



1 China's Socialist Market Economy

China is a sleeping giant, when China wakes she will shake the world.
—Napoleon Bonaparte

2 Introduction

- World's largest population and rapidly growing economies
- The country is ruled by entrenched and authoritarian Communist Party
- While other transition economies experienced economic collapse following abandonment of communism Chinese economy continue to flourish
- What is China's secret?

3 Introduction

- China occupies a central position geographically historically and culturally in East Asia
- Many East Asian countries have experienced rapid industrial growth following the model of Japan, while China long lagged behind them historically.
- China has awakened and is asserting its central position, and is emerging as a regional leader.
- China is second largest economy in the world reckons to become a full international superpower.

4 Introduction

- PRC pursued self-sufficiency and regional self-sufficiency under Mao Zedong; the latter for defense reasons from fear of attack by the USSR or the United States.
- The countryside was organized into large communes
- Traditional culture and social values were assaulted during the Great Proletarian Cultural Revolution (GPCR, 1958–1969)
- The communes have been disbanded, a remnant of them persists as town and village enterprises (TVEs).

5 Introduction

- These entities are free from central planning and operate in a competitive market context
- Many export goods abroad through liaison offices in Hong Kong or via specific foreign capitalist firms
- This dynamic TVE form is the unique innovation of the PRC's self-proclaimed socialist market economy
- Belt and Road Initiative (BRI) is the largest

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China is the largest economy in the world.
—Appleton (2004)

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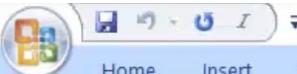
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China is a rapidly growing state-controlled socialist market economy.

— Republic of Korea

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China's socialist market economy is characterized by state ownership of key industries and state control over the economy.

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China is a rising power, often cited as one of the world's top 5 economies.

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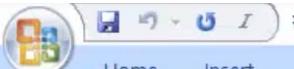
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Post Mao China

- Revival of Confucianism:
 - loyalty within families and toward state authorities
 - hard work and morality
 - emphasis on family units led to the household responsibility system after 1978
 - resulted in dramatic improvements in food output and increased rural incomes
 - China achieved the ability to feed itself, a historic milestone for a society whose past was characterized by regular famines
- During the Great Leap Forward (GLF, 1959–1961), starvation deaths of up to 30 million people occurred when the communes were first established

7

Problems for Chinese Economy

- The threat of secession in poor western provinces (e.g. Tibet and Xinjiang)
- Political conflicts over democratization and dissent (e.g. 1989 student uprising in Tiananmen Square)
- Extreme oscillations between inflation and deflation combined with slower growth
- Rising regional income inequalities (e.g. coastal and mainland, rural-urban)

8

Problems for Chinese Economy

- The problems of managing leviathan Hong Kong and Taiwan
- The threat of a major energy/environmental crisis
- Bad debts in the state-owned banks
- Absorbing the increasing numbers of migrants and unemployed persons from the countryside

9

China and Capitalism

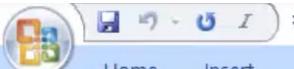
- Despite problems China continues to move in the direction of markets and capitalism. It formally accepted:
 - the private sector in its constitution in 1999
 - new capitals into the higher ranks of the Communist Party in 2002
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- Revival of Contracting:
 - locality within families and toward state authorities
 - hard work and morality
 - emphasizes family values to stimulate economic development after 1978
 - stimulates domestic enterprises in food output and increased rural incomes
 - Chinese government tries to keep rural, a historic industrial base for a society which paid well characterized to regulate Taiwan
- China's Great Leap Forward (MLA, 1958-1962), shareable wealth of up to 10 million people resulted when this occurred was first established

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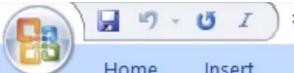
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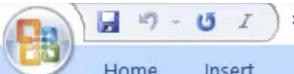
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- 8 Problems for Chinese Economy
- The problems of managing Taiwan, Macau, Hong Kong, and Taiwan
 - The threat of a major energy/environmental crisis
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- 10 Maoist Economic Policies and Modern China

- 11 The Ideology of Maoism
- Maoism was the main Communist rival to the Soviet-style model during the twentieth century
 - Mao formulated his doctrine of relying on a mass peasant base, which differed from Stalin's proletarian base
 - emphasized land distribution in the Confucian manner, and land distribution as a bridge to full collectivization

- 12 Maoism VS Stalinism
- Mao emphasized centralized planning, self-reliance, and the importance of agriculture in the economy, while Stalin emphasized heavy industry, rapid industrialization, and centralized control of the economy
 - Both Mao and Stalin encouraged農業 revolution and sent them to the countryside for "revolution"
 - Mao's greater emphasis on traditional culture, whereas Stalin emphasized the modernization of society, including the destruction of traditional elements of society
 - Both Mao and Stalin engaged in purges against their political opponents

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Maoist Economic Policies and Modern China



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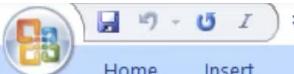
12

Maoism VS Stalinism

- Mao's emphasis on:
 - developing the rural economy based on the slogan 'rural包围urban' (rural包围urban), which means to surround cities by rural areas and eventually capture them through revolution
 - the Great Leap Forward, where Mao's Red Guards encouraged farmers and sent them to the countryside for 'revolution'
 - Mao's greater opposition to traditional culture—whereas Stalin had a positive attitude towards ancient Chinese and other 20th-century Russian art and culture
- Mao's right to address the people by calling them 'the people'

Maoist Economic Policies and Modern China

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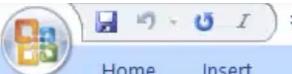
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- Mao's emphasis on:
 - developing the self-reliant base and the working population in the countryside
 - the importance of agriculture and the rural areas in the economy
 - agriculture and rural areas as the main source of revolution
 - the Red Guard movement
 - Mao's greater opposition to traditional culture – whereas Stalin had a more positive attitude towards elements of nineteenth-century Russian art and culture
 - the right to express thoughts by campaigning against the

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Maoism VS Stalinism

- Maoism emphasis on:
 - developing the rural economic base and maintaining population in the countryside (Maoist policy increased the urban-rural income gap)
 - egalitarianism and use of moral incentives rather than material incentives
- During the GPCR when **Red Guards** denounced bureaucrats and sent them to the countryside for “reeducation”
- Maoism’s greater opposition to traditional culture— whereas Stalin supported the maintenance of important elements of nineteenth-century Russian art and culture
- Mao sought to destroy the past by campaigning against the *Four Olds* (old customs, old habits, old culture, and old thinking)
- Maoism’s emphasis on regional decentralization of economic control, more like the ideas of Khrushchev than those of Stalin.

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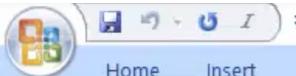
Important Eras

- Implanting Stalinism and the Stalinist Model, 1949–1959
- The Great Leap Forward, 1958–1961
- The Period of Adjustment, 1962–1965
- The Great Proletarian Cultural Revolution (GPCR) and the Late Maoist Period, 1966–1978
- Overturn and the move to a market economy, 1979 to the present
- “Build and Road Initiative” (BRI) by Xi Jinping; The largest

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Maoism VS Stalinism

- Maoists emphasize on:
 - the need for revolutionaries to become more radical in their policies than Stalinists
 - more violence and less peaceful coexistence rather than peaceful co-existence
- the period when Red Guards disrupted bourgeois' lives and sent them to the countryside for "re-education"
- the Great Leap Forward, 1958–1961, where Mao supported the introduction of capitalist elements of socialism in agriculture, industry, and culture
- the Cultural Revolution, 1966–1976, during which Mao sought to eliminate traditional Chinese culture against the New Left (old customs, old habits, old culture, and old thought)
- Mao's regulation on regional administration of resources control, reorganizing the size of provinces/towns/states.

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Important Eras

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- Dengism and the move to a market economy, 1979 to the present
- Built and Road Initiative (BRI) by Xi Jinping: The largest infrastructure projects in the world in modern history, 2013.

14

Implanting Socialism and the Stalinist Model, 1949–1957

- Giving land to all peasants individually and establishment of local and mutual aid teams in 1950.
- The higher level, village-based brigades cooperatives, began to be organized in 1955 and had completely displaced the lower organizational forms by April 1958, when the town-level communes began to be formed.

15

Implanting Socialism and the Stalinist Model, 1949–1957

- The First Five-Year Plan (1953–57) followed Stalinist lines, reflecting Sino-Soviet friendship and Chinese reliance on Soviet economic advances.

- The new Communist regime moved slowly on:
 - redistribution of land to individual peasants
 - collectivization of agriculture proceeded gradually
 - nationalization of industry and trade

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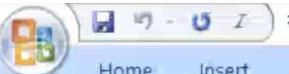
The Great Leap Forward, 1958–1961

- A cutoff of Soviet aid and a poor harvest in 1957 triggered the Great Leap Forward (GLF) in 1958.
- the focus was on agriculture, using traditional technology to produce more
- more horsepower for agricultural production. In decentralized communes
- a policy labelled "walking on two legs."

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Marxism VS Stalinism

- Marxist principles can be applied to the Chinese revolution and the Chinese revolutionaries can learn from Marx's theory.
- Mao Zedong and his supporters believe that the Chinese revolution must be led by the Chinese Communists.
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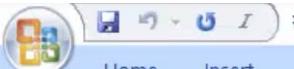
The Great Leap Forward, 1958-1962

- A cutoff of Soviet aid and exports forced the SLP to begin the Great Leap Forward (GLF) in 1958.
- Mao Zedong believed that China could surpass the West by using traditional technology to produce more.
- New priorities for agricultural production in decentralized communes.
- A policy known as "walking on two legs."

Implanting Socialism and the Stalinist Model, 1949-1957

- Granting land to all peasants individually and **establishment of localized mutual aid teams** in 1950.
- The higher level, **village-based brigade cooperatives**, began to be organized in 1955 and had completely displaced the lower organizational forms by April 1958, when the **town-level communes** began to be formed.

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12

Maoism VS Stalinism

- Maoism emphasized the importance of revolution and class struggle over economic development.
- Stalinism focused on industrialization and agricultural collectivization.
- The Chinese Red Guards disrupted bourgeois culture and sent them to the countryside for "reeducation".
- Both Maoism and Stalinism were totalitarian regimes where leaders expected the submission of important elements of society and the economy at all costs.
- Mao sought to eliminate traditional influences against the New China's old customs, old habits, old culture, and old traditions.
- Mao's regulation on regional administration of economic control, reformed the idea of knowledge from those of states.

13

Important Eras

- Implanting Socialism and the Stalinist Model, 1949–1957
- The Great Leap Forward, 1958–1961
- The Period of Adjustment, 1962–1965
- The Great Proletarian Cultural Revolution (GPCR) and the Late Maoist Period, 1966–1978
- Democracy and the move to a market economy, 1979 to the present
- Rail and Road Initiative (BRI) by Xi Jinping: The largest infrastructure projects in the world in modern history, 2013

14

Implanting Socialism and the Stalinist Model, 1949–1957

- Giving land to all peasants individually and establishment of local and mutual aid teams in 1950.
- The higher level, village-based brigades, began to appear in 1955 and had completely displaced the lower organizational forms by April 1958, when the town-level communes began to be formed.

15

Implanting Socialism and the Stalinist Model, 1949–1957

- The First Five-Year Plan (1953–57) followed Stalinist lines, reflecting Sino-Soviet friendship and Chinese reliance on Soviet economic advisers.
- The new Communist regime moved slowly on:
 - ending hyperinflation
 - redistribution of land to individual peasants
 - collectivization of agriculture proceeded gradually
 - nationalization of industry and trade

16

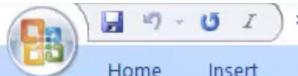
The Great Leap Forward, 1958–1961

- A cutoff of Soviet aid and a poor harvest in 1957 triggered the Great Leap Forward (GLF) in 1958.
- too much production, using traditional technology to produce more
- mass mobilization for agricultural production in decentralized communes
- a policy labelled "walking on two legs."

