accounting: and disclosure standards 126
changes 44
accumulation fund 82
agricultural: and non-state sector 17, 130, 131
collectives 73
Agricultural Development Bank of China 69
Agriculture, RCC loans to 73
*Almanac of China’s Finance and Banking* 49, 75, 84, 105, 107, 131, 139
Aoki, M. 89, 139
aquatic products, China’s major exports 117
Arestis, P. 89, 139
Asian Development Bank 103
Asian financial crisis of 1997 61, 98, 105, 109, 121, 130
asset-liability management
companies 60, 61, 131
principles 16, 48, 125
ratios 75–6
for Urban Credit Cooperatives 75
assets 92
Chinese, for foreign purchase 107
growth, rapid 77
held by individual RCCs and UCCs 69, 70
liquidity 75
non-productive 91
Atje, R. 89, 139
Banerjee, A. 28, 72, 139
bank: accounts, opening 66
deposits 88
managers, incompetent, firing of 61
profit maximization 48
banking: crisis in transitional economies 127
systems 64, 78, 82
two-tiered 15, 124
Bank of China (BOC) 46, 107
Bazen, S. 63, 72, 142–3
Beijing: regional stock exchange 81
foreign banks in 105
Beijing Urban Cooperative Bank 67
Bencivenga, V. 27, 139
Bhatt, V. 49, 50, 13
black market for foreign exchange 111
bond and shares, foreign funds 105–7, 116
Bonin, J. 44, 139
Bonser-Neal, C. 94, 139
Borish, M. 48, 128, 139
Bowles, P. 81, 82, 83, 139
Brazil, volatility of share prices 95, 96, 120
budget constraints 54, 129
soft and hard 56, 128
Bulgaria, transitional economy 128
business scope, increase in foreign banks 105
Byrd, W. 3, 140
capital: adequacy of 75
base, strong 46
controls 110, 112
efficiency at macroeconomic level 94
flight (CF) 109–10
flows 95, 97, 98, 111, 121, 122
markets 80, 124
net importer, China 113–121
raising markets, direct 15
central government:
capital injections 59
controls 67, 78, 116
investment abroad 107, 109
role in stock market development 81, 83, 84
cereals (grains), China’s major exports 117
Financial reform and economic development in China

Chandavarkar, A. 64, 140
Charemza, W. 28, 140
Chen, A. 81, 82, 140
Cheng, H. 3, 58, 140
child-minding facilities, as benefits to workers 44
China Insurance Regulatory Commission 19
China International Trust and Investment Corporation (CITIC) 71
China Securities Regulatory Commission 19, 83
Chinese capital abroad 113
foreign direct investment abroad (FDIA) 108
holdings of portfolio investment assets abroad (DPIAA) 108
investment abroad 107, 108, 109, 113, 122
Cho, Y. 79, 141
Chou, W. 110, 117, 141
Chow, G. 36, 141
coal, China’s major exports 117
collective farms 73
collectively owned enterprises 70
Commercial Banking Law (CBL) 17, 49, 50
commercial banks 50, 131
lending, short-term 105
in a market economy 46, 47
objectives 48
companies, listed 84, 90, 91, 92, 93
competition from non-state firms 35
Construction Bank of China (CBC) 46
Corbett, J. 89, 141
corporate governance and financing 80, 88–94
Corsetti, G. 121, 141
cotton cloth, China’s major exports 117
Courakis, A. 25, 141
credit allocation controls (CAC) 6, 8, 16–20
ceilings 77
market, informal 71, 75, 79
to SOBs 48, 49
crude oil, China’s major exports 117
currencies, local and foreign 62, 92
current stock prices 94, 95
customs duties 101
