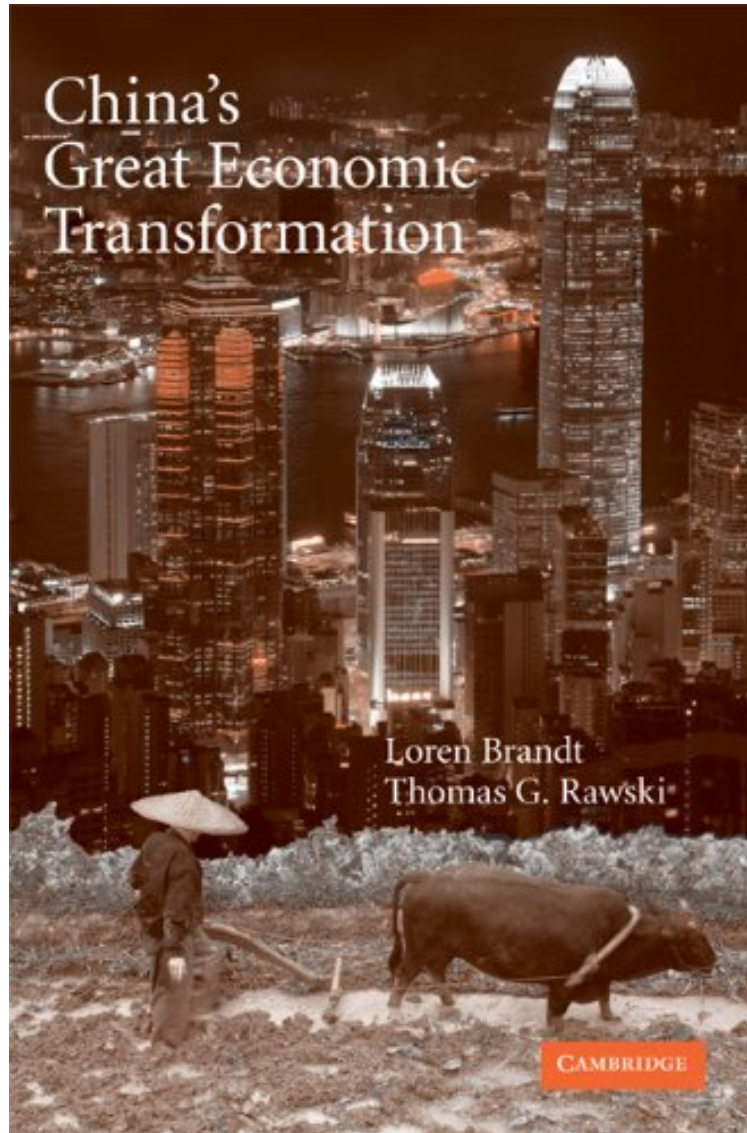


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## China's Great Economic Transformation

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**From Cambridge University Press : China's Great Economic Transformation** before purchasing it in order to gauge whether or not it would be worth my time, and all praised China's Great Economic Transformation:

1 of 1 people found the following review helpful. Data old, analytics notBy smitkaThere are lots of edited volumes and sole-author volumes on the Chinese economy. But despite the passage of time (year after year of 10% growth) the underlying issues and analytic approach of the authors of the book's 20 chapters remain spot on. While I keep up with the latest, this is still what I use as a text / reference work for my course on China's economy, supplemented by lots of more recent "economics working papers". Certainly the numbers for urbanization are now different, but the Chan, Henderson and Tsui chapter is great for analytics and issues. Ditto those for structural transformation (Brandt et al),

political economy (Naughton), demography (Wang et al) and fiscal issues (Wong Bird), to name but a few. While a few chapters are written by non-China-specialists, in general the editors have pulled together the top people in each field. The chapters are by intent accessible to general readers; tables and data are aplenty, but these are not narrow technical papers full of regression statistics. Jargon is in general explained. Models are presented in prose form, not in mathematics; policy issues are highlighted. Each chapter includes an extensive bibliography, but these are not (mere) literature surveys, but essays in which the authors tend to take a stand rather than present on-the-one-hand-on-the-other analysis. Finally, and highly unusual for an edited volume, the chapters even cross-reference each other. All of this means that this work has "legs" compared to much of what is available on China. To reiterate, this is a book I've felt free not only to use with undergraduate economics students, but to reuse. To complement this I use a shifting set of books, including Li Huaiyin *Village China Under Socialism and Reform: A Micro-History, 1948-2008* on 60 years of change in an agricultural district, Peter Hessler's vignettes of rural and new urban life, *Country Driving: A Chinese Road Trip* (P.S.) and Michael Dunne's tale of a manufacturing-retail joint venture *American Wheels, Chinese Roads: The Story of General Motors in China*.<sup>11</sup> of 11 people found the following review helpful. Excellent Background on China's Economic Changes By Loyd Eskildson