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- A cutoff of Soviet aid and a poor harvest in 1957 triggered the Great Leap Forward (GLF) in 1958.
 - Rural-based industrialization using traditional technology to produce inputs
 - mechanization for agricultural production in decentralized communes
 - a policy labeled “walking on two legs.”



17

The Great Leap Forward

- Rural industry developed in back yard production facilities
- Pig iron and other basic industrial goods output increased in 1958–1959
- Industrial growth then decelerated in 1960 and fell sharply in 1961 as disorganization and catastrophe overwhelmed the economy
- The catastrophe in agriculture caused the worst famine in China's recorded history, with 15 to 30 million deaths occurring during 1959–1961

18

The Period of Adjustment, 1962–1965

- In 1962 Mao accepted blame for the GLF in a “self-criticism”
- Development priority returned from heavy industry to agriculture, with light industry favored over heavy industry
- Both agriculture and industry grew slowly:
 - between 1963 and 1965 overall agricultural output rose by 1.5 percent, while industrial output and industrial production cost at an average rate of 1.8 percent.
 - moreover, disengagement
 - there was a crucial figure in the policy shift:

19

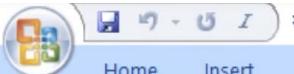
The Great Proletarian Cultural Revolution and the Late Maoist Period, 1966–1976

- in 1966 Mao began the country's second great age:
 - “Sufficient food for all,” making the Chairman the “true leader of the revolution,” and Mao's personal cult of personality became dominant
 - individuals and businesses were sent to the countryside or sent to be re-educated in rural areas
- Mao's economic policies continued to fail year after year, although they established ten people and taught them the Maoist way:
 - ✓ Capitalism
 - ✓ Inequality
 - ✓ Individualism and technological and

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Click to add notes



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- Development priority: reversed from heavy industry to agriculture, with light industry favored over heavy industry.
- Both agriculture and industry grew slowly:
 - between 1962 and 1965, overall agricultural output rose at an average annual rate of 4 percent, and industrial production rose at an annual rate of 14 percent.
 - massive unemployment.
 - living was a struggle. Figure in the policy shift:

19

The Great Proletarian Cultural Revolution and the Late Model Period, 1966–1978

- In 1966 Mao became the country's most popular figure.
 - Socialist Red Guard, mass revolutionary committee of Chinese, was the title Mao gave to his supporters.
 - Mao's supporters, known as the Red Guards, disrupted schools and universities, sent out to the countryside to retrain them in Maoist ideology.
 - Mao's economic policies continued to have some effect after the death and long-term absence of Lin Biao and Deng Xiaoping to implement the new model period.
 - 13 agricultural
 - 13 science and technology
 - 13 national defense
 - 13 cultural revolution
 - Naturally this led to decline in foreign trade from 1966 to 1978.

20

LITTLE RED
BOOK

The Great Leap Forward

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- Development priority reversed from heavy industry to agriculture, with light industry favored over heavy industry.
- Both agriculture and industry grew solidly:
 - between 1961 and 1965 overall agricultural output rose at an annual rate of 9.4 percent and industrial production rose at an annual rate of 7.8 percent.
 - famine disappeared.
 - Deng was a crucial figure in the policy shift.

19

The Great Proletarian Cultural Revolution and the Late Model Period, 1966–1978

- In 1966 Mao from the country's rural areas.
 - Isolated the Party, marginalizing members of Chinese into the “Red Guard”
 - Red Guard members were encouraged to disrupt schools, universities, and businesses, even to the automobile system for reform
 - Mao's economic policies continued to have some effect after the death and the end of the Cultural Revolution, and Deng Xiaoping began to implement the new “Four Cardinal Principles”
 - Four cardinal principles:
 - ① Agriculture
 - ② Industry
 - ③ Science and technology
 - ④ Socialist democracy
 - Mao's regulation of the GLF was in rural and regional self-reliance
 - Naturally this led to decisions to bring back from state farms
 - China's rural economy grew

20

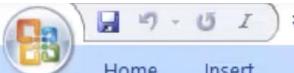


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Outline

16

The Great Leap Forward, 1958–1961

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 - between 1963 and 1965 total agricultural output rose by only 4 percent, and industrial production fell at an annual rate of 1.4 percent.
 - massive unemployment.
 - Deng was a crucial figure in the policy shift.

19

The Great Proletarian Cultural Revolution and the Late Maoist Period, 1966–1978

- In 1966 Mao threw the country into turmoil again.
- "Sweep the four winds" movement (removal of Chairman from the Title of Chairman of the Party, removal of Mao's portraits from public places, and removal of Mao's name from the atmosphere of public life).
- Mao's economic policies continued to have some effect on the shift and Deng's call for greater pragmatism, though the Maoist emphasis remained dominant.
- (1) agriculture
 - 15% agricultural output increase
 - 15% science and technology
- (2) national defense
 - 15% increase in military spending
- Nationally this led to a decline in foreign trade from \$4.245 billion in 1966 to \$3.785 billion in 1968

20



LITTLE RED BOOK

The Great Proletarian Cultural Revolution and the Late Maoist Period, 1966–1978

- In 1966 Mao threw the country into turmoil again.:
 - Youthful Red Guards, waving copies of *Quotations of Chairman Mao* (the "Little Red Book"), attacked the party hierarchy, led by figures such as Deng.
 - Intellectuals and bureaucrats were sent to the countryside or prison for reeducation. Mao sought to establish pure communism.
- Mao's economic policies continued for two years after his death until Deng established his power and began to implement the Four Modernizations:
 - (1) agriculture,
 - (2) industry,
 - (3) science and technology, and
 - (4) national defense.
- A policy emphasis of the GPCR era was national and regional self-reliance.
- Nationally this led to a decline in foreign trade from \$4.245 billion in 1966 to \$3.785 billion in 1968

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Outline

- 17** The Great Leap Forward

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 - Both agriculture and industry grew slowly:
 - Between 1961 and 1965 total agricultural output rose at an annual rate of 1.6 percent, and industrial production increased at an annual rate of 1.4 percent.
 - Inflation disappeared.
 - Ding was a crucial figure in the policy shift.

- 19** The Great Proletarian Cultural Revolution and the Late Model Period, 1956-1976

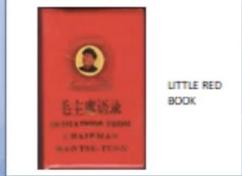
 - In 1958 Mao said the country must industrialize.
 - Mao's Great Leap Forward was a disaster. He had to abandon the steel industry, big cities, and agriculture.
 - Industrial and agricultural output was to increase by 10% per year.
 - Many economic policies continued to have an impact until about 1976.
 - Mao's policies were aimed at:
 - Industrialization
 - Collectivization
 - Industrial and technological development
 - Nationalization
 - A policy emphasis on the USSR was maintained throughout the period.
 - Specifically the last two decades brought about a shift in focus from the USSR to the USA.



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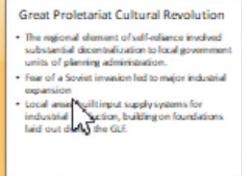
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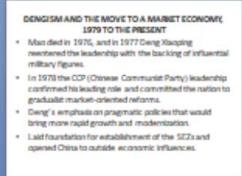


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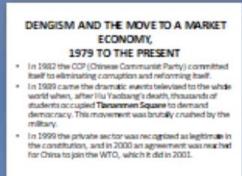
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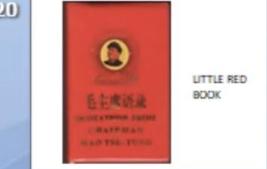
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Great Proletariat Cultural Revolution

- The regional element of self-reliance involved substantial decentralization to local government units of planning administration.
- Fear of a Soviet invasion led to major industrial expansion
- Local areas built input supply systems for industrial production, building on foundations laid out during the GLF.

Click to add notes



LITTLE RED BOOK

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22 DENGISM AND THE MOVE TO A MARKET ECONOMY, 1979 TO THE PRESENT

- Mao died in 1976, and in 1977 Deng Xiaoping reentered the leadership with the backing of influential military figures.
- In 1978 the CCP (Chinese Communist Party) leadership confirmed his leading role and committed the nation to gradualist market-oriented reforms.
- Deng's emphasis on pragmatic policies that would bring more rapid growth and modernization.
- Laid foundation for establishment of the SEZs and opened China to outside economic influences.

23 DENGISM AND THE MOVE TO A MARKET ECONOMY, 1979 TO THE PRESENT

- In 1982 the CCP (Chinese Communist Party) committed itself to eliminating corruption and reforming itself.
- In 1989 pro-democracy movement spread worldwide when, after Hu Yaobang's death, thousands of students occupied Tiananmen Square to demand democracy. This movement was brutally crushed by the military.
- In 1999 the private sector was recognized as legitimate in the constitution, and in 2001 an agreement was reached for China to join the WTO, which it did in 2001.

24



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22

DENGISM AND THE MOVE TO A MARKET ECONOMY, 1979 TO THE PRESENT

- Mao died in 1976, and in 1977 Deng Xiaoping reentered the leadership with the backing of influential military figures.
- In 1978 the CCP (Chinese Communist Party) leadership confirmed his leading role, and committed the nation to greater economic reform and openness.
- Deng's emphasis on pragmatic policies that would bring more rapid growth and modernization.
- Laid foundation for establishment of the SEZs and opened China to outside economic influences.

23

DENGISM AND THE MOVE TO A MARKET ECONOMY, 1979 TO THE PRESENT

- In 1982 the CCP (Chinese Communist Party) committed to a "four cardinal principles": socialism, the dictatorship of the proletariat, the leadership of the Party, and Marxism-Leninism.
- In 1989 came the dramatic events related to the white sand wheel, after Hu Yaobang's death, thousands of students occupied Tiananmen Square to demand democracy. This movement was brutally crushed by the military.
- In 1999 the private sector was recognized as legitimate in the constitution, and in 2001 an agreement was reached for China to join the WTO, which it did in 2001.

24

Reforms in Agriculture

- The agricultural reforms introduced in 1978 included:
 - recognition of property rights and of production units, advanced by the principle of contracting according to law?
 - restoration of the right to private plots and respect for household boundaries;
 - allowance of free-market rural markets; and increases in state purchases of agricultural commodities along with price increases for these commodities.

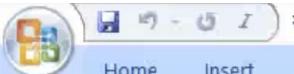
Reforms in Agriculture

- In 1979 came the household responsibility system by which households became the principal unit of account, the ultimate focus of the command economy.
- Introduction of a two-tier price system under which households could freely sell anything they produced above their plots.
- The quota sales would be a centrally fixed and



Students' Movement of 1989

Click to add notes



22 DENGISM AND THE MOVE TO A MARKET ECONOMY, 1978 TO THE PRESENT

- Marched in 1976, and in 1977 Deng Xiaoping reentered the leadership with the backing of influential military figures;
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23 DENGISM AND THE MOVE TO A MARKET ECONOMY, 1979 TO THE PRESENT

- In 1982 the CCP (Chinese Communist Party) committed to a market economy and state control of agriculture;
- In 1989 came the dramatic events known as the "white wind waves", after Hu Yaobang's death, thousands of students occupied Tiananmen Square to demand democracy. This movement was brutally crushed by the military;
- In 1999 the private sector was recognized as legitimate in the constitution, and in 2003 an agreement was reached for China to join the WTO, which it did in 2001.

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Students' movement of 1989

25 Reforms in Agriculture

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 - recognition of property rights and of production teams' adherence to the principle of "to each according to his work";
 - restoration of the right to private plots and respect for household boundaries;
 - allowance of free-market rural bazaars; and increases in state purchases of agricultural commodities along with price increases for these commodities.