Czech Republic, new banks and bad debts 129
Davidson, R. 28, 141
debt: bad 58, 129
direct capital markets for 124
financing 80, 90, 91
foreign obligations 117, 120
stocks 61
defense technology, national 84
Demetriades, P. 19, 20, 24, 25, 27, 28, 89, 141
Demirguc-Kunt, A. 80, 89, 141
density of financial institutions (DEN) 27, 28, 31
deposit interest rates, long-term 124
collection service, NBFIs provide 71
developing economies 71, 73, 75, 98, 99, 108
Diamond, W. 49, 141
Ding, J. 111, 141
Dipchand, C. 14, 65, 66, 67, 71, 76, 141
disposable incomes 80, 83
Docwra, G. 40, 43, 44, 140
domestic: consumption 98
economic slowdown 62, 111
enterprises 93
financial institutions 122, 132
financial liberalization (DFL) 8–31, 121
financial reform 98
loans, funding by 51
savings 121
securities markets 86, 94
Duntamen, G. 20, 22, 142
economic development in China 63–78
growth 23, 67, 98, 130, 132
performance of SOBs and SOEs 62
reform 69
zones, special (SEZs) 101
Eggerstedt, H. 109, 142
Eichengreen, B. 98, 121, 142
employees and employment 28, 40, 42, 72
energy industry and price reform 43
enterprise shares 82
enterprises, joint venture, and foreign 101
environmental degradation 130
equilibrium exchange rate 99, 110, 111
equity: financing 90–91
   markets 79, 80
   stakes in listed companies 84
   stock in RCCs 69
   equity/asset ratio 90, 91
Europe, Central and Eastern 47, 127, 128
exchange rate, and capital controls 98, 110–13, 117
   flexibility 122
real 98
export growth 119
exports and imports 51, 98
external borrowing 103
debt and equity financing 90, 91
financial liberalization in China 7, 98–123, 132
   funding 80
farm households, RCC loans 73
Feder, G. 15, 75, 142
financial: assets in China 62, 105
   constraints 130
   depth 23–32, 125, 128
deregulation 55
industry, stock issuance from 84
   institutions 63–78, 86, 88, 89, 94, 109, 124, 126
intermediation controls (FIC) 19–20, 24, 57
liberalization 19–32, 55, 28, 129, 130, 131
market speculation 75, 76, 121
performance of SOIEs 33–4, 43–4, 93
repression index (FRI) 19, 20–23, 27, 79
   sector reform 54, 77, 79, 98, 99, 124–9, 132
firms 25, 35, 84, 92, 128
fiscal and financial reform 61, 121, 126, 127, 128
revenue collection 131
fixed assets 36, 37, 38, 40, 41, 57
   producing industrial output 44
fixed investment deflator 36, 37
foreign: banks 104, 105, 131, 132
   borrowing 103, 108, 109, 114
capital 98, 99, 101, 105, 113–19,
   commercial loan inflows 103, 104, 109
currency 77, 105, 109, 122
debt 98, 114, 118, 122
direct investment (FDI) 99, 101, 108, 109, 114
enterprises 101
exchange 105, 109, 111, 118, 119, 131
financial institutions 132
   funded enterprises, borrowing by 92, 103
investment 51, 84, 93, 100, 106, 107, 108, 116
   loans 101, 102, 104, 105
foreign-funded enterprises 17
free market value 110
Fry, M. 3, 4, 142
fund raising for investment 72, 91, 96
GDP see Gross Domestic Product
Gelb, A. 27, 142
Gemmell, N. 114, 116, 142
General Lending Rules of the People’s Bank of China 50
Germany 79, 88, 90, 93, 94
Ghate, P. 72, 75, 142
Girardin, E. 16, 46, 63, 142
GNPCAP see Gross National Product per capita
Goldsmith, R. 1, 143
Gorton, G. 127, 128, 143
