STOCK OF THE BELT AND ROAD INITIATIVE

Hosted by HKUST IEMS with support from EY and HKUST Development and Alumni Office.
2019.09.20 at Shanghai World Financial Center

Watch the event video at
https://iems.ust.hk/pandian

Chinese Global Engagement Abroad

There has been significant expansion and globalization of Chinese capital, people, and ideas since the early 2000s. The Chinese government's "going out" (*zou chuqu, 走出去*) policy and more recent Belt and Road Initiative reflect a domestic context of capital over-accumulation, an attempt to ensure adequate supply of raw materials and energy, as well as interest in fostering the global competitiveness of Chinese enterprises. In July 2019, the French Centre for Research on Contemporary China, School of Humanities and Social Science and HKUST IEMS co-organized the 4th edition of the Chinese Global Engagement Abroad conference for leading researchers, PhD candidates, and post-doctoral researchers to discuss how Chinese global engagements shape new political, economic, and social configurations.

Ching Kwan Lee of HKUST delivered keynote remarks in which she identified 3 mechanisms through which China achieves importance as a global actor. She argued that the use of economic stagecraft, patron clientelism, and symbols and emotions are part of Beijing's playbook to expand globally and are all conventional mechanisms of domination dating back to the revolutionary period. The use of economic stagecraft in the pursuit of global China involves state capitalism, which abroad, has objectives beyond accumulation and profit in order to achieve state power. Patron clientelism refers to the act of exchanging favors to co-opt and to influence. The third element is the use of symbols, emotions and the successful mobilization of nationalism. She added that the act of mobilizing mass feelings, in particular the idea of a motherland, has always been a main source of power legitimization.

In the first panel on the topic "Mobility, Networks, Flows of Ideas and Capital", **Julian Marioulas**, University of Vienna and East China University of Science and Technology, discussed the changing dynamics of educational engagement with China and provided a framework to understand the social, political, economic and academic rationales behind internationalization in higher education. **Jeannette Tabitha Speelman**, Leiden University/Fudan University, made a presentation on "Serving the Mobile: State Perspectives on Immigration and the Politics of China's immigration Policy Development". **Alvin Camba**, John Hopkins University, concluded the first panel with his presentation titled "In the Shadow of States: Flexible Capital, Guanxi Networks,Chinese Online Gambling Firms in the Philippines".

In the second panel on "Global Markets, Political Economies, and Infrastructures", **Derek Sheridan**, Academia Sinica, made a presentation on "An Immense Accumulation of Commodities". **Yvan Schulz**, China Centre, University of Oxford, followed with an analysis of Chinese engagement in the global scrap trade. He found that there has been a trend towards increased regulation, centralisation and assertion of state power, which can be interpreted as the government's response to the risks posed by environmental degradation. Restrictions on imports put in place by the central government from the early 2010s send a message to foreign players that Beijing is trying to move China up the value chain. However, these changes mean a loss of livelihood for people that have specialised in trading, transporting and transforming second-hand goods and recyclables. **Wang Christie Rei Ting**, Chinese Institute of Economics and Business (CIEB), wrapped up the second panel with a presentation on "China's Open Trade Door to Europe: A Fragmented Authoritarianism Perspectives on Sino-Swiss Watch Tariff Negotiations".

In a panel on "Investments and Infrastructures", **Angela Tritto**, HKUST IEMS, **Yujia He**, HKUST IEMS and **Victoria Amanda Junaedi**, HKUST Business School, examined the influx of Chinese capital into the online P2P lending sector in Indonesia and found that Chinese investment dominated foreign investment not only in legal P2P platforms but also in illegal ones. They called for a proactive approach towards regulating the FinTech sector by establishing broader regulatory frameworks that encompass relevant and emerging risks while working with industry and civil society groups to improve market conduct and consumer protection. Other session speakers included: **Elisa Gambino**, The University of Edinburgh and **Davide Zoppolato**, Global Law Initiatives for Sustainable Development, on Chinese participation in infrastructure development in Kenya; **Junda Jin**, Boston University, presenting on "Investment vs Resistance: an Interest Group Study

CHINESE GLOBAL ENGAGEMENT ABROAD: CHANGING SOCIAL, ECONOMIC, AND POLITICAL CONFIGURATIONS

Hosted by the French Centre for Research on Contemporary China, School of Humanities and Social Science and IEMS HKUST, with the support of: GIS Asie (CNRS), Consulate General of France in Hong Kong and Macau, National Institute of Oriental Languages and Civilizations (INALCO, Paris), the French Research Institute on East Asia (IFRAE) and Research Institute on Contemporary Southeast Asia (IRASEC).

