

1,068 Views | 13 CrossRef citations to date | 0 Altmetric

The Politics of Trade, Aid and Standards

A principal-agent analysis of China's sovereign wealth system: Byzantine by design

Sarah Eaton & Zhang Ming

Pages 481-506 | Published online: 17 Aug 2010

Cite this article <https://doi.org/10.1080/09692290903293497>

Sample our
Politics & International
Relations Journals

>> [Sign in here](#) to start your access to the latest two volumes for 14 days

Full Article | Figures & data | References | Citations | Metrics

Reprint

We Care About Your Privacy

We and our 854 partners store and access personal data, like browsing data or unique identifiers, on your device. Selecting "I Accept" enables tracking technologies to support the purposes shown under "we and our partners process data to provide," whereas selecting "Reject All" or withdrawing your consent will disable them. If trackers are disabled, some content and ads you see may not be as relevant to you. You can resurface this menu to change your choices or withdraw consent at any time by clicking the ["privacy preferences"] link on the bottom of the webpage [or the floating icon on the bottom-left of the webpage, if applicable]. Your choices will have effect within our Website. For more details, refer to our Privacy Policy. [Here](#)

We and our partners process data to provide:

.....

I Accept

Reject All

Show Purpose



sovereign
officially
(CIC), and
n of Foreign
various
common to
governance
We then
led China's
among the
cts that

shaped the creation of CIC and then show how SAFE was subsequently drawn into

competition with CIC in the area of high risk, high yield investment. Although China's SWF tournament emerged as a quite unintended consequence of bureaucratic politics, China's leadership has since tacitly endorsed this rivalry because it has supplied the government with valuable carrot and stick mechanisms with which to discipline fund managers.

Q KEYWORDS: [China Investment Corporation](#) [State Administration of Foreign Exchange](#)
[sovereign wealth funds](#) [principal-agent problem](#) [corporate governance](#)

ACKNOWLEDGEMENTS

The authors are grateful to two anonymous RIPE reviewers for incisive comments on an earlier draft of this paper. The authors also wish to thank Sandra Heep, Scott Kennedy, Genia Kostka, Alanna Krolkowski, Mark Kruger, Miguel Otero, Louis Pauly, Victor Shih, David Steinberg and Joseph Wong for helpful feedback at various stages of the paper.

Notes

1 Kaufman
data from
percepti
selecting
and a fre

2 This po
would
insul
where th
bureauc
attracted
informat
reporting

× aggregate
re[s]
e in
ssociation,
es that CIC
s that the
n Singapore,
bably
nt grip on
se agency
ervision.'



3 Our measures of Abu Dhabi transparency/accountability are not as strong as the others. In all the data sources we consulted, data sources for Abu Dhabi specifically (i.e. as separate from United Arab Emirates) were not available so we have used the UAE measures. We think this is reasonable especially considering that Abu Dhabi is the most powerful emirate in the UAE. Unfortunately, the Institutional Profiles Database data, the only data source we found that includes direct measures of government transparency, did not collect data from UAE.

4 The EIU Democracy Index is based on five categories: electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture. The index categorizes countries in terms of four types: full democracies; flawed democracies; hybrid regimes; and authoritarian regimes. The CHECKS variable counts “the number of veto players in a political system, adjusting for whether these veto players are independent of each other, as determined by the level of electoral competitiveness in a system, their respective party affiliations, and the electoral rules” (Beck et al., 2001: 170). Since countries that do not hold competitive legislative elections are assigned the minimal score of one, the CHECKS variable does not capture contestation in authoritarian systems. For political systems with competitive elections, the CHECKS variable increases by the number of veto players in the system and adjusts for differences between presidential and parliamentary systems.

5 Conce
meeting
the fram

6 Bank r
the MoF
which ha
of Hu
injec
Bank of
to only U
prior to

Special
or setting

d between
(n), the MoF
the creation
capital
cultural
CBC came
ank's equity



Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access


- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

-  Sign up
-  
-  



Copyright

Accessib

Regist
5 How

