

Truths and Half Truths:

China's socio-economic reforms (1978–2010)

Ferdinand A Gul and Haitian Lu



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Preface

China's emergence as a global power is undoubtedly one of the great dramas of modern times, and it continues to unfold. Rapid transition from planned to market economy in the past three decades has not only caused unprecedented changes in the structure and fabric of Chinese society but has necessitated the establishment of an almost entirely new set of institutions. The study and understanding of these changes pose a challenge to institutional theorists and other scholars of the social sciences.

This book examines the complexity and effects of economic, political, and societal reforms that have taken place in China since 1978. Our primary motivation to write this book arose because of events in that country in 2008. At that time, while most other parts of the world were struggling with economic recession owing to the financial tsunami that originated from the US sub-prime crisis, China against all odds maintained a 9 percent GDP growth rate, successfully hosted the Olympic Games, and was proudly celebrating its 30th anniversary of economic reform. At the same time, there were widespread reports of peasant uprisings and other socio-economic problems, especially in the rural areas. Given these conflicting signals and growing international interests in China, we found it timely to investigate these reports and provide some insights into what is going on beneath the so-called Chinese miracle of economic reforms and growth.

What is being passed off as great economic growth appears not to equate with socio-economic development. For example, it is not clear if the majority of the people, especially in the rural areas, are better off. Have educational, health, and social facilities improved? Has the country moved toward more democratic governance and rule of law? We feel it is important to assess these issues and bring to these pages what seems to be vast discontent over the socio-economic conditions that prevail in the less visible (or even hidden) segments of Chinese society. Hopefully, the Chinese authorities will pay closer attention to these and other matters.

This book thus seeks to offer some insights and critical thinking on major aspects and effects of China's reform, such as those in population mobility, social security systems, environmental pollution, poverty eradication and wealth redistribution, urbanization and rural development, educational opportunities, levels of corruption, shifts in political regime, and freedom of the media. In the last chapter we attempt to provide a brief overview and update of the political climate in China vis-à-vis other international powers.

The pervasive nature of Chinese studies from various disciplines has provided a formidable task for academics seeking to consolidate and reconcile the views and research findings of scholars from different parts of the world. Considering that our primary readership is likely to be drawn from a mixture of individuals from academia and students in social and political science as well as business, together with anyone interested in China's transformation, we have opted to present our views from an academic perspective but have written it in layman's language. The primary sources of this book were from academic materials and news reports published in English.

This book should help the reader to obtain an overview of the key issues underlying one of the greatest economic dramas of modern times: the rise of China and its impact both domestically and internationally.

Our readers should bear in mind that, in a work such as this, it is inevitable that we may have left out other details/issues or failed to mention other issues that may have a bearing on the conclusions that we draw. Hopefully, the extensive references and notes we provide at the end of each chapter should assist readers who wish to explore these issues in more detail.

To ensure this work is of reference value and not outdated, it should be noted that this book covers the relevant events as of 1 May 2010.

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Numerous people have been of great assistance to this book and without their efforts this work would not have become the version presented today. We wish to thank Dr Sangeetha G., Assistant Professor of KPR School of Business, Arasur, Coimbatore for the initial material collection work. We are especially grateful to Dr Eliza Xuezhang Minmin, lecturer from the Hong Kong Vocational Training Council, for her excellent literature survey and data support. We also thank Joshua Rennie for his proofreading and photo selection work on the first draft of this work, as well as Adam Majid for some editing work on the second draft. We acknowledge the funding support from the Hong Kong Polytechnic University. Responsibility for any errors is borne by the authors.

List of abbreviations

ABC	Agricultural Bank of China
AIDS	Acquired Immune Deficiency Syndrome
AMC	Asset Management Company
BOC	Bank of China
CCB	China Construction Bank
CBRC	China Banking Regulatory Commission
CCP	Chinese Communist Party
CCPIT	China Council for the Promotion of International Trade
CCTV	China Central Television
CDIC	Central Discipline and Inspection Commission
CFPA	China Family Planning Association
CMS	Cooperative Medical Scheme
CNOOC	China National Offshore Oil Company
CRS	Contract Responsibility System
CSRC	China Securities Regulatory Commission
DIC	Discipline Inspection Commission
EPB	Environmental Protection Bureau
FDI	Foreign Direct Investment
FIE	Foreign Invested Enterprise
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade

GDP	Gross Domestic Product
GIS	Government Insurance Scheme
HEI	Higher Educational Institution
HIS	Health Insurance Scheme
HRS	Household Responsibility System
ICBC	Industrial and Commercial Bank of China
IPO	Initial Public Offering
LGPR	Leading Group for Poverty Reduction
LIS	Labor Insurance Scheme
MES	Modern Enterprise System
MLG	Minimum Living Guarantee
NAA	National Audit Agency
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
NPC	National People's Congress
NPL	Non-Performing Loan
OECD	Organization for Economic Cooperation and Development
PBOC	People's Bank of China
PRC	People's Republic of China
QDII	Qualified Domestic Institutional Investor
QFII	Qualified Foreign Institutional Investor
SAFE	State Administration of Foreign Exchange
SASAC	State-owned Assets Supervision and Administration Commission
SEPA	State Environmental Protection Administration
SOE	State-Owned Enterprise
SPP	Supreme People's Procuratorate
SPPA	State Press and Publications Administration
TCE	Tons Carbon Equivalent