2019.07.05-06

https://iems.ust.hk/cgea

Live Video

of Risky Overseas Investments from Chinese and Japanese State-Owned Financial Institutions" and **Tolulope Adetayo Fajobi**, Obafemi Awolowo University, presenting "Assessing Sustainability of Sino-Nigerian Partnership in the Railway Sub-Sector in Nigeria".

In the final panel on "Global Engagements Abroad, BRI and Regional Institutions", **Hong Zhang**, George Mason University, studied the evolution of China's strategic international development and coined the term "aid-contracting nexus" which refers to the close relationship of China's foreign aid money with "preferential buyer's credit" and other sources of state-backed finance to secure construction contracts in developing countries. Other speakers in this panel included: **Adina Matisoff**, University of California Berkeley, on "Contesting the Asian Infrastructure Investment Bank: NGO Advocacy in an Era of 'Global China'"; **Jing Li**, University of Delaware, on "Beyond Economy: Political logic behind China's Initiation of the AIIB" and **Zhou Weile**, Georgia State University, on "Construct a China-led Global Community? Evaluating China's Video Propaganda for One Belt One Road".

Keep the Presses Rolling!

The Institute continues to publish ***Thought Leadership Briefs*** to disseminate research results effectively to business leaders, policymakers, the media and the public. Six of them were published in both English and simplified Chinese in time for the Belt and Road event in Shanghai.

In ***Has the Belt and Road Initiative Become a Liability for China?*** Chief Economist for Asia Pacific of Natixis and adjunct Professor of Economics (HKUST) **Alicia Garcia-Herrero's** analysis confirms that sentiment towards the Initiative has worsened in many countries, with the only exceptions being the Middle East and North Africa. Read the full brief at http://iems.ust.hk/tlb28 *

In The "Chinese Debt Trap" and its Sri Lanka Example, **Barry Sautman** (HKUST) and **Yan Hairong** (Hong Kong Polytechnic University) argue, using the case of Sri Lanka's Chinese-built and leased Hambantota International Port, that the Chinese Debt Trap (CDT) is a conspiracy theory that reflects a US-led counter-mobilization against the BRI. Read the full brief at http://iems.ust.hk/tlb29 *

In The Belt and Road Initiative as a Catalyst for Institutional Development, **Angela Tritto** (IEMS) shows that the BRI has generated considerable institutional restructuring and increase of policy capacity in host countries. While the sustainability of BRI projects depends on both China and the host country, she urges that the Chinese side should also improve its due diligence to ensure that projects do not lead to unsustainable outcomes for the host country. Read the full brief at http://iems.ust.hk/tlb30 *

In ***China - Pakistan Economic Corridor - Tightrope or Boulevard to Prosperity?***, **Naubahar Sharif** (SOSC) dissects the controversies around the China–Pakistan Economic Corridor (CPEC), a key component of BRI through which China aims to connect East Asia with Europe through connected land and sea routes. He suggests neither of the extremely positive nor negative views about CPEC is likely true; Pakistan should be able to take advantage of important features of the CPEC while mitigating the disadvantages. Read the full brief at http://iems.ust.hk/tlb31 *

In ***Which Countries Have Benefitted the Most from China's Belt and Road Initiative?***, **Albert Park** (IEMS) presents a quantitative analysis of project-level data on China's outbound FDI and construction projects. He finds that the Belt and Road Initiative (BRI) has led to a large increase in China's outbound FDI in Belt and Road (B&R) countries compared to non-B&R countries, especially for greenfield projects and in the energy sector. Read the full brief at http://iems.ust.hk/tlb32 *