26 Reforms in Agriculture

- In 1979 came the household responsibility system by which households became the primary unit of account, the administration of the commune;
- Introduction of a free-for-all price system under which households could freely sell anything they produced above their quota, while most items were centrally fixed and controlled.

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Click to add notes



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- In 1989 came the dramatic events known as the "Tiananmen Square Massacre", after Liu Yandong's death, thousands of students occupied Tiananmen Square to demand democracy. This movement was brutally crushed by the military.
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Unknown. Unknown of 2001

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 - allowance of free-market rural markets; and increases in state purchases of agricultural commodities along with price increases for these commodities.

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- Introduction of a two-tier price system, by which households could freely sell anything they produced above their quota, while sales would be centrally fixed and

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Click to add notes

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 - The quota maker would be at a centrally fixed and lower price, while the surplus would be sold at free-market price.

27

Reforms in Agriculture

- The acceleration of output between 1978 and 1984 was due to:
 - improved incentives provided by changed pricing policies,
 - loosened restrictions on crop specialization,
 - greater interregional trade caused by relaxation of the self-reliance doctrine,
 - elimination of political meddling in team management,
 - a full shift to material rather than moral incentives,

28

Reforms in Agriculture

- After 1984, agricultural output growth has decelerated as the limits of Chinese agriculture appeared. They are:
 - Small size of farms
 - Overinvestment in infrastructure built and maintained by teams and brigades
 - Unfavorable terms of trade
 - Along-term decline in the amount of cultivated land

29

ENTERPRISE REFORMS

- The significance of the unique Chinese TVEs, technically known as rural collectives owned by town or village governments has been declining
- TVEs have had budget constraints and operate in vigorously competitive markets
 - In 1993 3 million TVEs either went bankrupt or were taken over by others.

30

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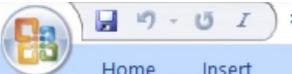
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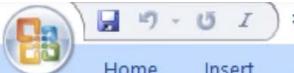
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ENTERPRISE REFORMS

- The significance of the unique Chinese TVEs, technically known as rural collectives owned by town or village governments has been striking.
- TVEs face hard budget constraints and operate in vigorously competitive markets.
 - In 1989 3 million TVEs either went bankrupt or were taken over by others.

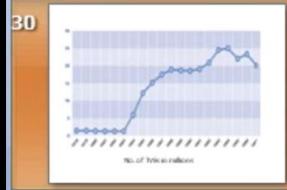
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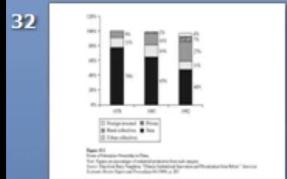
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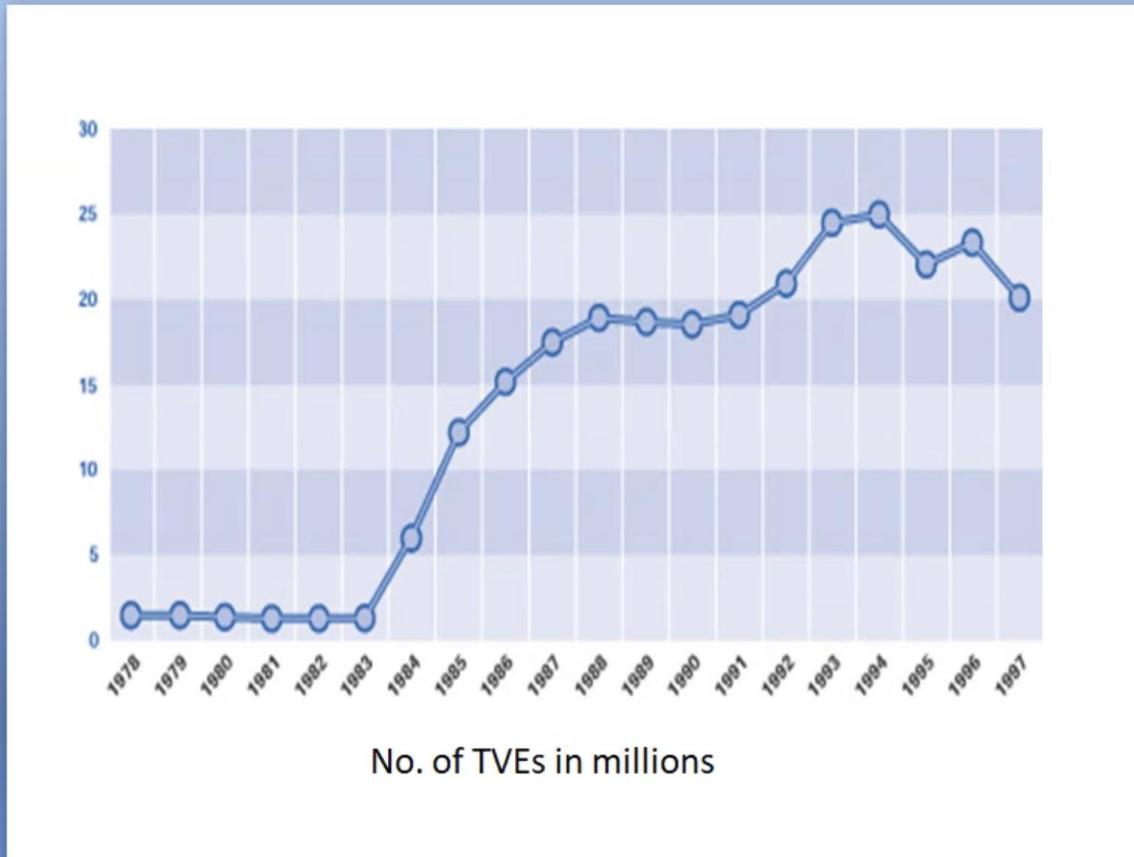
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- 31
- ENTERPRISE REFORMS**
- You have greater flexibility and freedom from central control.
 - You allow local corporations to have control of assets and income.
 - You have had an edge over state-owned enterprises, as well because of their lower taxation, and thus have an advantage competing with state-owned enterprises.
 - After 1994, production output of TVEs continued to rise.
 - There has been considerable expansion since 1990, when TVEs were put by some of privatization, which accelerated after 1997.
 - China is the way of making the transition to a predominantly market capitalistic economy.



- 33
- SPECIAL ECONOMIC ZONES & FOREIGN TRADE**
- The current strategy of establishing selected parts as SEZs with relaxed rules where foreigners are allowed to operate fits with this traditional Chinese approach.
 - An investment law, ground rules for joint ventures was passed in 1979.
 - In 1980 four cities were selected to be SEZs, all along the southeastern coast.
 - Foreign trade activities were relaxed.
 - In 1984 14 more cities, some in the north, were declared to be "open cities" and allowed to have Economic and Technological Development Zones (ETDZs). Foreign investment in these areas was encouraged.



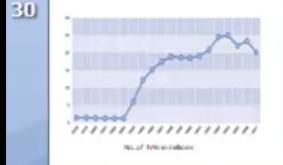
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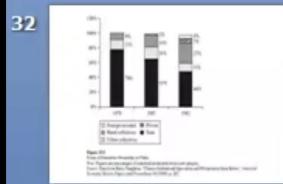
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- 31
- ENTERPRISE REFORMS
- They have greater flexibility and freedom from central control.
 - TVEs allow local communities to turn control of assets into income



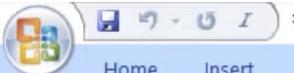
- 33
- SPECIAL ECONOMIC ZONES & FOREIGN TRADE
- The current strategy of establishing selected parts as SEZs with relaxed rules where foreigners are allowed to operate with this traditional Chinese approach
 - A new relaxation of ground rules for joint ventures was passed in 1979
 - In 1980 four cities were selected to be SEZs, all along the southeastern coast
 - In 1984 foreign trade activities were relaxed
 - In 1985 16 more SEZs, some in the north, were declared to be "open cities" and allowed to have Economic and Technological Development Zones (ETDZs). Foreign investment in these areas was encouraged.



ENTERPRISE REFORMS

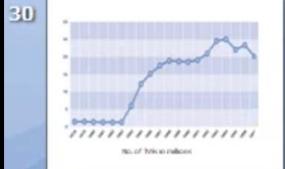
- TVEs have greater flexibility and freedom from central control.
- TVEs allow local communities to turn control of assets into income
- TVEs have had an edge over strictly private firms as well because of their lower tax rates, and they have an advantage in negotiating with a still-dominant government.
- Until 1993, privatization outside of the SEZs continued to be limited
- There has been considerable expansion since 1993, when TVEs were hit by a wave of privatization, which accelerated after 1997
- China on the verge of making the transition to a predominantly market capitalist economy

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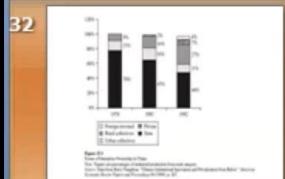


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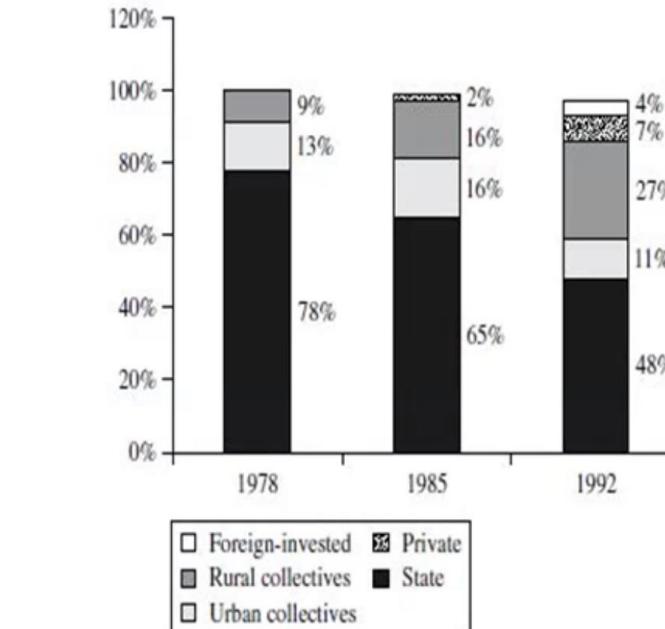
Outline X



- 31
- ENTERPRISE REFORMS
 - You have greater flexibility and freedom from central control.
 - You allow local governments to have control of assets and income.
 - You have had an edge over other countries as well because of their lower taxation, and thus been an advantage competing with state-dominated government.
 - Until 1994, production control of the state continued to be limited.
 - There has been considerable relaxation since 1994, when there were further放松 of production, which accelerated after 1997.
 - China is the way of making the transition to a predominantly market capitalist economy.



- 33
- The current strategy of establishing selected parts as SEZs with relaxed rules where foreigners are allowed to speculate fits with this traditional Chinese approach.
 - The most important ground rules for joint ventures was passed in 1979.
 - In 1980 four cities were selected to be SEZs, all along the southeastern coast.
 - In 1984 foreign investment activities were relaxed.
 - In 1984 16 more cities, some in the north, were declared to be "open cities" and allowed to have Economic and Technological Development Zones (ETDZs). Foreign investment in these areas was encouraged.

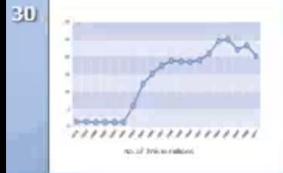
**Figure 15-1**

Forms of Enterprise Ownership in China.

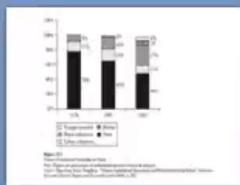
Note: Figures are percentages of industrial production from each category.

Source: Data from Barry Naughton, "Chinese Institutional Innovation and Privatization from Below," *American Economic Review Papers and Proceedings* 84 (1994), p. 267.