The authors begin by summarizing China's economic environment prior to the reforms begun by Deng Xiaoping in 1979. Product and process innovations were pushed aside in favor of simply "fulfilling the plan," unless innovation was specifically ordered. Thus, both products and processes were outdated. Security considerations mandated movement of factories to interior regions during the 1950s and 1960s. Ideological objectives imposed economic costs such as curtailing small-scale commerce to protect citizens from the evils of capitalism, or closing schools to send urban youth to work in the fields. Two factors galled China's leaders after Mao. 1) Its standing within East Asia was weak - Japan, South Korea, Taiwan, and Hong Kong had raced far ahead. 2) Chronic food supply problems, memories of the 1959 famine with its 30-40 million deaths created the greatest pressure and receptivity to reforms beginning in the farm sector. Many Chinese didn't bother to work in the fields because there was no reward for additional hands in the commune system; in addition, many potential workers were themselves suffering from malnutrition. Changing to household farming from collective efforts brought new incentive, the increased nutrition added energy and workers - the outcome was millions of villagers looking for outside employment in rural areas. The excess workers created local restaurants, stores, private schools, etc. Dual prices (fixed at government-set levels for quota production, market levels for any excess) encouraged change and increased output without major disruptions such as the population being unable to afford any goods (eg. Russia, years later; minimized political struggle) and also encouraged regional specialization and the transfer of production to other areas. (Formerly self-sufficiency within areas and regions had been emphasized, supported by residential permits limiting migration.) Special economic zones were created as controlled experiments in relaxed rules - they also attracted these newly available workers and often were led by entrepreneurs from Taiwan and Hong Kong experienced in exporting. These special zones also brought Chinese workers and managers into contact with world methods, standards, and prices. Eventually 150-200 million rural Chinese migrated to these expanding economic zones. Pre-reform policies allowed local government experimentation and variation within broad guidelines set by the central leadership. This allowed national leaders to assemble coalitions of like-minded officials to both demonstrate the merits of their thinking and lobby for support and expansion. This flexibility continued during economic reforms, with new guiding principles. China does not operate through detailed regulations (eg. the U.S. Federal Register), but via well-publicized speeches of the leadership which the populace and local leaders interpret. Local officials also controlled most State Owned Enterprises (SOEs). After reforms began, area economic performance became the arbiter of success instead of the previous ideological benchmarks determining officials' chances of promotion or replacement. These changes made public administrators champions of growth, encouraged mentor-student relationships, and sending study teams to leading provinces and cities so their successes could more rapidly spread. The retirement of Deng Xiaoping and other "revolutionary leaders" led to generation-skipping leadership change (omitted those of the Cultural Revolution era with limited education and strong biases) and the acceleration of change by appointing younger individuals with greater overseas study and/or business experience. At the start of reform, private business operated in legal limbo. Some entrepreneurs disguised their firms as collectives, others purchased protection from powerful individuals or agencies. Full legal guarantees were not provided until 2000, and legalization of private property did not become complete until 2007. SOEs evolved from government "operating" to "owning," and then their numbers rapidly decreased from 77.6% of industrial production in 1978 to 15.2% in 2004-05 as the government slimmed down to areas of strategic interest - eg. excluding clothing. Overall, the "Big Bang" (eg. Russia's approach years later) was avoided, partly because political realities historically had made that difficult; China also lacked the capital markets and clear ownership rights required for total changeover. "China's Great Economic Transformation" does not go nearly into as much detail on education, and offers no detail on its health care. What is provided, however, is still quite interesting. Per UNESCO, in 2002 China's average class size was 34.5 in primary grades, 56.7 in lower secondary schools. At the city primary level, nearly 43% of teachers had some college education. Of the world's nine largest nations, China ranks 7th in the percent of GDP spent on education. About 60% graduate from high school. (It is difficult to correlate data from China to the U.S. because of differing and unclear definitions.) Finally, as for science and technology, China was

held back by the Cultural Revolution, and now spends only about half the proportion of GDP as the U.S. However, it is rapidly expanding with U.S. assistance in eg. drug research and software development, as well as mandated technology transfers being part of major partnerships (eg. autos and airplanes). Bottom Line: "China's Great Economic Transformation" is an outstanding contribution to understanding major organizational change and economic development.

