

# **Meta-Analysis of Chinese Business Cycle Correlation**

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## **Summary**

We summarize previous research on China's business cycle correlation with other countries with the help of meta-analysis techniques. We survey 71 related papers along with all the characteristics of the estimations as well as those of the authors. Meta-analysis enables one to statistically summarize and aggregate research results on a given topic. It can be characterized as a systematic literature survey in which all the papers published on a given topic are given at least some weight in deriving a 'consensus' or 'aggregate' view on that topic. It is also a means of assessing how characteristics of the authors, variable specifications, data samples etc. affect the reported results.

First, we find that correlation coefficients are relatively high and statistically significant for many countries. This is true both for Asian and non-Asian countries as well as for China's immediate neighbors and ASEAN countries. The result confirms China's eminent position within global and regional production networks. Furthermore, it is possible that China's domestic demand is already so large that it supports exports from many different countries.

Secondly, we find that many attributes related to the publication, authors, methods and variables used, etc. have a definite effect on the reported correlation coefficients. Based on our preferred estimation specification, we e.g. observe that the more recent papers are more likely to report higher correlation coefficients, and that papers that do not have China as a specific focus are more likely to report lower correlation coefficients.

To conclude, our results also warn against accepting results from any single study without some caution, as many factors can influence the reported correlation coefficient. Nevertheless, it is clear that China's business-cycle correlations with other countries – especially those in Asia and the US – are already relatively high and are increasing.