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- 31
- ENTERPRISE REFORMS
 - till late 1970s, state-owned and planned firms were dominant.
 - now allow local governments to have more control of economic activity.
 - till late 1970s, state-owned enterprises had an edge over others because of their lower costs, and thus lower prices charged by state-owned government.
 - • till 1978, production output of state-owned enterprises total limited.
 - • till 1978, foreign trade was controlled since 1949, while 1980 were first to open up of production, which accelerated after 1997
 - China as the target of making the transition to a predominantly market capitalist economy



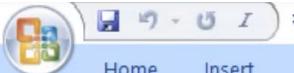
- 33
- SPECIAL ECONOMIC ZONES & FOREIGN TRADE
 - The current strategy of establishing selected ports as SEZs with relaxed rules where foreigners are allowed to operate fits with this traditional Chinese approach
 - A law establishing ground rules for joint ventures was passed in 1979
 - In 1980 four cities were selected to be SEZs, all along the southeastern coast.
 - Restrictive rules on economic activities were relaxed.
 - In 1984 14 more coastal cities, some in the north, were declared to be "open cities" and allowed to have Economic and Technological Development Zones (ETDZs).
 - Foreign investment in these areas was encouraged.



SPECIAL ECONOMIC ZONES & FOREIGN TRADE

- The current strategy of establishing selected ports as SEZs with relaxed rules where foreigners are allowed to operate fits with this traditional Chinese approach
- A law establishing ground rules for joint ventures was passed in 1979
- In 1980 four cities were selected to be SEZs, all along the southeastern coast.
- Restrictive rules on economic activities were relaxed.
- In 1984 14 more coastal cities, some in the north, were declared to be "open cities" and allowed to have **Economic and Technological Development Zones (ETDZs)**.
- Foreign investment in these areas was encouraged.

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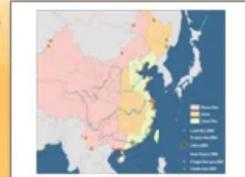
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- SPECIAL ECONOMIC ZONES & FOREIGN TRADE
- The current strategy of establishing selected ports as SEZs with relaxed rules where foreigners are allowed to invest reflects this traditional Chinese approach.
- Also establishing ground rules for joint ventures was passed in 1979.
- In 1980 four cities were selected to be SEZs, all along the southern coast.
- Restrictions on economic activities were relaxed.
- In 1984 14 more cities, some in the north, were declared to be "open cities" and allowed to have Economic and Technological Development Zones (ETDZs). Foreign investment in these areas was encouraged.

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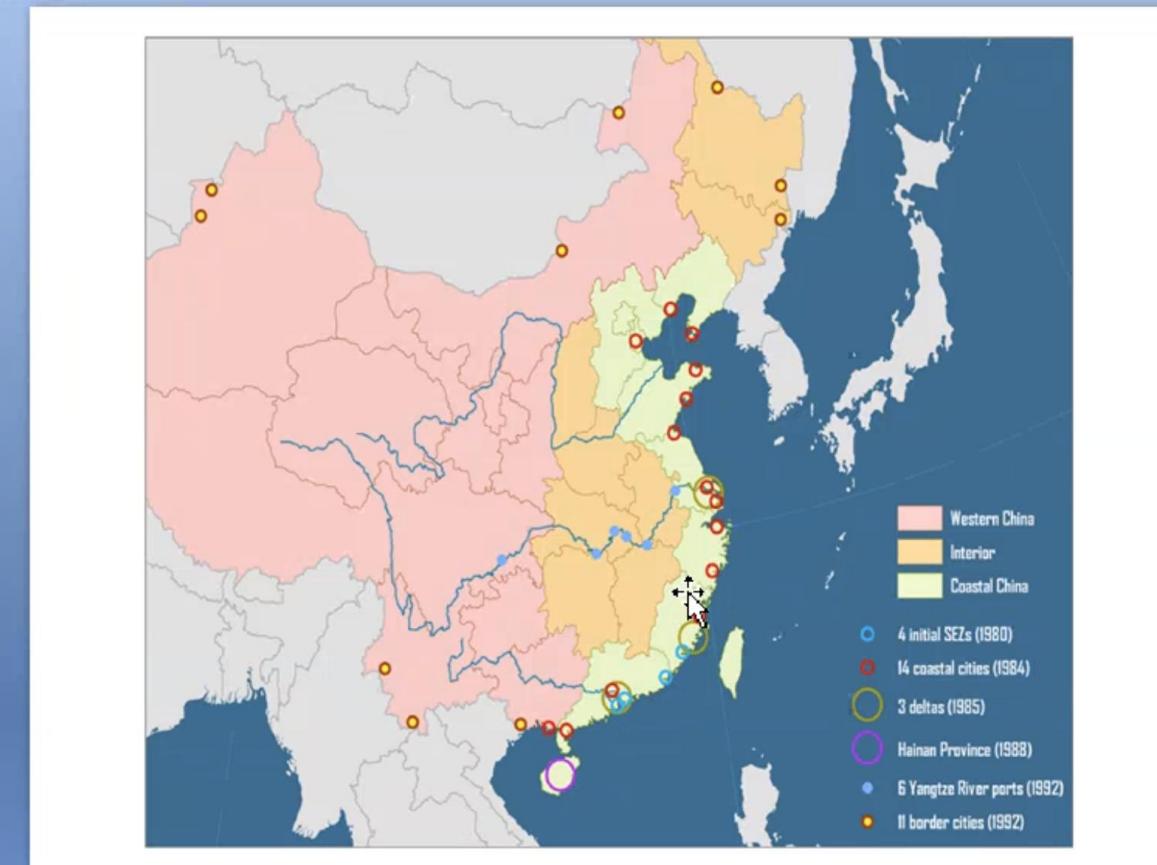


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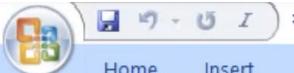
- Impact of SEZ
- Foreign investment has poured in, exports have poured out, and these cities have boomed.
- SEZ-rich Guangdong Province, for example, grew at the rate of about 25 percent per year during the 1980s and 1990s, after having grown only 1.5 percent in the 1970s and growing almost from Shanghai. If it were an independent nation, it would easily have had the world's most rapid growth rate.
- As of 1999, 61.6 percent of cumulative FDI was from Hong Kong, much of it in the SEZs of Guangdong, 11.2 percent from the United States and 8.7 percent from Japan.

37

- Impact of SEZ
- While total PRC trade rose from \$20.6 billion in 1979 to \$84.05 billion in 1999, 54.4% exports from Guangdong rose from \$1.6 billion in 1979 to \$10.4 billion in 1999, and the share of exports from foreign-owned enterprises went from zero to nearly one-third.
- Hence SEZ have become engines of growth and expansion.
- SEZs have become an illustrative case of the ancient



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33

SPECIAL ECONOMIC ZONES & FOREIGN TRADE

- The current strategy of establishing selected ports as SEZs with relaxed rules where foreigners are allowed to invest is a break from this traditional Chinese approach.
- Also establishing ground rules for joint ventures was passed in 1979.
- In 1980 four cities were selected to be SEZs, all along the southern coast.
- Restrictions on economic activities were relaxed.
- In 1984 14 more cities, some in the north, were declared to be "open cities" and allowed to have Economic and Technological Development Zones (ETDZs). Foreign investment in these areas was encouraged.

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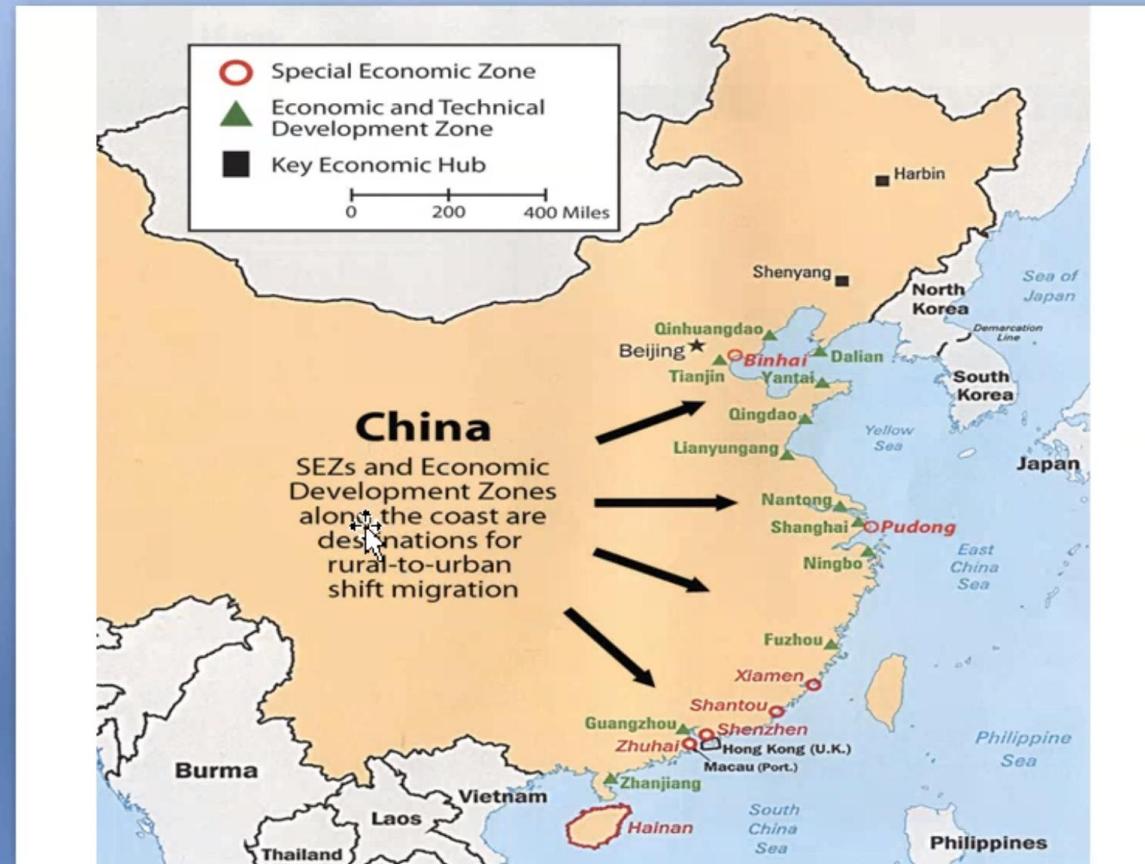
Impact of SEZ

- Foreign investment has poured in, exports have poured out, and these cities have boomed.
- SEZ-rich Guangdong Province, for example, grew at the rate of about 25 percent per year during the 1980s and 1990s, after more than 20 years of isolation and growth started from Shanghai. If it were an independent nation, it would easily have had the world's most rapid growth rate.
- As of 1999, 61.6 percent of cumulative FDI was from Hong Kong, much of it in the SEZs of Guangdong, 11.2 percent from the United States and 8.7 percent from Japan.

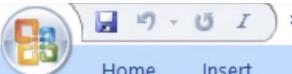
37

Impact of SEZ

- While total PRC trade rose from \$20.6 billion in 1978 to \$84.05 billion in 1990, 54.4% exports from Guangdong rose from \$1.5 billion in 1978 to \$10.37 billion in 1990, and the share of exports from Guangdong enterprises went from zero to nearly one-third.
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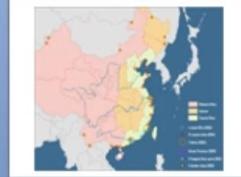


33

SPECIAL ECONOMIC ZONES & FOREIGN TRADE

- The current strategy of establishing selected ports as SEZs with relaxed rules where foreigners are allowed to do business is a traditional Chinese approach.
- Also establishing ground rules for joint ventures was passed in 1979.
- In 1980 four cities were selected to be SEZs, allowing foreign investors to do business.
- Restrictions on economic activities were relaxed.
- In 1984 14 more cities, some in the north, were declared to be "open cities" and allowed to have Economic and Technological Development Zones (ETDZs). Foreign investment in these areas was encouraged.

