

1) Explain the key economic reforms initiated by Deng Xiaoping that led the Chinese economy to a market economy and what are the potential limits to continued Chinese economic growth?

After Mao Zedong's death, Deng Xiaoping established his power in China and began implementing the Four Modernizations: (1) agriculture, (2) industry, (3) science and technology, and (4) national defense.

Some of the key economic reforms initiated by him are listed as follows. He laid major emphasis on family units, which instilled the household responsibility system among the people in agriculture. As a result of this, China saw dramatic improvements in food outputs and substantial increases in rural incomes. Also, central planning was reinstituted wherein the unit of rural income accounting was lowered from the brigade to the production team. Light industries e.g., consumer goods such as clothing were started to be prioritized over the heavy industries like iron & steel, coal, etc. This paved the way for China to become the manufacturing powerhouse it is today. Deng also emphasized pragmatic, market-oriented policies which according to him would bring more rapid growth and modernization. He paved the way for the establishment of the Special Economic Zones (SEZs), which opened China to the outside world & trade, and external economic influences. During the time of Deng, many rules on private enterprises were loosened and economic reforms were spread to many provinces. Deng reformed the agriculture sector heavily. This included measures like restoration of the right to private plots, recognition of property rights and of production teams, & respect for household boundaries; allowance of free-market rural bazaars; and increases in-state purchases of agricultural commodities along with price increases for the commodities. He loosened restrictions on crop specialization, relaxed self-reliance doctrine leading to greater interregional trade, eliminated political meddling in team management, and tried to shift to material rather than moral incentives

The key economic reform initiated by Deng Xiaoping which led the Chinese economy to a market economy was the Enterprise Reforms, which came in 1984. This was when most firms were allowed to replace plan targets with responsibility contracts, which gave them the freedom to keep and freely dispose of any extra/surplus above a considerably small output which was a contractual, and financial requirement. This dual pricing system from agriculture was extended to many other sectors of China's economy, which resulted in a market economy whose % of central SOEs beyond the contracted component was falling with time.

Despite economic successes, China faces severe problems. Potential limits to continued Chinese economic growth are as follows. The looming threat of oscillations of further higher inflation and deflation is accompanied by a reduced economic growth rate. Also, there was the threat of separation in the poorer western region which comprised minority populations, for example, Xinjiang or Tibet. Related to this, China was in a state of political unrest, where fights over democratization and dissent were continuous. As the reforming coastal areas advanced, disparities in income among different regions kept widening. The difference in median income among rural and urban/developed areas fueled labor migration into cities and prevented underdeveloped areas from fully adapting. The challenge of governing free-market Hong Kong and eventually absorbing market-capitalist Taiwan, both of which are considerably ahead of the PRC in terms of real per capita income was a serious limitation that China was facing. There was also the unavoidable possibility of a catastrophic environmental disaster in the near future if China continued its growth at a rapid pace. Many

of its methods were not viable environmentally and were extremely unsafe. Also, dealing with the mounting bad loans in state-owned banks as a result of the more inefficient SOEs' losses was a major roadblock in China's economic progression.

2) How do a comparison of the North and South Korean economies resemble and differ from the comparison between the former East and West German economies?

The resemblances can be seen between North Korea and East Germany as they have both had the socialistic type of government and command economy likewise South Korea and West Germany have had capitalistic economies. Where South Korea and West Germany were flourishing because of their economic system, going towards the western system, West Germany and North Korea due to their economic systems and governments were left behind and became noticeably poorer than their counterparts. The South and West were internationally connected while the North and East because of their communist background remained in their bubble.

3) How do French indicative planning and industrial policies compare with those of Japan?

Indicative Planning is a form of economic planning in which a target for national economic growth is set over a period of time, usually five years. This practice is known as dirigisme in French. There were three main reasons for the adoption of indicative planning viz, avoiding humiliation from another defeat as it had occurred in 1940, offsetting the power of three Stalinist command supporting cabinet members, and third was to provide a system of negotiating with the US over the Marshall Plan Aid. The initial plans were focused on microeconomics and they gradually became macroeconomic in nature.

The Japanese economy has a huge and controversial influence by the MITI (Ministry of International Trade and Industry), more than the MOF (Ministry of Finance) has on the economy. Such is not the case in France where the industrial policy is comparatively less consistent. The French top-level bureaucrats take up high-level jobs in the industry after retiring which doesn't happen in France (Amakudari). In France, it is frequently the case that the industries are nationalized, which is not the case in Japan.

4) What are the benefits and dangers of the drive towards regional decentralisation of economic policy in India?

There are several upsides to the drive toward regional decentralization of economic policy in India. Firstly, the states and regions of India are progressively now asserting their presence to implement reforms that would be beneficial for the quality of life. An example of this is the recent stark improvements in education and women's status in Kerala. Karnataka, which houses India's IT hub, Bangalore, is a rapidly growing state.

Dangers of the same include disparities among several states, for example, Bihar, which is drowned in deep poverty, snail-paced growth, and regional social conflicts. It is now left to itself to resolve these and adapt to the level of the other states/regions.

Although there are things to be apprehensive about regarding the drive, the majority of the states are overcoming these potential roadblocks holding India back. And it is hoped that the states and the regions will extend the benefits of the reform to the rural population as well as to the urban sector.

5) Compare and contrast the economic policies and performance of China and India.

In the 1980s, the GDP of China and India was almost equal, China being slightly ahead of India. In the current scenario, China's GDP is substantially larger than India's.

China has transitioned from a closed, centralized economic system to a market economy since the beginning of Deng Xiaoping's economic reforms. The reforms began with the dismantling of communal systems in the countryside, progressing to price liberalization, fiscal decentralization, greater autonomy for state-owned enterprises, the development of the private sector, the development of a financial market and a modern banking system, and finally the opening of foreign markets and DFIs.

While in India, the administration advocated economic freedom policies such as deregulation of the industrial sector, privatization of major state-owned enterprises (SOEs), and reduced trade and direct foreign investment prohibitions.

In order to continue and sustain current economic growth, India, like China, must address a number of issues, including reducing poverty and eliminating violence and discrimination against women and children. Poor infrastructure, agricultural stagnation, sectarian warfare, social instability, and political divide induced by nationalism will continue to afflict and undermine India's long-term growth.

Another factor to consider when comparing the economic development potential of China and India is that the GDP growth rate, infrastructure, numbers of foreign investments attracted, total import and export volume, national savings rate, and other indicators are far more than enough. In terms of these indicators, China would undoubtedly outperform India.