This landmark study provides an integrated analysis of China's unexpected economic boom of the past three decades. The authors combine deep China expertise with broad disciplinary knowledge to explain China's remarkable combination of high-speed growth and deeply flawed institutions. Their work exposes the mechanisms underpinning the origin and expansion of China's great boom. Penetrating studies track the rise of Chinese capabilities in manufacturing and in research and development. The editors probe both achievements and weaknesses across many sectors, including China's fiscal, legal, and financial institutions. The book shows how an intricate minuet combining China's political system with sectorial development, globalization, resource transfers across geographic and economic space, and partial system reform delivered an astonishing and unprecedented growth spurt.

"This impressive collection of twenty chapters provides a comprehensive, penetrating, and timely analysis of China's remarkable economic transformation in the past three decades, one of the most significant economic events with global importance. All of the chapters are written by some of today's most active experts on China's economy, and many chapters jointly with the distinguished experts in the specific area of the discipline. The authors do not analyze China's case in isolation but place it in the general context of economic development and transition and the experiences of other economies; and they do not simply amass the numbers but interpret the data in light of economic theories. It is a valuable book for those who want to gain an in-depth knowledge about China's economic achievements, shortcomings, and challenges." - Yingyi Qian, University of California, Berkeley

"China's Great Economic Transformation of the last thirty years is one of the most important economic events in history. The volume edited by Brandt and Rawski, with contributions from an impressive array of world class China scholars and economists, is by far the most comprehensive attempt to date at understanding this phenomenon. This volume will be for many years to come the top reference to understand China's growing role in the world economy." - Gerard Roland, Berkeley University

"This book collects masterful surveys of all important aspects of the Chinese economy by some of the leading experts in the field. The sheer comprehensiveness is impressive. It is highly useful to both people who need a quick introduction to the subject and to other China researchers." - Shang-Jin Wei, Graduate School of Business, Columbia University

"A valuable reference for collections supporting development economics and China studies. Recommended." - Choice

"There is an old Chinese saying that 'A book holds a house of gold.' This volume edited by two eminent scholars on China is an impressive achievement and certainly yields a treasure trove of detailed information and thoughtful analysis of the Chinese economy.... What makes this volume stand out from the crowd is the sheer wealth of material that is brought to bear on different aspects of the growth process and their implications for economic welfare and sustainability of that growth.... This volume is indeed destined to become part of the essential collection of reference and source materials for scholars as well as students of the Chinese economy." - Eswar Prasad, Senior Fellow, Global Economy and Development, The Brookings Institution

"China's Great Economic Transformation is a fine, comprehensive set of discussions of China's economy from the late 1970s, when the reform period began, until around 2006.... If the editors had been intimidated by the rapidity of change and retreated from aiming at their moving target, this useful and informative book would not exist and we would be the poorer for it. China's Great Economic Transformation will serve very well, at least for a few more years, as a comprehensive reader in courses on China's economy." - Carl Riskin, Queens College, CUNY and Columbia University, The China Journal

About the Author Loren Brandt is Professor of Economics at the University of Toronto, where he has been since 1987. Previously, he was at the Hoover Institution. Professor Brandt has published widely on China in leading economic journals, and been involved in extensive household and enterprise survey work in China. He is the author of *Commercialization and Agricultural Development: Central and Eastern China, 1870-1937*, and was an area editor for the five-volume *Oxford Dictionary of Economic History*. Thomas G. Rawski is Professor of Economics and History and UCIS Research Professor at the University of Pittsburgh. His work covers many dimensions of China's development and modern economic history and includes *Economic Growth and Employment in China*, *China's Transition to Industrialism*, *Economic Growth in Prewar China*, *Chinese History in Economic Perspective*, *Economics and the Historian*, and *China's Rise and the Balance of Influence in Asia*.