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Impact of SEZ

- Foreign investment has poured in, exports have poured out, and these cities have boomed.
- SEZ-rich Guangdong Province, for example, grew at the rate of about 25 percent per year during the 1980s and early 1990s, although more recently as investment and growth have shifted toward Shanghai. (If it were an independent nation, it would easily have had the world's most rapid growth rate.)
- As of 1989, 61.6 percent of cumulative FDI was from Hong Kong, much of it in the SEZs of Guangdong, 11.2 percent from the United States and 8.7 percent from Japan.

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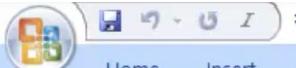
Impact of SEZ

- While total PRC trade rose from \$20.6 billion in 1979 to \$84.05 billion in 1990, 54.4 exports from Guangdong rose from \$1.1 billion in 1979 to \$10.37 billion in 1990, and the share of exports from state-owned enterprises went from zero to nearly one-third.
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- SEZs have become an illustrative case of the ancient

Impact of SEZ

- Foreign investment has poured in, exports have poured out, and these cities have boomed.
- SEZ-rich Guangdong Province, for example, grew at the rate of about 25 percent per year during the 1980s and early 1990s, although more recently as investment and growth have shifted toward Shanghai. (If it were an independent nation, it would easily have had the world's most rapid growth rate.)
- As of 1989, 61.6 percent of cumulative FDI was from Hong Kong, much of it in the SEZs of Guangdong, 11.2 percent from the United States and 8.7 percent from Japan.

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Impact of SEZ

- Foreign investment has poured in, exports have poured out, and trade may have boomed.
- SEZ-rich Guangdong Province, for example, grew at the rate of about 25 percent per year during the 1980s, while the rest of China grew at a much slower rate as investment and growth shifted toward Shanghai. (If it were an independent nation, it would easily have had the world's second-rapid growth rate.)
- As of 1990, 61.6 percent of exports from PRC came from foreign-invested enterprises, up from 10.5 percent in 1980. Of this, 42.2 percent came from SEZs of Guangdong, 11.2 percent from the United States and 7.7 percent from Japan.

37

Impact of SEZ

- While total PRC trade rose from \$20.64 billion in 1978 to \$84.05 billion in 1990, 54 exports from Guangdong more than doubled, from \$1.388 billion in 1978 to \$10.370 billion in 1990, and the share of exports from foreign-invested enterprises went from zero to nearly one-third.
- Hence SEZs have become engines of growth and expansion.
- SEZs have become an illustrative case of the ancient Chinese proverb that "the mountains are high, the emperor is far away".

38

- DISTRIBUTION OF INCOME AND THE STANDARD OF LIVING**
- With modernization came greater income inequality.
 - China has one of the most equal income distributions, even educated.
 - The PRC has great class equality within local units, in both villages and urban areas.
 - East coast, with eight coastal cities, income inequality between 1985 and 1990 increased by 10 percent, a highly rapid C of 0.33 compared with an estimate for India of 0.34 in 1985.
 - The coastal East coast for urban incomes in 1991 was slightly regulation E of 0.30 compared with a range in South Africa of 0.38 in 1989.
 - Reflecting this, local class equality was ~~stable~~ and became unequal inequality.

39

- DISTRIBUTION OF INCOME AND THE STANDARD OF LIVING**
- Major industrial urban policies increased urban rural inequality during the initial period, despite attempts at developing the rural base.
 - This inequality decreased during 1978–1984 when rural incomes increased, rural chieftaincy was reduced, and the government increased its role in agriculture, engaging in collectivization and decentralization. Despite steadily increasing incomes.
 - Postcolonial China exhibited long entrenched inequality between the better off local politicians and the peasant leader peasants, which reflected different cultural patterns and the rural-urban divide.
 - Market policy left many rural economies in greater poverty and delayed investment-based rural areas, especially during the Third Front investment campaign.
 - Regional inequality at the county, provincial, and broader levels has increased since 1984, with the gap between the rich coastal provinces and the poor inland provinces, especially the rapidly growing UST, this trend continued strongly throughout the 1990s.

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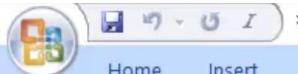
Figure 1 Income Inequality in China, 1985–2002



Impact of SEZ

- While total PRC trade rose from \$20.64 billion in 1978 to \$84.05 billion in 1990, 54 exports from Guangdong more than doubled, from \$1.388 billion in 1978 to \$10.370 billion in 1990, and the share of exports from foreign-invested enterprises went from zero to nearly one-third.
- Hence SEZs have become engines of growth and expansion.
- SEZs have become an illustrative case of the ancient Chinese proverb that "**the mountains are high, the emperor is far away**".

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Outline

36

Impact of SEZ

- Foreign investment has poured in, exports have soared out, and trade cioè has boomed.
- SEZs in Guangdong Province, for example, grew at the rate of about 25 percent per year during the 1980s. This was twice the rate of growth of foreign investment and growth shifted toward Shanghai. (If it were an independent nation, it would easily have had the world's second highest rate.)
- As of 1990, G1 gdp was 11 percent from foreign investment, 11.2 percent from the United States and 7.7 percent from Japan.

37

Impact of SEZ

- While total PRC trade rose from \$20.6 billion in 1978 to \$84.05 billion in 1990, 54.4 exports from Guangdong represented 30 percent of total PRC exports in 1990, and the share of exports from foreign-invested enterprises went from zero to nearly one-third.
- Hence SEZs have become engines of growth and expansion.
- SEZs have become an illustrative case of the ancient Chinese proverb that "the mountains are high, the emperor is far away."

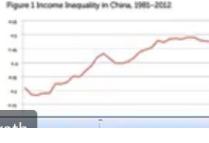
38

- DISTRIBUTION OF INCOME AND THE STANDARD OF LIVING**
- With marketization came greater income inequality.
 - China has one of the most equal income distributions, more so than India.
 - The PRC has great class equality within local units, in both villages and urban areas.
 - East and West, with eight rural and Chinese communities between 1955 and 1978 ranged from a highly equal 0.16 to 0.31 compared with an estimate for India of 0.46 in 1981.
 - The overall Gini coefficient for urban income in 1981 was a highly egalitarian 0.16 compared with a range in South and Southeast Asia from 0.36 in Pakistan to 0.52 in Malaysia.
 - Offsetting this local class equality were **urban-rural** and broader **coast-interior** regional inequalities.

39

- DISTRIBUTION OF INCOME AND THE STANDARD OF LIVING**
- Market liberalization policies increased urban-rural inequality during the initial period, despite attempts at developing the rural areas.
 - This inequality decreased during 1978-1982 when rural incomes grew sharply, faster than urban incomes, due to the household responsibility system, engaging in sideline and nonmainstream agriculture, despite officially increasing incomes.
 - Post-socialist China exhibited long entrenched inequality between the better off coastal provinces and the poorer inland provinces, which reflected different levels of industrialization and economic development.
 - Market policy left many rural economies in poverty, anemia, and disease, increasing rural health risks, especially during the Third Front movement campaign.
 - Regional inequality at the county, provincial, and broader levels has remained relatively stable since 1982, with the exception of the coastal areas, which are experiencing rapid growth (GDP) this trend continued strongly throughout the 1990s.

40



DISTRIBUTION OF INCOME AND THE STANDARD OF LIVING

- With marketization came greater income inequality.
- Under Mao it had one of the most equal income distributions ever observed anywhere
- The PRC had great class equality within local units in both villages and urban areas.
- Gini coefficients within eight small rural Chinese communities between 1955 and 1978 ranged from a highly equal 0.16 to 0.31 compared with an estimate for India of 0.46 in 1981.
- The overall Gini coefficient for urban income in 1981 was a highly egalitarian 0.16 compared with a range in South and Southeast Asia from 0.36 in Pakistan to 0.52 in Malaysia.
- Offsetting this local class equality were **urban-rural** and broader **coast-interior** regional inequalities.

Click to add notes

36

Impact of SEZ

- Foreign investment has poured in, exports have poured out, and these cities have boomed.
- SEZs in Guangdong Province, for example, grew at the rate of about 25 percent per year during the 1980s, while the rest of China grew at a much slower rate as investment and growth shifted toward Shanghai. (If it were an independent nation, it would easily have had the world's most rapid growth rate.)
- As of 1998, G1 districts of coastal PRC lost from 10 to 15 percent of their SEZs to Guangzhou, 11.2 percent from the United States and 7.7 percent from Japan.

37

Impact of SEZ

- While total PRC trade rose from \$20.6 billion in 1978 to \$58.05 billion in 1990, 54% exports from Guangdong more than doubled, while the share of exports from other provinces fell sharply.
- Hence SEZs have become engines of growth and expansion.
- SEZs have become an illustrative case of the ancient Chinese proverb that "the mountains are high, the emperor is far away."

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- DISTRIBUTION OF INCOME AND THE STANDARD OF LIVING**
- With modernization came greater income inequality.
 - Under Mao it became one of the most equal income distributions, even education.
 - The PRC had great class equality within local units, in both villages and urban areas.
 - East from Wuhan, another eight small Chinese communes between 1958 and 1961 were established, a highly equal 1.16 to 0.81 compared with an estimate of 1.60 to 0.80 in 1950.
 - The overall East was less equal for urban incomes in 1980, a highly egalitarian 1.16 compared with a range in South and Southwest of 0.58 to 1.00.
 - Reflecting its rural class equality were ~~more~~ and broader ~~more~~ regional inequalities.

39

- DISTRIBUTION OF INCOME AND THE STANDARD OF LIVING**
- Maoist industrialization policies increased urban-rural inequality during the Maoist period, despite efforts toward developing the rural base.
 - This inequality decreased during 1978–1984 when rural incomes rose sharply, especially in the coastal provinces, due to the opening up policy, leading to inflation and demonstrations, despite steadily increasing incomes.
 - Postrevolutionary China exhibited long-entrenched inequality between the better-off coastal provinces and the poorer interior provinces, which reflected different soil endowments and climate conditions.
 - Maoist policy left more state revenues in poorer provinces and directed investment toward them, especially during the Third Front investment campaign.
 - Regional inequality at the county, provincial, and broader levels has increased since 1978 as investment has been directed more at the coastal provinces, especially the rapidly growing SEZs; this trend continued strongly throughout the 1990s.

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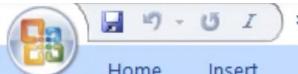
Figure 1 Income Inequality in China, 1980–2012



DISTRIBUTION OF INCOME AND THE STANDARD OF LIVING

- Stalinist industrialization policies increased urban-rural inequality during the Maoist period, despite rhetoric about developing the rural base.
- This inequality decreased during 1979–1984 when rural incomes rose sharply, but the former trend toward inequality has emerged again, with farmers recently engaging in strikes and demonstrations, despite absolutely increasing incomes.
- Prerevolutionary China exhibited long-entrenched inequality between the better-off coastal provinces and the poorer interior provinces, which reflected different soil endowments and climate conditions.
- Maoist policy left more state revenues in poorer provinces and directed investment toward them, especially during the Third Front investment campaign.
- Regional inequality at the county, provincial, and broader levels has increased since 1978 as investment has been directed more at the coastal provinces, especially the rapidly growing SEZs; this trend continued strongly throughout the 1990s.

