The New Russia

This is Saint Basil’s Cathedral in Red Square in Moscow, symbolic of the centralized power of the Russian State. The building of new churches in Moscow is symbolic of the end of Communism.
Annual Growth in Real GDP in the Russian Federation, 1981-2006, in Percentages

Russia Real GDP Growth, 2003-2010
Russian GDP Growth and Crude Oil Prices, 1999-2007

Chart 1: Crude price and GDP growth

Source: FSSS, Bloomberg, Merrill Lynch estimates
Figure 10-5. Budget Deficit/GDP and Growth in Consumer Prices in the Former Soviet Union and Russia, 1985-2006, in Percentages

Figure 10-4. Annual Growth in GNP in Eastern Europe, 1986-2006, in Percentages

Figure 10-7. FDI Inflows in Billions of Current Dollars, 1990-2006

Figure 10-6. Long-Term Debt Outstanding in Russia and Three Countries in Eastern Europe in Billions of Current Dollars, 1981-2006

Deng Xiaping’s 1978 Economic Reforms

- Household responsibility system
- Land use rights
- Township and Village Enterprises (TVEs)
- Special Economic Zones (SEZs)

Lester Thurow video
Example: Shenzhen SEZ

Shenzhen plan for city-wide SEZ

- Province: Guangdong
- Special Economic Zone (SEZ) is established on August 26, 1980
- Current SEZ (Total area: 395.81 sqkm)

Source: Shenzhen government
Graphic by Kinyen Pong
Yuan-Dollar Exchange Rate, 1980-2005

China/U.S. Foreign Exchange Rate
(Chinese Yuan to One U.S. Dollar)
Yuan-Dollar Exchange Rate, 2000-2010

Range 1m 3m 6m 1y 5y 10y

Oct 3, 2000 - Oct 1, 2010: -1.590 (-19.20 %)
China US Trade Balance, 2007-2010
Figure 10-11. Inflows and Outflows of Foreign Direct Investment into and from China, 1982-2006, in Billions of Current Dollars

Wal-Mart and China

- Wal-Mart is China's sixth largest export market. In 2006, Wal-Mart imported $27 billion of Chinese goods. Wal-Mart's imports are responsible for 11% of the growth of the total U.S. trade deficit with China between 2001 and 2006. [Time, 6/19/05; EPI Issue Brief #235, 6/27/07]
Figure 10-9. U.S. Exports to and Imports from China, 1989-2007, in Billions of Current Dollars

Source: U.S. Census Bureau, *Foreign Trade Statistics.*
Note: The trade balance is the difference between exports and imports.
Real GDP Growth in China, 1961-2008

GDP growth rate
Percentage change of real GDP compared to previous year. Real GDP is adjusted for inflation. More info »

Data source: World Bank, World Development Indicators - Last updated October 1, 2010
Per Capita Income in China, 1960-2008

GDP per capita at current prices
Gross Domestic Product per capita at current prices. Not adjusted for inflation and converted to US dollars applying market exchange rates. More info

Data source: World Bank, World Development Indicators - Last updated October 1, 2010
Russia elected to pursue a state-controlled energy-based growth strategy

China elected to pursue its own form of the Asian developmental state approach, following the examples of Japan, Korea and Taiwan

China’s strategy has been more successful but both are growing rapidly now
### What Happens to Specific Regimes?

<table>
<thead>
<tr>
<th>Regimes</th>
<th>Bretton Woods</th>
<th>Interdependence</th>
<th>Globalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary</td>
<td>Fixed but adjustable rates</td>
<td>Dirty Float</td>
<td>Dirty Float; greater concerns about crises</td>
</tr>
<tr>
<td>Trade</td>
<td>GATT</td>
<td>GATT challenged (even by US)</td>
<td>WTO; rise of the anti-globalization movement</td>
</tr>
<tr>
<td>Investment</td>
<td>Few rules other than retaliation</td>
<td>Period of nationalizations</td>
<td>TRIMs within the WTO; but MAI fails; rise of BITs</td>
</tr>
</tbody>
</table>