

## **Dali Yang and Litao Zhao, eds.: *China's Reforms at 30: Challenges and Prospects***

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Over the past 30 years, the People's Republic of China (PRC) has gone through a series of great transformations. Moreover, it has realized some spectacular achievements such as an annual GDP growth rate averaging nearly 10 percent. The 30th anniversary of China's embarkation on its great transformation provided a powerful catalyst for scholars in China and abroad to review and assess China's dramatic changes, accomplishments, and remaining problems.

A particular comprehensive treatment in this vein is *China's Reforms at 30* which not only tackles the aforementioned themes, but also offers proposals as to how China can address its manifold challenges. The eight chapters in this book cover three broad set of issues: economic, political, and social. Chapters 1 and 2 focus on China's massive foreign exchange reserves and trade imbalances with its major trading partners. Chapters 4 and 8 explore, respectively, the Chinese Communist Party's (CCP) changing elite politics and the so-called "Asian values" debate. Chapters 3, 5, 6, and 7 investigate social problems such as domestic unrest, China's diminishing demographic dividend, healthcare insurance reforms, and domestic ethnic relations.

Eswar Prasad (chapter 1) covers China's economic reform and development, which has been a top PRC priority since the Third Plenum of the 11th Party Central Committee (December 1978). He warns that China's heavy reliance on export-oriented growth, resulting in a huge accumulation of foreign exchange reserves, may endanger China's economic sustainability in the event of an internal or external shock. He argues that it is time for China to shift to a flexible exchange rate and to reform its banking system. Sarah Y. Tong and Yi Zheng (chapter 2) highlight China's central role in a triangular system of world trade and global production networks where China buys intermediate goods from neighboring economies for further processing and assembly, eventually sending final products to the US and the EU.

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But whether China can keep its competitive advantages in these labor-intensive industries is still an open question.

Chapter 4 (You Ji) shifts the book's focus to politics. He notes that the CCP pays special attention to leadership succession since it is crucial to its survival and vitality. Ji's view is that leadership succession processes in the PRC evidence deepening institutionalization. In chapter 8, Tianjian Shi uses empirical analysis to assess public attitudes towards democracy in Asian societies, contrasting Mainland China with Taiwan. The comparison between *minben* and *minzhu* is especially interesting.

The volume gives considerable space to social issues (*minsheng wenti*), particularly China's quest for less income inequality, less regional disparity, more social justice, and better protection for the disadvantaged. In chapter 3, Andrew G. Walder discusses the sustained rise in strikes, protests, and riots that has occurred in response to injustice and corruption. Walder's view is that the vast majority of protestors are "losers" in China's rapidly changing social structure. He believes the CCP's leaders are struggling to find a path that satiates "winners" and "losers." Ding Lu (chapter 5) notes China's rapidly ageing population as another issue affecting the country's long-term prospects. He suggests that China should capitalize on what he calls a "second demographic dividend," meaning diverting more national income to raise productivity. Edward Gu (chapter 6) provides an update on China's healthcare insurance reforms. His focus is on advancing solutions to the problem of healthcare affordability. Rong Ma (chapter 7) not only looks at the history of ethnic relations in China, but reviews the nature of ethnic relations abroad. In Ma's view, "politicization", viewing ethnic groups as political entities and emphasizing national integrity, political power and "territorial" conservation of ethnic groups, reinforces the identity of ethnic groups at the cost of a unified national identity. On the contrary, "culturalization" regards ethnic groups as cultural groups and treats ethnic relations as interactions and interethnic problems as individual rather than group affairs. Ma calls for the Chinese government to adjust its rigid ethnic policies and return to the traditional strategy of "culturalization".

One of shortcomings of the book is that most chapters are atheoretical, providing only facts and examples, though the facts and examples are quite rich. Furthermore, the book's chapters deserve commendation for their thorough case studies and use of the most current data. Given the book's high empirical quality, it certainly will advance discussions about modern China. Students of Chinese politics can benefit substantially from this volume because it provides invaluable information on all aspects of China's primary reforms.

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