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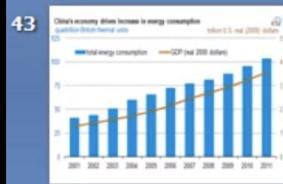
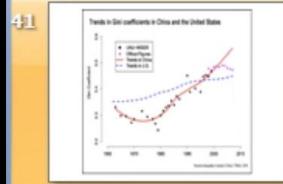


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Table 2 China's Population, Per Capita GDP and Energy Usage, 2010 and 2010

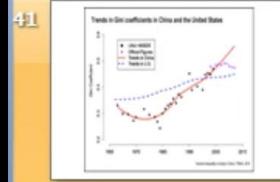
	2010	2010
Population	1.3 Billion (China Bureau of National Statistics)	1.3 Billion (N. Population)
Per capita GDP	\$2,832 (2010 dollars, USDA)	\$33,986 (2010 dollars, USDA)
Energy Usage	1,000 GJ/capita (US Energy Information Agency)	1,000 GJ/capita (US Energy Information Agency)

Figure 1 Income Inequality in China, 1981–2012



Sources: Gini coefficients for the years 1986–2001 are from Ravallion and Chen (2007), 2002 from Gustafsson et al. (2008), 2003–2012 from the National Bureau of Statistics.

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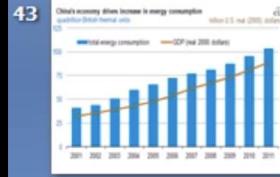


42

CHINESE ENERGY/ENVIRONMENTAL CRISIS?

- China has the world's largest population and the world's most rapidly growing rates of economic, environmental, and ecological degradation.
- As a result, it is facing difficulties in developing certain natural resources due to location, climate, and politics.
- At present, China has three main energy sources:

 - Coal, which is used with poor control over energy sources including industrial coal, oil, and high-carbon energy.
 - However, each of these poses environmental problems.

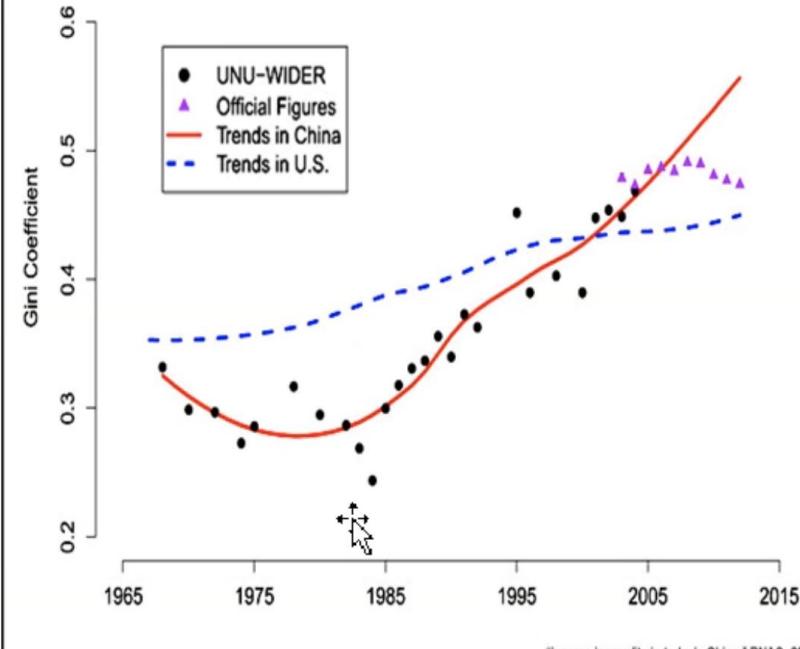


44

Table 2 China's Population, Per Capita GDP and Energy Usage, 2010 and 2010

	2010	2010
Population	1.3 Billion (China Bureau of National Statistics)	1.3 Billion (UN Population Division)
Per Capita GDP	\$2,832 (2010 dollars, USDA's Commodity Research Service)	\$33,936 (2010 dollars, USDA's Commodity Research Service)
Energy Usage	100 quadrats	752 quadrats

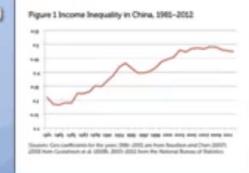
Trends in Gini coefficients in China and the United States



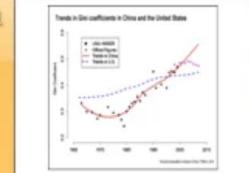
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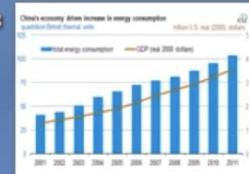
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Table 2 China's Population, Per Capita GDP and Energy Usage, 2010 and 2011

	2010	2011
Population	1.3 billion (Chinese Bureau of National Statistics)	1.3 billion (N.B. Population)
Per capita GDP	\$2,402 (2010 dollars, US\$2005 prices, World Bank, International Comparison Project)	\$33,798 (2010 dollars, US\$2005 prices, World Bank, International Comparison Project)
Energy consumption	1,957 TWh (2010)	2,057 TWh (2011)

A CHINESE ENERGY/ENVIRONMENTAL CRISIS?

- The PRC has the world's largest population and the world's most rapidly growing industrial economy, severe environmental problems have emerged.
- Problems ranging from deforestation to declining urban water supplies have became acute.
- A primary concern has been energy supplies.
- China is well endowed with potential energy sources including substantial coal, oil, and hydropower reserves.
- However, each of these poses environmental problems.

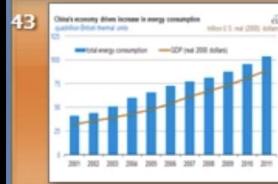
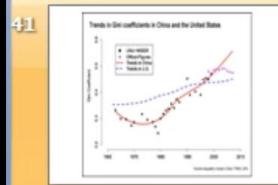
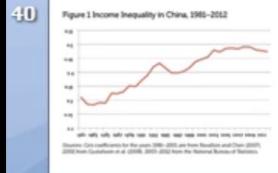
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Table 2 China's Population, Per Capita GDP and Energy Usage, 2010 and 2011

	2010	2011
Population	1.3 billion (Chinese Bureau of National Statistics)	1.3 billion (UN Population Division)
Per capita GDP	\$2,832 (2010 dollars, USDA) \$3,098 (2010 dollars, UNDP) \$3,000 (2010 dollars, World Bank) \$3,000 (2010 dollars, International Monetary Fund)	\$3,192 (2011 dollars, USDA) \$3,396 (2011 dollars, UNDP) \$3,300 (2011 dollars, World Bank) \$3,300 (2011 dollars, International Monetary Fund)

China's economy drives increase in energy consumption

quadrillion British thermal units



trillion U.S. real (2000) dollars

125

total energy consumption

GDP (real 2000 dollars)

100

75

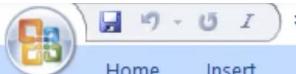
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2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

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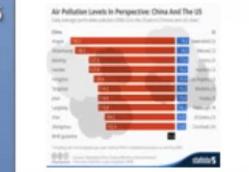
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Table 2: China's Population, Per Capita GDP and Energy Usage, 2010 and 2030		
	2010	2030
Population	1.33 billion (China's Bureau of National Statistics)	1.38 billion (U.N. Population Division)
Per capita GDP	\$2,802 (2005 dollars, USDA's Economic Research Service)	\$10,708 (2005 dollars, USDA's Economic Research Service)
Energy Consumption	100 quads (EIA)	162.7 quads (EIA)

45

- With greater economic development, rising electricity demand led the PRC to rely increasingly on coal resources; the country became the world's largest producer by 2002.
- Nevertheless, coal consumption increased at an annual rate of 8.8 percent, whereas production increased by only 0.9 percent during the late 1980s.
- In the early 1990s, studies of energy use highlighted for fuel oil, then planned to phase out oil imports, resulting in large foreign trade surpluses of oil.
- Rising high-collar coal ash inefficient coal-burning has led to severe air pollution in metropolitan urban areas.
- Despite the most pollution problem in China in the 1980s, Beijing has been the most aggressive in addressing the issue, the author mentioned measures and policies to combat climate change.
- Growth in population and projected increasing use of kilograms. But China's environmental laws, from the PRC's strict environmental policies, has global significance.

46



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- Hong Kong's Economic Development
 - Hong Kong is the world's third largest financial capital.
 - Hong Kong small country, which has a unique geographic and highly developed.
 - Hong Kong is a rapidly industrialized during the past few decades as a free trade and services trading country (FTCS).
 - It achieved a per capita income of \$67,400 in 1999, placing it 16th in the world.
 - Its basic fare policy includes absolute free trade, no regulation of capital flows or capital markets, free regulation of insurance companies, and low (1%) personal tax rates.
 - Its success to free market because the government does not interfere with the market, and it has a well-developed infrastructure, including all factors of production and transportation, strong government fiscal system, and an efficient and stable rule.

48

- IMPORTANCE OF HONG KONG FOR PRC
 - Hong Kong serves four vital functions for the PRC economy: (1) trading partner, (2) financial, (3) middleman, and (4) facilitator. The last role is important for introducing modern business practices and advanced technology into the PRC. Although Shanghai is increasingly competing with it, for some of these roles.
 - For China, Hong Kong is a role model. Its enormous success has influenced post-Mao policymakers in their move toward liberalization, although they fear the virus.

Table 2: China's Population, Per Capita GDP and Energy Usage, 2010 and 2030

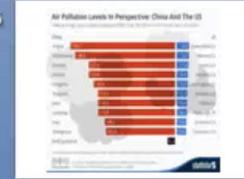
China	2010	2030
Population	1.33 billion (China's Bureau of National Statistics)	1.38 billion (U.N. Population Division)
Per capita GDP	\$2,802 (2005 dollars, USDA's Economic Research Service)	\$10,708 (2005 dollars, USDA's Economic Research Service)
Energy Consumption	100 quads (EIA)	162.7 quads (EIA)



Click to add notes

Table 2: China's Population, Per Capita GDP and Energy Usage, 2003 and 2008		
	2003	2008
Population	1.3 billion (China's second largest)	1.3 billion (China's second largest)
Per capita GDP	\$2,422 (2003 dollars, US\$)	\$3,519 (2008 dollars, US\$)
Energy consumption	337 quadrillion BTU	562 quadrillion BTU

- With greater economic development, rising electricity demand led the PRC to rely on China's massive coal reserves; the country became the world's largest producer by 1990.
- Nevertheless, coal consumption increased at an annual rate of 6.5 percent, whereas production increased by only 4.5 percent during the late 1980s.
- In the countryside, stalks of crops have been burned for fuel rather than plowed under for natural fertilization, threatening to create long-term food and energy crises.
- Burning high-sulfur coal with inefficient small burners has led to severe air pollution in industrialized urban areas.
- Compared to the worst pollution periods in Tokyo in the 1960s, Beijing has four times the nitrogen oxide emissions, five times the carbon monoxide emissions, and six times the sulfur dioxide emissions.
- Given its huge population and projected increasing use of refrigerants that deplete stratospheric ozone, how the PRC deals with its environmental problems has global significance.



- Hong Kong's Economic Development
- Key characteristics
 - Hong Kong is the world's third largest financial center
 - Hong Kong is small country, relatively inexpensive land, highly developed
 - Hong Kong is a British colony taking control in 1997
 - It achieved per capita income of \$30,000 in 1996, placing it 16th in the world
 - Its laissez faire policy means absolute free trade, incorporation of capital flows, a stable market, free regulation, competitive prices, low taxes, and low costs of doing business
 - Hong Kong is the first market because the government does not interfere with the market, allowing companies to expand and succeed through their own merits, lowering prices of capital services, and as focusing on quality and cost

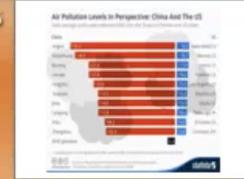
- Importance of Hong Kong for PRC
 - Hong Kong serves four vital functions for the PRC economy: (1) China's main trading partner, (2) financial, (3) middleman, and (4) facilitator. The last role is important in introducing modern business practices and advanced technology into the PRC. Although Shanghai is increasingly competing with it for some of these roles.
 - For China, Hong Kong is a role model. Its economic success has influenced post-Mao policies making them more inward-looking.

