



**Leverhulme Centre**  
for Research on Globalisation and Economic Policy



## GEP economists capture headlines around the world

GEP in the news

**GEP academics have been making headlines in the UK and beyond after offering their insights into some of the most critical challenges facing the global economy.**

Research and comment from the Centre's economists have appeared in the likes of The Independent, the Daily Mail and the Chinese edition of the Financial Times in recent weeks.

Professor Shujie Yao's assertion that China was embarrassed by the collapse of the proposed deal between Chinalco and Rio Tinto was published around the world.

In the UK his thoughts featured in The Independent, whose report on the debacle was based around his comments, and the FT, which invited him to write two articles on the subject.

Professor Yao, co-ordinator of GEP's China and the World Economy programme, spoke out after Chinalco, China's state-owned aluminium firm, failed in its controversial bid to form a "strategic partnership" with Rio Tinto amid shareholder anger and political pressure.

Had it succeeded, the \$19.5bn deal with the Anglo-Australian mining giant would have represented the largest-ever overseas investment by China.

Instead Chinese esteem suffered a "painful blow" when negotiations broke down, said Professor Yao.

He told The Independent: "Rio Tinto has been courting two lovers at the same time – one openly and one under the table.

"It is the Chinese who stepped in to bail the business out four months ago when it was in desperate trouble, but the recovery since has given Rio Tinto chance to work up a covert deal."

Chinalco spent \$14bn on a 9% stake in Rio Tinto, the world's second-largest mining company, in February 2008, at almost the peak of the market.

The move disrupted a planned takeover of the firm by BHP Billiton, which had been attempting to buy its rival since

November the previous year.

In February 2009, despite having lost more than 70% of its first investment, Chinalco offered to plough in more cash – in part to recoup earlier losses.

But protests from shareholders and apparent political pressure from the Australian government persuaded Rio Tinto to scrap the deal.

Writing in the Financial Times' prestigious Comment section, Professor Yao described the collapse of the proposed tie-up as a "serious blow to China's self-esteem".

He said: "China will learn a bitter lesson from this. The dragon has woken and learnt it needs to be brutal. The failure to press home an advantage is unlikely to be repeated."

Professor Yao also wrote a 1,500-word piece in Chinese for the FTChinese.com website, which carried his article as its lead story.

In addition, his opinions featured widely in the Chinese and Australian press and are set to appear in the influential House Magazine, the publication for MPs and Lords.

Professor Yao's insights into the Rio Tinto episode came just weeks after he wrote a comment piece in The Daily Telegraph urging investors to reassess the respective roles of China and Japan.

That article was extensively republished in the Chinese media, where it was read by an estimated 100-million people.

Meanwhile, GEP Research Fellow Dr Richard Upward featured in the Daily Mail after revealing thousands of British workers left jobless by the credit crisis could be condemned to half a decade on lower pay.

Dr Upward used information from the Office of National Statistics' Business Data Lab to study a random sample of 1% of employees who were part of the PAYE scheme.

The sample was linked to a large panel of UK businesses from 1994 to 2003, producing just over 150,000 observations of workers' wages for each year in that period.

The study found the closure of a firm leads to the average worker suffering a drop in income of around 50% in the first year, 15% in the second and 10% in the third.

According to the research, it usually takes an employee five years to get back to a wage matching the level he enjoyed before he lost his job.

Dr Upward warned the effects of redundancy were likely to be even more severe for workers in the car industry, which has suffered heavy losses recently.

He told the Mail: "Redundancy is a blow to anyone, but in the car industry it can be particularly serious. These are highly skilled workers – but their skill is making vehicles.

"Those skills are not easily transferable, and the brutal truth is many of these workers will struggle to earn as much again. For the average middle-aged labourer it will be potentially disastrous."

**Examples of GEP's recent press coverage can be found by logging on to the following links:**

<http://www.ft.com/cms/s/0/6334ed04-538e-11de-be08-00144feabdc0.html>

<http://www.ftchinese.com/story.php?storyid=001026853>

<http://www.independent.co.uk/news/business/news/rio-risks-a-china-crisis-1698209.html>

<http://www.telegraph.co.uk/finance/personalfinance/investing/5357795/Investment-think-China-not-Japan..html>

<http://www.dailymail.co.uk/news/article-1193127/Average-Briton-redundant-wait-years-salary-reaches-level-again.html>

## About GEP

GEP is based at the University of Nottingham and is substantially funded by grants from the Leverhulme Trust.

In January 2008 it opened GEP in Malaysia at the University of Nottingham's purpose-built Semenyih campus, 30km from Kuala Lumpur.

In November 2008 it launched GEP in China at the University of Nottingham, Ningbo, China.

GEP is keen to promote its research work and is committed to communicating its expertise through the media and to assisting journalists whenever able.

Website: [www.gep.org.uk](http://www.gep.org.uk)

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## Professor Shujie Yao



Shujie Yao is a Professor of Economics and the co-ordinator of the Globalisation and Economic Policy Centre's China and the World Economy programme. He is also Head of School at the University of Nottingham's School of Contemporary Chinese Studies.

In an article published in the Journal of Asian Economic Literature he was ranked in the top 10 Chinese scholars specialising in the country's economy. He is chief editor of the Social Science Edition of the Xi'an Jiaotong University Journal and founder editor of the Journal of Chinese Economics and Business.

He has been a consultant to organisations including the World Bank, the EU and UNCDF.

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## Dr Richard Upward



Richard Upward joined the Nottingham School of Economics in 1998 as a Research Fellow, became a Lecturer in 2001 and was promoted to Associate Professor in 2004.

He previously worked as a Research Associate in the economics department at Manchester University, where he also completed his PhD.

Richard is a Research Fellow at the Globalisation and Economic Policy Centre, where his work includes studies of worker displacement and the effects of offshoring.

June 2009



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