TFR	Tax for Fee Reform
TI	Transparency International
TVE	Township and Village Enterprise
UNCED	United Nations Conference on Environment and Development
UNFAO	United Nations Food and Agriculture Organization
USTR	United States Trade Representative
VAT	Value Added Tax
WHO	World Health Organization
WTO	World Trade Organization
WWF	World Wildlife Fund

Note on transliteration and currency

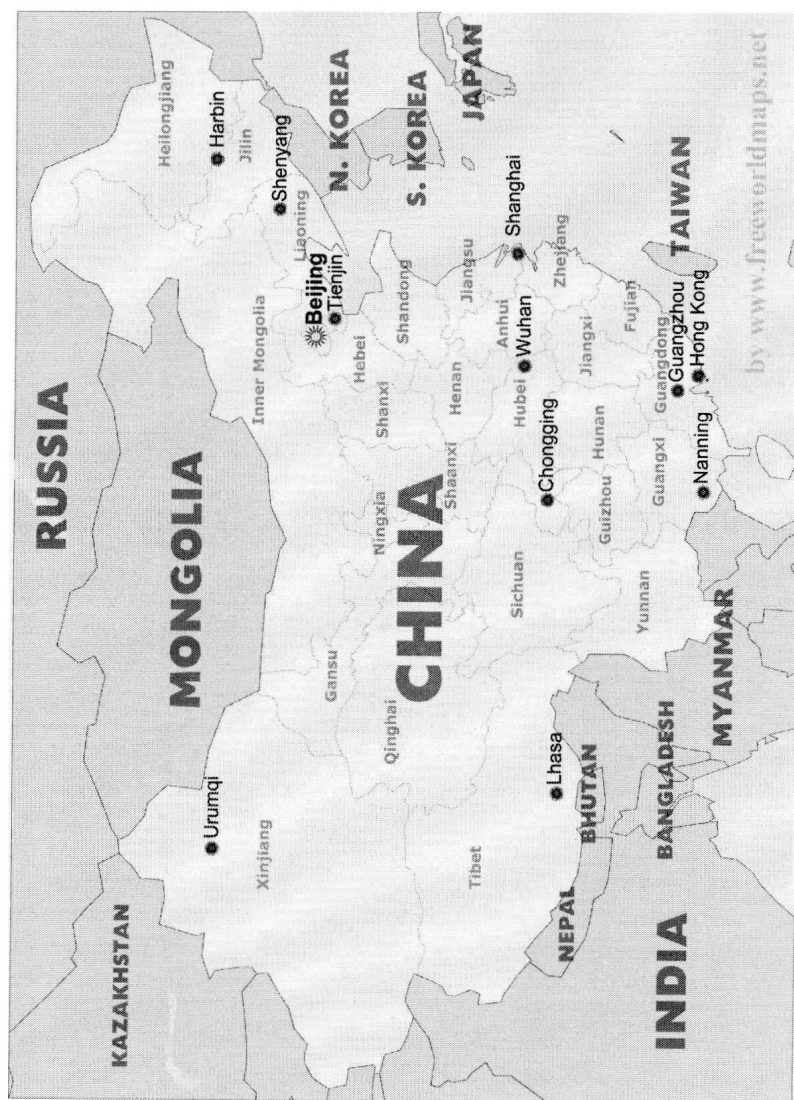
The Pinyin system of transliteration, adopted in the People's Republic of China in the 1950s and now generally used worldwide, has been employed in this book.

The Chinese currency is referred to in this book as the yuan. For easy comparison, the annual average exchange rate of the yuan against the US dollar from 1978 to 2009 is listed as follows:

Chinese yuan to US\$1

1978 = 1.5771	1994 = 8.6187
1979 = 1.4962	1995 = 8.3507
1980 = 1.5303	1996 = 8.3142
1981 = 1.7051	1997 = 8.2898
1982 = 1.8926	1998 = 8.2791
1983 = 1.9757	1999 = 8.2796
1984 = 2.3270	2000 = 8.2784
1985 = 2.9367	2001 = 8.2770
1986 = 3.4528	2002 = 8.2770
1987 = 3.7221	2003 = 8.2774
1988 = 3.7221	2004 = 8.2780
1989 = 3.7659	2005 = 8.1917
1990 = 4.7838	2006 = 7.9718
1991 = 5.3227	2007 = 7.6640
1992 = 5.5149	2008 = 6.9451
1993 = 5.7619	2009 = 6.8310

Political map of China



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