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- Given its huge population and projected increasing use of refrigerants that deplete stratospheric ozone, how the PRC deals with its environmental problems has global significance.

Click to add notes

Table 2: China's Population, Per Capita GDP and Energy Usage, 2010 and 2000		
	2010	2000
Population	1.3 Billion (China's Bureau of National Statistics)	1.3 Billion (I&P Population Division)
Per Capita GDP	\$2,462 (2010 dollars, I&P)	\$1,939 (2000 dollars, I&P)
Total Consumption	\$31 quadril. (I&P)	\$16 quadril. (I&P)

- With greater economic development, rising electricity demand led the PRC to rely more on coal to meet demands, the country became the world's largest producer by 2010.
- Nevertheless, coal consumption increased at an annual rate of 8.5 percent, whereas production increased by only 4.7 percent during the late 1990s.
- In the early 1990s, studies of large haze concentrations found that power plants were the main culprits, followed by smog-forming industrial sources and vehicles.
- Rising high-carbon steel and inefficient coal burns has led to severe air pollution in industrialized urban areas.
- Despite the most rapid growth period in history in the 1990s, Beijing has had some of the strictest environmental rules in the world to combat increasing smog and citizens' health deterioration concerns.
- Growing high population and projected increasing use of intelligence. But despite the economic success, from the PRC's shift due to environmental policies has global significance.



- Hong Kong's Economic Development
- Key characteristics:
 - 1. Hong Kong is the world's third largest financial capital.
 - 2. Hong Kong is still highly industrialized and a major shipping port.
 - 3. Highly developed.
 - 4. Hong Kong is a special administrative region of the People's Republic of China (SAR).
 - 5. It achieved rule of capture in 1997 after 150 years of British rule.
 - 6. Its trade fair policy includes absolute free trade, incorporating capital flows, currency markets, investment regulation, government regulation, and protection of intellectual property rights, among other things.
 - 7. Hong Kong has a low crime rate because the police are well-trained and equipped with modern technology.
 - 8. Hong Kong is known for its high quality of life, including excellent public transportation, clean environment, high standard of living, and a high quality of education.

- Importance of Hong Kong for the PRC
- For the PRC, Hong Kong serves four vital functions for the PRC economy: (1) trading partner; (2) financial; (3) middleman; and (4) facilitator. The last role is particularly important, involving market practices and advanced technology transfer. PRC officials believe Shanghai is increasingly competing with it. Some of these roles:
 - For China, Hong Kong is a role model. Its enormous success has influenced post-Mao policymakers in their move toward liberalization, although they fear the virus.

Air Pollution Levels In Perspective: China And The US

Daily average particulate pollution (PM2.5) in the 10 worst Chinese and US cities*

China

Xingtai 155.2

Shijiazhuang 148.5

Baoding

127.9

Handan

127.8

Hengshui

120.6

Tangshan

114.2

Jinan

114.0

Langfang

113.8

Xi'an

104.2

Zhengzhou

102.4

US

Bakersfield, CA 18.2

Merced, CA 18.2

Fresno, CA 17.0

Hanford, CA 16.2

Los Angeles, CA 15.3

Modesto, CA 15.2

Visalia, CA 15.0

Pittsburgh, PA 18.2

El Centro, CA 14.0

Cincinnati, OH 13.8

10.0

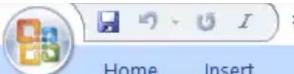
* Anything over 10 micrograms per cubic meter of PM2.5 considered hazardous to health by WHO



Sources: Washington Post, Chinese Ministry of Environmental Protection, American Lung Association, WHO



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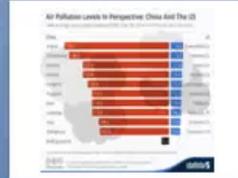
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Table 2: China's Population, Per Capita GDP and Energy Usage, 2010 and 2000		
	2010	2000
Population	1.3 Billion (China Estimated)	1.3 Billion (China Estimated)
National (estimated)		
Per capita GDP	\$2,812 (2010 dollars, US\$)	\$1,719 (2000 dollars, US\$)
Energy consumption (estimated)	1,019 quadrillion BTU	750 quadrillion BTU
Energy consumption	597 quadrillion BTU	597 quadrillion BTU

45

- With greater economic development, rising electricity demand led the PRC to rely more on coal to meet the country because the world's largest producer by 2005.
- Accordingly, coal consumption increased at an annual rate of 8.5 percent, whereas production increased by only 1.9 percent during the late 1990s.
- In the countryside, rates of crop land converted for fuel and other planned uses increased from 1980 to 2000, leading to severe degradation of arable land.
- Rising high-sulfur coal use increases sulfur dioxide levels to become air pollution in industrialized urban areas.
- Concerns over the most polluted period in history in the 1980s, Beijing has had some success in reducing sulfur dioxide emissions, but carbon monoxide emissions and soot from the coal-burning continue.
- Growth in large population and projected increasing use of sulphur. But China's environmental laws from the PRC, dealing with environmental problems, has global significance.

46



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- Key characteristics
- Hong Kong is the world's most laissez-faire capitalist economy.
- Hong Kong is small country, with about 5 million people, and is highly urbanized.
- Hong Kong has dramatically succeeded during the past half century as a leading newly industrializing country (NIC).
- It achieved a per capita income of \$23,520 in 1999, putting it in 20th place Globally.
- Its laissez-faire policy includes absolute free trade, no regulation of capital flows or labour markets, few regulations on enterprise formation or activity, no government ownership of business, and a low (15 percent) flat income tax rate.

48

- Importance of Hong Kong for PRC
- Hong Kong serves four vital functions for the PRC economy: (1) China's main trading partner; (2) financial center; (3) middleman, and (4) facilitator. The last role is important for producing reasonable practices and advancing the economy into the PRC. Although Shanghai is increasingly competing with it for some of these roles.
- For China, Hong Kong is a role model. Its economic success has influenced post-Mao policymakers in their toward liberalization, although they fear the virus.

Hong Kong's Economic Development

• Key Characteristics

1. Hong Kong is the world's most laissez-faire market capitalist economy.
2. Hong Kong is small country, with about 5 million people, and is highly urbanized.
3. Hong Kong has dramatically succeeded during the past half century as a leading **newly industrializing country (NIC)**.
4. It achieved a per capita income of \$23,520 in 1999, putting it in 20th place Globally.
5. Its laissez-faire policy includes absolute free trade, no regulation of capital flows or labour markets, few regulations on enterprise formation or activity, no government ownership of business, and a low (15 percent) flat income tax rate.
6. Exceptions to the free-market exist because the government owns all land and therefore has major government involvement in infrastructure building and maintenance, some provision of social services, and in housing and real estate.

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IMPORTANCE OF HONG KONG FOR PRC

- Hong Kong serves four vital functions for the PRC economy: It is China's main (1) trading partner, (2) financier, (3) middleman , and (4) facilitator. The last role is important for introducing market capitalist practices and advanced technologies into the PRC. Although Shanghai is increasingly competing with it for some of these roles.
- For China, Hong Kong is a role model. Its enormous success has influenced post-Mao policymakers in their moves toward liberalization, although they fear the virus of political liberalism that it potentially represents.
- Thus Hong Kong acts both as a lure and as a threat that must be controlled "without killing the goose that lays the golden egg."

49

History of TAIWAN

- Protected from invasion by the U.S. Seventh Fleet and supported by U.S. economic aid, Chiang Shieh learned from his mistakes in mainland China and implemented vigorous anti-inflation and land reform programs.
- Between 1949 and 1952, Chiang Shieh initiated the first long-term reduction from parity levels, which had reached 50 percent of total output.
 - This caused a lot of public lands owned from Japanese invasion to be confiscated.
 - People in 1950 came to land for the first time, in what all landlords were forced to sell their land to buyers as exchange for government bonds.

50

History of TAIWAN

- Impact of land reforms
 - Agricultural output expanded rapidly, the right-size nature of the land reforms is a major reason why Taiwan has an agricultural surplus.
 - In 1956, the Agricultural Bank (APB) was established; it was thought by farmers better suited for the PRC's soils, Taiwan's export earnings increased such that it has three times more foreign exchange reserves than any other Asian country.
 - Foreign investment was encouraged and an industrial plan emphasized transportation infrastructure development, although it also caused social unrest problems. By 1970 full employment was achieved and Taiwan has had low inflationary costs, with annual real income distribution than that of any other NIE.

51

Recent developments

- Under Hong Kong, local autonomy of Hong Kong (HOI) and claim to the legitimate government of all China.
- Local self-governance from 1997 and lost recognition of the PRC, and most other nations that choose to recognize the PRC.
- Chiang Shieh died in 1975 and was succeeded by his son, who died in 1988 after initiating a liberalization and democratization process. He was succeeded by his son, Lee Teng-hui, although the leadership continues to be dominated by old revolutionaries.
- Taiwan has announced that a Taiwanese declaration of independence would cause an invasion.

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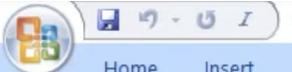
Recent developments

- In 1997 the Taiwanese bought the independent People's Democratic Party (PDP), and the PDP became the largest party in Taiwan and to have a lot of their young independence openly believe that the PRC is not the legitimate government of all China, and that the PRC no longer has a right to hold up its military, especially with the way they treat them.
- This conflict has been appeared by the United States, leading a considerable amount of times between China and the United States.
- The United States has been supporting the Taiwanese as they did Hong Kong. Such proposals have made and they have been rejected. Since 1998, a new president has come into power, Chen Shui-bian, and he has said that only the United States and the PRC are the two countries, and the United States does not consider the PRC.

IMPORTANCE OF HONG KONG FOR PRC

- Hong Kong serves four vital functions for the PRC economy: It is China's main (1) trading partner, (2) financier, (3) middleman , and (4) facilitator. The last role is important for introducing market capitalist practices and advanced technologies into the PRC. Although Shanghai is increasingly competing with it for some of these roles.
- For China, Hong Kong is a role model. Its enormous success has influenced post-Mao policymakers in their moves toward liberalization, although they fear the virus of political liberalism that it potentially represents.
- Thus Hong Kong acts both as a lure and as a threat that must be controlled "without killing the goose that lays the golden egg."

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IMPORTANCE OF HONG KONG FOR PRC

- Hong Kong serves four vital functions for the PRC economy: (1) trading partner; (2) financing; (3) middleman; and (4) facilitator. The last role however, has been more recently assumed by Shenzhen and advanced her hegemony into the PRC. Although Shanghai is increasingly competing with it, for some of these roles.
- For China, Hong Kong is a role model. It represents the kind of influenced post-Mao policies envoys in their moves toward liberalization, although they fear the virus of political liberalism that it potentially represents.
- Thus Hong Kong acts both as a lure and as a threat that must be controlled "without killing the goose that lays the golden egg."

49

History of TAIWAN

- Protected from invasion by the U.S. Seventh Fleet and supported by U.S. economic aid, Chiang Shek learned from his mistakes in mainland China and implemented vigorous anti-inflation and land reform programs.
- Between 1949 and 1952, he forced a massive rent reduction from pre-1949 levels, which had exceeded 50 percent of total output.
 - This caused a spike of public lands seized from Japanese owners.
- Finally in 1953 came the **land-to-the-tiller program**, in which all landlords were forced to sell their land to tenants in exchange for government bonds.

50

History of TAIWAN

- Impact of land reforms
 - Agricultural output expanded rapidly, the righting out of the land reform in a major reason why Taiwan has an agricultural surplus and can export food.
- In 1956, the Agricultural Bank (APB) was established. This was thought by investors to be reliable. For the PRC's side, banks' reporting structures is such that it has three thousand branches, while APB has only 100 branches.
- Foreign investment was encouraged and an industrial plan implemented to import substitution of infrastructure development, although it is the second smallest nation per capita. By 1970 full employment was reached and Taiwan has had low inflationary growth, with annual household inflation than that of any other NIE.