In ***Protecting Foreign Direct Investment in the Belt and Road Countries***, **Dini Sejko** (IEMS) discusses what tools investors in BRI projects can use to protect their investments. Read the full brief at http://iems.ust.hk/tlb33 *

In ***Do Place-Based Policies Work? Lessons from China's Economic Zone Program***, **Jin Wang** (ECON) weighs the pros and cons of Special Economic Zones (SEZs) for emerging markets. Read the full brief at http://iems.ust.hk/tlb34

In ***Global Liquidity and Corporate Financing in Emerging Asia***, **Vidhan K. Goyal** (FINA) and **Frank Packer** (Bank for International Settlements for Asia and the Pacific) observe that corporate leverage in Asia is generally stable, which contrasts sharply with what the authors observed ahead of the Asian financial crisis of the late 1990s. Read the full brief at http://iems.ust.hk/tlb35

Last but not least, in ***Realizing Hong Kong's Innovation Potential in the Greater Bay Area,*** **Naubahar Sharif** (SOSC, PPOL) suggests Hong Kong's research funding model needs improvement, among other recommendations, in order to rejuvenate technology development and to allow Hong Kong to play a more important role in the Greater Bay Area. Read the full brief at http://iems.ust.hk/tlb36

* Also available in Simplified Chinese.

To be continued on next page

Continued from previous page.

During the same period, the Institute added five new papers to its Working Paper Series, namely:

Regulation of AI Technologies in the Construction Industry
#IEMSWP2019-65
by **Vishnu Sivarudran Pillai** (PPOL) & **Kira Matus** (SOSC, PPOL)

Straw Burning, PM2.5 and Death: Evidence from China
#IEMSWP2019-66
by **Guojun He** (SOSC, ENVR, ECON), **Tong Liu** (SOSC), & **Maigeng Zhou** (National Center for Chronic and Non-Communicable Disease Control and Prevention)

Energy Saving Can Kill: Evidence from the Fukushima Nuclear Accident
#IEMSWP2019-67
by **Guojun He** (SOSC, ENVR, ECON) & **Takanao Tanaka** (SOSC)

Eye in the Sky: Private Satellites and Government Macro Data
#IEMSWP2019-68
by **Abhiroop Mukherjee** (FINA), **George Panayotov** (FINA) & **Janghoon Shon** (FINA)

Influence Activities and Bureaucratic Performance: Evidence from a Large-Scale Field Experiment in China
#IEMSWP2019-69
By **Alain de Janvry** (UC Berkeley), **Guojun He** (SOSC, ENVR, ECON), **Elisabeth Sadoulet** (UC Berkeley), **Shaoda Wang** (University of Chicago) & **Qiong Zhang** (Renmin University of China)

All of them are available on http://iems.ust.hk/wp

New Faculty Associates and Researchers

Xuan Li, new IEMS Faculty Associate, is Assistant Professor of Economics and a labour economist. Her research borrows behavioural and sociological insights to understand people's performance in the workplace and schools, their choices on labour and school markets, as well as organizations' managerial practices.

Donald Low, new IEMS Faculty Associate, is Senior Lecturer and Professor of Practice at the Institute for Public Policy and Director of Leadership and Public Policy Executive Education. He is an accomplished consultant and lecturer in economics and behavioural economic.

Ye Qi, new IEMS Faculty Associate, is Professor of Public Policy and Director of the Institute for Public Policy. Prior to joining HKUST in January 2019, he was the Cheung Kong Professor of Environmental Policy and Management at Tsinghua University's School of Public Policy and Management, and the Volkswagen Professor of Sustainability at Schwarzman College.of the Institute of Public Policy.

IEMS welcomes **Michael Tyrala** as Post-doctoral Fellow. Michael's research interests lie at the intersection between international relations, political economy, and historical sociology. Prior to joining IEMS, Michael completed a traineeship at NATO Allied Command Transformation and the European Economic and Social Committee.

IEMS also welcomes **Li Duan** as Research Assistant to our team. Li's research currently focuses on innovation, firm dynamics and growth in developing markets. Li graduated with majors in Economics and History from UC Berkeley and subsequently joined the MAPSS Master Program in Economics with scholarship at the University of Chicago.

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