government: controls relaxed 124
   intervention 18, 24, 25, 62, 127, 130
   ownership and enterprise management 83
   revenue 60
   role in stock markets 80
Greenwood, J. 27, 143
Gregory, N. 92, 143
Griffith-Jones, S. 128, 129, 143
Gross Domestic Product (GDP): 87, 108
   per capita (GDPCAP) 27, 28
   ratio 61
   real 51, 98, 127
   revenue share of 60
Gross National Product per capita (GNPCAP) 86, 87, 120
Guangdong International Trust and Investment Corporation (GITIC) 77
Guangzhou 101, 131
Gunter, F. 109, 111, 113, 143

Harris, R. 89, 143
Hellman, T. 5, 25, 130, 143
Hermes, N. 1, 143
Heytens, P. 93, 144
Hong Kong 92, 100, 101, 108, 109
registered companies 107
stock exchange 107
household sector savings 25, 63, 83, 126, 128, 130
housing, subsidized 36, 44
Huang, Y. 44, 69, 144

imports and exports, amount and value of 118, 119
income, disposable, of urban residents 15, 82, 83
tax rate 43, 101
India, volatility of share prices 95, 96, 120
Industrial and Commercial Bank of China (ICBC) 46
industrial enterprises, profitability of 33
industrial firms, state-owned 91
industry in the Chinese economy 32
inflation 16, 67, 77, 121, 127
double digit 99, 104
rising 27, 83, 124
inflationary pressures 31, 55, 67–8, 81
insurance companies 124
interest rate
controls (IRC) 3, 6, 8–15, 19, 20, 71
higher and lower 15, 23, 31, 54, 55
liberalization 125, 132
nominal 124
real 13, 25, 27, 28, 31
on savings 128
Interim Banking Control Regulations (IBCR) 49
international: capital flows 110
financial institutions 103
International Monetary Fund 103
investment 67, 98, 99, 105, 116, 119, 125, 130
abroad 109
aggregate 51
business 70, 100
efficiency 23, 24, 55
fund raising 25, 72, 80, 96
and inflation, uncontrolled 68
projects 114, 121
resources 130
quantity and quality 80, 81, 88
investors, individual 126
Japan 79, 88, 93, 94
Jefferson, G. 36, 37, 40, 43, 91, 93, 144
Jensen, M. 80, 144
Jovanovic, B. 27, 89, 139
Kane, J. 5, 144
Khan, M. 89, 144
Kueh, Y.Y. 54, 101, 144–5
Kumar, A. 15, 47, 67, 68, 70, 71, 75, 76, 145
labor 38, 40, 42, 51
abundance in China 113
average unit price of 41, 56
Lardy, N. 3, 4, 46, 49, 58–61, 70, 99, 100, 101, 113, 130, 145
Laurenceson, J. 51, 53, 145
leasing companies and transactions 72, 124
Lee, Y. 54, 145
lending: by financial institutions, excessive 67
commercial criteria 17
future 132
long term 105
in state-owned banks 51–6
Levine, R. 80, 84, 89, 125, 145
Li, K.W. 3, 4, 53, 79, 145
liquidity 62, 84, 85
Liu, T. 53, 76, 145
loans: 14, 58
approvals 17, 116
classification system 58, 59
disbursements, long-term 104
interest rate 25
market, 63
non-performing 50, 54, 58
to overseas entities 109
portfolio 48, 126
short-term 103
SOBs 9
to state sector 17
loan–deposit ratio 16, 63
local government 67, 69, 70, 71, 76, 78
<table>
<thead>
<tr>
<th>Index</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long, M. 128, 146</td>
<td></td>
</tr>
<tr>
<td>Luintel, K. 19, 20, 24, 25, 27, 28, 141</td>
<td></td>
</tr>
<tr>
<td>Ma, S. 146</td>
<td></td>
</tr>
<tr>
<td>macroeconomic austerity programs 16, 40</td>
<td></td>
</tr>
<tr>
<td>stability and instability 72, 99, 121, 127, 128</td>