51

Recent developments

- Under Hong Kong, local culture of the PRC and claim to be the legitimate government of all China.
- Local autonomy, free trade, and lost recognition by the world, and most other nations that choose to recognize the PRC.
- Chiang Shek died in 1975 and was succeeded by his son, who died in 1988 after installing a dictatorship, and was succeeded by Lee Teng-hui, who was born in Taiwan. Lee Teng-hui, although the leadership continues to be dominated by old revolutionaries.
- The PRC has announced that a Taiwanese declaration of independence would cause an invasion.

52

Recent developments

- In 2008 the Taiwanese bought the independent People's Democratic Party (PPD), which had been formed in 1996 and had to back off from pushing independence openly. Relations with the PRC have been strained since then, especially as the PRC has begun to sharply hold up its military, especially with the emergence of the South China Sea disputes.
- This conflict has been supported by the United States, leading to considerable tension between China and the United States.
- The PRC has proposed a "One Country, Two Systems" proposal, which means that the mainland of China and Hong Kong, Macau, and Taiwan will be under one central government, but they will have their own governments.
- This proposal has been rejected by the United States, leading to considerable tension between China and the United States.
- The PRC has also proposed a "One Country, Two Governments" proposal, which means that the mainland of China and Hong Kong, Macau, and Taiwan will be under two separate governments.

History of TAIWAN

- Protected from invasion by the U.S. Seventh Fleet and supported by U.S. economic aid, **Chiang Shek** learned from his mistakes in mainland China and implemented vigorous **anti-inflation and land reform programs**.
- Reform proceeded in three stages:
 - the first being **rent reduction** from pre-1949 levels, which had exceeded 50 percent of total output.
 - Then came a **sale of public lands** seized from Japanese owners.
 - Finally in 1953 came the **land-to-the-tiller program**, in which all landlords were forced to sell their land to tenants in exchange for government bonds.

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IMPORTANCE OF HONG KONG FOR PRC

- Hong Kong serves four vital functions for the PRC economy: (1) trading partner; (2) financing; (3) middleman; and (4) facilitator. The last role has been the most important, as major capital flows and advanced technology flow into the PRC. Although Shanghai is increasingly competing with it, for some of these roles.
- For China, Hong Kong is a role model. It represents the influence of post-Mao policies in their moves toward liberalization, although they fear the virus of political liberalism that it potentially represents.
- Thus Hong Kong acts both as a lure and as a threat that must be controlled "without killing the goose that lays the golden egg."

49

History of TAIWAN

- Protected from invasion by the U.S. Seventh Fleet and supported by U.S. economic aid, Chiang Shieh learned from mistakes in mainland China and implemented vigorous anti-inflation and land reform programs.
- Between 1949 and 1952, the first long-term resolution from 1949 took place, which had removed 50 percent of total output.
 - This caused a rise of public lands owned from Japanese invasion.
 - People in 1950 came to the Taiwan peasant, in which landlords were forced to sell their land to tenants as exchange for government bonds.

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History of TAIWAN

- Impact of land reforms: Agricultural output expanded rapidly, the egalitarian nature of the land reforms argue reasons why Taiwan has an extremely equal income distribution.
- In 1956, Export Processing Zones (EPZs) were established. These are thought by economists to be responsible for the PRC's high export growth rates.
- Foreign investment was encouraged and its indicative plans emphasized transportation infrastructure development, although a state-owned industrial sector persists. By 1970 full employment was achieved and Taiwan has had low inflationary growth, with a more equal income distribution than that of any other NIC.

51

Recent developments

- Under Young Liang, the last president of China (ROC) and close to the legislative government of all China.
- Liou Wei was replaced. From there, and lost recognition of the ROC, and most other nations that choose to recognize the PRC.
- Chiang Shieh died in 1975 and was succeeded by his son, who died in 1988 after installing a liberalization, and he had to give up his right to independence again. Following his death, Lee Teng-hui, although the leadership continues to be dominated by old members.
- Barack has announced that a Taiwanese declaration of independence would cause an invasion.

52

Recent developments

- In 1990 the Taiwanese bought the independent People's Democratic Party (PDP), which was formed in 1979 and had to back off from doing independence again. Following the PDP's withdrawal, the PRC has been able to expand its influence over the Taiwanese.
- This conflict has been appeared by the United States, leading to considerable tension between China and the United States.
- The United States has been involved in the conflict, as they did during the Vietnam War. Such proposals have made, and they have been rejected. Since 1992, a meeting called the "cross strait dialogue" has been held between the PRC and the ROC, and it has been agreed that the two sides do not interfere in each other's internal affairs.

History of TAIWAN

- Impact of land reforms :**

Agricultural output expanded rapidly, The egalitarian nature of this land reform is a major reason why Taiwan has **an extremely equal income distribution.**

- In 1966, Export Processing Zones (EPZs)** were established; these are thought by some to be the models for the PRC's SEZs. Taiwan's exporting success is such that it has the **second largest foreign exchange reserves** in the world after Japan.
- Foreign investment was encouraged and its indicative plans emphasized transportation infrastructure development, although a state-owned industrial sector persists. **By 1970 full employment** was achieved and Taiwan has had low-inflationary growth, with **a more equal income distribution than that of any other NIC.**

Click to add notes

- IMPORTANCE OF HONG KONG FOR PRC**

Hong Kong serves four vital functions for the PRC economy: it is China's (1) trading partner, (2) financial (3) mediator, and (4) facilitator. The last is important for introducing market capital practices and advanced technologies into the PRC. Although Shanghai is increasingly competing with it for some of these roles.

For China, Hong Kong is a role model. Its economic success has influenced post-Mao policymakers in their moves toward liberalization, although they hear the voice of political liberalization that it potentially represents. Thus Hong Kong acts both as a law and as a threat that must be controlled "without killing the golden egg."

- History of TAIWAN**
Protected from invasion by the U.S. Seven Fleets and
supported by U.S. economic aid, Chiang Shiek learned
from his mistakes in mainland China and implemented
vigorous anti-inflation and land reform programs.
Reform programs included three areas:
- Ditch 10-year grain production plan (1949-1959), which
had resulted 30 percent of total output;
- Then carry sale of public lands used from Japanese
colonies;
- Finally in 1950s came the Three Million Program, in which
all landlords were forced to either sell their land to tenants
or exchange for government bonds.

- 50** **History of TAIWAN**

 - Impact of land use
Agriculture was the dominant usage. The agricultural nature of the land often led to major conflicts, who claimed what an extremely valuable resource distribution.
 - In 1950, Impact Processing Zones (IPZ) were established, these encourage by scientific basis for the PRC's land use. This was a major breakthrough in the way of large industrial resources can be used in the form of capital.
 - Foreign investment was encouraged and its industrial plan emphasized transportation infrastructure development, although a state-controlled sector of private sectors. By 1970, agriculture had declined and focus had been shifted to industrial growth, with annual equilibrium production than that of anywhere else.

- Recent developments**

 - Under Hong Kong's basic law, the People's Republic of China (PRC) and claimed to be the legitimate government of all China.
 - Mainland was reorganized. From there and last integration: economic integration, political integration, and social integration.
 - Chiang Kai-shek died in 1975 and was succeeded by his wife, Deng Xiaoping. In 1980 initiating a liberalization and democratization process. He was succeeded by a cult leader, Mao Zedong, but although the leadership continued to be dominated by old revolutionaries.
 - Beijing has announced that a broader definition of entrepreneurship would allow more startups.

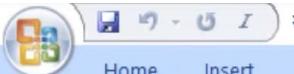
- 52** Recent developments

 - Yet by 1995 the Taiwanese brought the pro-independence People's Democratic Party (PDP) into power although they did not control all the government posts and the PDP was not the largest party.
 - The Chinese mainland has sought to impose some form of rule and the mainland has largely chosen to hold up its military, apparently with the main goal of unification.
 - This effort has been supported by the United States, leading to considerable tension at times between China and the United States.
 - PRF leaders would oppose almost Taiwan in the same way as Wang Wei-feng, Yang Yu-hsiang, and Chen Shui-bian would, and the same would apply to Chen Shui-bian, a member of the DPP.
 - The Chinese mainland has also increased its military power, and the Chinese mainland used to have twice China's rate of young people, and the

Recent developments

- Unlike Hong Kong, Taiwan calls itself the Republic of China (ROC) and claims to be the legitimate government of all China.
 - Taiwan was expelled from the UN and lost recognition by the United States and most other nations that chose to recognize the PRC.
 - **Chiang Shek** died in 1975 and was succeeded by **his son**, who died in 1988 after initiating a liberalization and democratization process. He was succeeded by a native Taiwanese, **Lee Teng-hui**, although the leadership continued to be dominated by old mainlanders.
 - The PRC has announced that a Taiwanese declaration of independence would cause an invasion.

Click to add notes



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Recent developments

- Yet in 1999 the Taiwanese brought the pro-independence People's Democratic Party (PDD) to power, although this party did not control all the government and had to back off from pushing independence openly. Relations with the Chinese mainland have been quite tense since then, and the mainland has begun to sharply build up its military, apparently with the main goal of ultimately enforcing reunification.
- This effort has been opposed by the United States, leading to considerable tension at times between China and the United States.
- PRC leaders would rather absorb Taiwan in the same way as they did Hong Kong. Such proposals have been made, and they have been resisted. Since 1988, a working relationship has developed between the ROC and the PRC.
- The Taiwanese wait to see how Chinese rule of Hong Kong proceeds and the nature of the regime in the PRC before they do anything official.

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Comparison between Three Countries

- Hong Kong small and urbanized, market capital, little free, and high income but has a less equal distribution of income.
- Mainland China, socialist, market, greater marketization and increasing privatization, poorer but more equal – despite recent inequalities.
- Taiwan is closer to Hong Kong than mainland China, with a substantial rural agricultural sector, and less between the PRC and Hong Kong degree of economic state guidance. It is closer to Hong Kong's economic level, but more unequal than the PRC's economic distribution.

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Belt and Road Initiative



The Belt and Road Initiative includes India, US, Canada, and EU and over 60% of the world's population

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Belt and Road Initiative

- The Belt and Road Initiative (BRI) is an ambitious effort to improve regional cooperation and connectivity on a trans-continent scale.
 - Strengthen infrastructure, trade, and investment links between China and some 65 other countries that account collectively for over 30 percent of global GDP, 62 percent of population, and 75 percent of known energy reserves.

56

Belt and Road Initiative

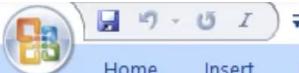
- The Belt and Road Initiative can transform the economic environment in which economies in the region operate.
- Significant economic and policy challenges, and the nature of the potential benefits of BRI is by no means surefire.
- For individual countries, it will be important to evaluate the possible effects of participating to the BRI and the implications for their national economies.

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Slides

Outline

X

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Recent developments

- Not in 2008 the powers although the party did not control all the government and he had to back off from challenging independence, equality, freedom, with the exception of the Chinese Communist Party, which has been the most important.
- This official has been replaced by the United States, leading to considerable changes at the top.
- PM has also said that the world's future is in the same way as they did Hong Kong. Such proposals have been made, and they have been rejected. Since 1997, the Chinese government has been in charge of Hong Kong, and the nature of the regime in the PRD before they do anything official.

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Comparison between Three Countries

- Hong Kong small and urbanized, mainly capital, lower fare, and high income but has a less equal distribution of income.
- Hong Kong has a high birth rate, higher death rate, higher unemployment rate, and increasing polarization, and poorer but more expensive - despite more unequal incomes.
- Hong Kong is closer to Hong Kong than with a substantial area of agricultural sector, and less between the PRD and Hong Kong degree of economic state guidance. It is closer to Hong Kong's economic level, but more unequal than the PRD in income distribution.

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The Belt and Road Initiative includes 60 countries, 1/3 of world trade and GDP and over 60% of the world's population.

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