China in the World Economy - sample question:

In the test, there are always going to be five small questions constituting a topic, with one point for each answer. Recommended answers are written in italics – these are meant as minimum required answers in order to get the point. They can often be rather short – expressed in a single short sentence.

The passages colored red are meant as excellent answers which further elaborate on the topic or go beyond what the question is directly asking. You need to answer all of the questions independently of each other, but if you answer some questions in an outstanding way, I will be less strict with your other answers.

Also, these two sample questions are somewhat hardball, especially the second one, which is why I omitted them from the tests.

1. Foreign direct investment

Does China have a high or low rate of savings on GDP?
What does this imply for investment and foreign investment?
Is China's policy towards foreign investors more or less favorable than during the early 1990s? Why?
How has China's role in the business model of a typical investor shifted since the 1990s?
What is the role of Hong Kong in both incoming and outgoing investment?

China has a high rate of savings of GDP, which implies a high rate of investment, because savings are transformed into loans and other types of investment through the financial system. It also implies that China does not need foreign capital and can become a major foreign investor.

China policy towards foreign investors is less welcoming than during the 1990s, mostly because China does not need them as much – it has enough domestic savings, it is far more advanced technologically, and it now has a stronger nationalist agenda

In the 1990s, China was mainly a source of cheap labor for foreign multinational corporations, today, these companies see China as the largest market in the world where they can sell their products. They also know that Chinese labor is more expensive, but also more qualified.

Investment in and out of China is often routed through Hong Kong, which serves as a hub for both Chinese and foreign multinational corporations, because its financial system is far more liberal and less statist than in mainland China. (China feels comfortable in clamping down on Honk Kong's autonomy because it feels it does not need it as a entrepot for investment anymore, it also wants to channel its FDI through official institutions such as AIIB and BRI projects.)