<td></td>
</tr>
<tr>
<td>Makin, T. 98, 146</td>
<td></td>
</tr>
<tr>
<td>Manoharan, T. 75, 146</td>
<td></td>
</tr>
<tr>
<td>market capitalization ratio (MC) 85, 89</td>
<td></td>
</tr>
<tr>
<td>economy 58, 124–32</td>
<td></td>
</tr>
<tr>
<td>failure 55, 121, 130</td>
<td></td>
</tr>
<tr>
<td>for foreign exchange, inter-bank 122</td>
<td></td>
</tr>
<tr>
<td>share of SOBs 10</td>
<td></td>
</tr>
<tr>
<td>maturities, short-term 105</td>
<td></td>
</tr>
<tr>
<td>Mayer, C. 80, 88, 146</td>
<td></td>
</tr>
<tr>
<td>McDonald, D. 117, 146</td>
<td></td>
</tr>
<tr>
<td>McKibbin, W. 98, 108, 146</td>
<td></td>
</tr>
<tr>
<td>McKinnon, R. 4, 12, 55, 80, 98, 121, 128, 146</td>
<td></td>
</tr>
<tr>
<td>McKinnon-Shaw framework 3, 23, 24, 25, 27</td>
<td></td>
</tr>
<tr>
<td>medical care, SOEs’ provide 44</td>
<td></td>
</tr>
<tr>
<td>Mehran, H. 15, 16, 55, 146</td>
<td></td>
</tr>
<tr>
<td>metals, rare, mining 84</td>
<td></td>
</tr>
<tr>
<td>microeconomic efficiency 121</td>
<td></td>
</tr>
<tr>
<td>Ministry of Finance 83, 92, 103, 107</td>
<td></td>
</tr>
<tr>
<td>as guarantor of bonds 61</td>
<td></td>
</tr>
<tr>
<td>Ministry of Foreign Trade and Economic Cooperation 103</td>
<td></td>
</tr>
<tr>
<td>monetary system, pre-reform, in China 67</td>
<td></td>
</tr>
<tr>
<td>money and capital, complementarity between 27</td>
<td></td>
</tr>
<tr>
<td>Mookerjee, R. 95, 146</td>
<td></td>
</tr>
<tr>
<td>mutual aid cooperative 65</td>
<td></td>
</tr>
<tr>
<td>Nanjing 81, 131</td>
<td></td>
</tr>
<tr>
<td>Naughton, B. 35, 43, 146</td>
<td></td>
</tr>
<tr>
<td>net: capital importer 99, 113–121</td>
<td></td>
</tr>
<tr>
<td>foreign direct investments 109</td>
<td></td>
</tr>
<tr>
<td>profits 92</td>
<td></td>
</tr>
<tr>
<td>nominal loan rate (NLR) 13</td>
<td></td>
</tr>
<tr>
<td>non-bank financial institutions (NBFI) 7, 13, 15, 17, 56, 64, 124, 126</td>
<td></td>
</tr>
<tr>
<td>in China 63–78</td>
<td></td>
</tr>
<tr>
<td>economic development 71–8</td>
<td></td>
</tr>
<tr>
<td>ownership, control 69–71</td>
<td></td>
</tr>
<tr>
<td>non-state: banks 73, 75, 78, 125, 126</td>
<td></td>
</tr>
<tr>
<td>borrowers 73</td>
<td></td>
</tr>
<tr>
<td>enterprise 130</td>
<td></td>
</tr>
<tr>
<td>ownership 44</td>
<td></td>
</tr>
<tr>
<td>sector 56, 125, 126</td>
<td></td>
</tr>
<tr>
<td>rural lending 74</td>
<td></td>
</tr>
<tr>
<td>urban lending 74</td>
<td></td>
</tr>
<tr>
<td>shareholders 70</td>
<td></td>
</tr>
<tr>
<td>non-state-owned firms 96</td>
<td></td>
</tr>
<tr>
<td>Odedokun, M. 56, 146</td>
<td></td>
</tr>
<tr>
<td>overseas share listings 107</td>
<td></td>
</tr>
<tr>
<td>ownership rights 82, 93</td>
<td></td>
</tr>
<tr>
<td>Park, Y. 48, 57, 130, 147</td>
<td></td>
</tr>
<tr>
<td>Patrick, H. 130, 147</td>
<td></td>
</tr>
<tr>
<td>Pei, M. 76, 147</td>
<td></td>
</tr>
<tr>
<td>People’s Bank of China (PBC) 66–9, 77, 92, 95, 103, 106, 132</td>
<td></td>
</tr>
<tr>
<td>as central bank 15</td>
<td></td>
</tr>
<tr>
<td>credit registration 63</td>
<td></td>
</tr>
<tr>
<td>institutional reform of 19</td>
<td></td>
</tr>
<tr>
<td>Pesaran, M 28, 147</td>
<td></td>
</tr>
<tr>
<td>Poland, bad debts in new banks in 129</td>
<td></td>
</tr>
<tr>
<td>volatility of share prices in 95, 96</td>
<td></td>
</tr>
<tr>
<td>Popov, V. 89, 147</td>
<td></td>
</tr>
<tr>
<td>portfolio investment, foreign, in China 106</td>
<td></td>
</tr>
<tr>
<td>postal savings network 124</td>
<td></td>
</tr>
<tr>
<td>prices: determination 35, 95</td>
<td></td>
</tr>
<tr>
<td>index 41, 42</td>
<td></td>
</tr>
<tr>
<td>reform 43, 55</td>
<td></td>
</tr>
<tr>
<td>stability 4, 56</td>
<td></td>
</tr>
<tr>
<td>primary market for share trading 81, 84</td>
<td></td>
</tr>
<tr>
<td>shareholder 94</td>
<td></td>
</tr>
<tr>
<td>private enterprises 17, 56, 70, 132</td>
<td></td>
</tr>
<tr>
<td>profit: chasing 69, 95</td>
<td></td>
</tr>
<tr>
<td>and losses 92</td>
<td></td>
</tr>
<tr>
<td>maximizing 5</td>
<td></td>
</tr>
<tr>
<td>motivated financial institutions 67</td>
<td></td>
</tr>
<tr>
<td>repression 4</td>
<td></td>
</tr>
<tr>
<td>tax rate 44</td>
<td></td>
</tr>
<tr>
<td>profitability 32, 33, 47, 50</td>
<td></td>
</tr>
<tr>
<td>profit-making activities 105</td>
<td></td>
</tr>
<tr>
<td>property: development 75</td>
<td></td>
</tr>
<tr>
<td>market investment 77</td>
<td></td>
</tr>
<tr>
<td>provincial government levels 67, 83</td>
<td></td>
</tr>
<tr>
<td>prudential regulation 75, 129, 132</td>
<td></td>
</tr>
<tr>
<td>public welfare fund 82, 101</td>
<td></td>
</tr>
<tr>
<td>purchasing power parity (PPP) 111</td>
<td></td>
</tr>
</tbody>
</table>
Rana, P. 56, 147
raw materials 43
RCC see Rural Credit Cooperatives
real estate development 76, 77, 84, 91
Red Chips, shares on Hong Kong stock exchange 107
reform period of China 66, 77, 101, 117, 125
remuneration linked to financial performance 54
Ren, R. 36, 147
rents resulting from government intervention 26
repression index for China 21
reserve requirements 15, 16, 109
residential construction 75
retailing 91, 101
retail price index 10, 124
retirement pensions, SOEs provide benefits for 44
risk 47, 72, 75, 76, 129
Roemer, M. 75, 147
rolled steel, China’s major exports 117
Romania, banks in transitional economies 128
Rowstow, J. 89, 147
Rural Credit Cooperatives (RCCs) 13–14, 63–6, 69–70, 72–8, 125
rural savings, non-state sector 74
Russia, transitional economy 60
Sachs, J. 130, 147–8
Santeromo, A. 46, 148
savings 31, 88, 125, 130
investment 24, 25, 82, 86, 119, 125
mobilization 71–3
Scholtens, B. 89, 127, 128, 148
securities and bonds purchased abroad 108
companies 124
trading centers, regional 83
security, national 84
seigniorage revenue 130
self-raised funds of firm (SRF) 51
Shanghai 87, 95, 101, 105, 111, 131
stock exchange 83
share: and convertible bonds 107
domestic share listings 107
issues 80, 81, 82, 85, 116
overseas share listings 107
ownership 93
price index 95
trading 81, 83
shareholders: individual 88
minority 93
shareholding companies 40, 82, 83, 92, 93
speculative nature of, in China 95
Shenyang 81, 131
Shenzhen 83, 95, 131
Shih, Y. 110, 117, 141
shoes, China’s major exports 117
Sicular, T. 113, 148
Singapore 108
Singh, H. 79, 80, 81, 90, 148
SOBs see state-owned banks
social goals 50, 57, 62, 83
socialist market economy 50, 57, 80
social security system 44, 61, 131
SOEs see state-owned enterprises
SOIE see state-owned industrial enterprises
solvent 59–61, 67, 76, 126
of state-owned banks 47, 48, 50, 60, 61, 62
status 72
Song, H. 84, 95, 148
South China Morning Post 90
State Administration of Foreign Exchange (SAFE) 103
state: agencies, own RCCs, UCCs, TICs 70
assets 83
banking system 73, 82, 125, 128
budget appropriations (SBA) 51, 54
enterprise sector, savings 63,
financial system 67, 69
government borrowing from 55
monopoly 84, 93, 94, 127
sector 17, 56, 82, 131
State Council 58, 103
State Council Production Office 83
State Economic Restructuring Committee 83
state-owned banks in China 16, 17, 32, 46–62, 89
lending to SOEs 34, 46, 63, 126, 129
market-share of, declining 6, 8
mono-banking system 124

James Laurenceson and Joseph C.H. Chai - 9781843767190
Downloaded from Elgar Online at 04/29/2019 01:34:52AM
via free access
severing link with SOEs, 132
social goals in 57–8
solvency of 58–62
state-owned industrial enterprises
(SOIEs) in China 15, 32–45, 93
closure of loss-making 61
SOBs lending to 63, 126, 129
as social safety net 57, 81, 84, 107
State Planning Commission 83, 103
State Statistical Bureau, Urban Survey Team 36, 37, 42
state-subsidized accommodation 56
Stiglitz, J. 5, 72, 80, 125, 148–9
stock exchange 83, 127
in China 92
issuing companies 81
overseas 107
stock markets 84, 130
and economic development 79–97
as marginal source of savings 85, 87
volatility in China 96
stock prices 87, 90, 94, 95, 97
Su, D. 95, 149
subsidies to employees of SOIEs 42
swap markets 111
Taiwan 92, 108
Tam, O. K. 3, 15, 70, 76, 80, 81, 82, 93, 149
Tang, K.K. 98, 108, 146
taxes 5, 82
industrial and commercial 101
preferential 99
revenue base 55
telecommunications 101
Thirlwall, A. 111, 113, 149
Tiananmen Square incident 83
Tianjin 101, 131
Total Factor Productivity (TFP) 35–43, 126
tourism 91
township enterprises 17, 73
trade 111
credits, short-term 103
transitional economies 60, 89, 121, 128, 129, 130, 131
transport 91
Treasury bonds 16
‘Trial Measure on the Shareholding System’ regulations (1992) 83
Trust and Investment Companies (TIC) 14, 18, 63, 67–77, 107, 124
departments in banks 66, 67
Tsang, S. 71, 149
Urban Credit Cooperatives (UCCs) 14, 63–73, 75, 76, 78, 124
urban: loans 74
residents, disposable income of 70, 83
USA 88, 90, 93
Value Protected Savings Deposit Plan (World Bank) 9, 10
Van Kemenade, W. 77, 105, 149
vegetables, China’s major exports 117
village enterprises 17, 73
volatility in stock markets 79, 85, 95
wage levels 82
Wang, Y. 91, 92, 93, 94, 95, 150
Waters, W. 34, 149
Watson, A. 73, 76, 149
wealth, national 98
Wei, S. 114, 149
Weiss, B. 80, 90, 148
White, G. 81, 82, 83, 140
Winton, A. 127, 128, 143
Wong, C. 121, 149
Woo, W.T. 36, 130, 149
World Bank 100, 109, 125
loans from 103, 104, 105, sustainable foreign debt 120, 121, 128
World Trade Organization (WTO) 101, 131
Wu, X. 69, 150
Xiang, B 79, 150
Xie, P. 66, 67, 70, 73, 76, 143
Xinhua News Agency 59, 77
Xu, X. 44, 91, 92, 93, 94, 95, 150
Yang, H. 15, 150
Yao, C. 83, 84, 92, 150
Yi 8, 14, 17, 56, 69
Yu, Q. 51, 95, 150
Zervos, S. 84, 89, 145
Zhang, W. 56, 150
Zhu, L. 69, 151
Zou, L. 55, 151