

Index

- achievement assessment 39–41
- acquaintance society *see* relationship-based society
- administration-oriented government 17, 187–8
- administration system, vertical 32–6
- agglomeration 67, 101–8, 119–21
 - and regional imbalances 106–8, 120–21
- agricultural development 75–7
- agricultural tax reform 89–90
- Anhui Province, land contract system 75–6
- appropriate institutions 20, 23, 43, 195–6
- assessment of achievement 39–41
- Au, C.-C. 74

- balanced development strategy 113–19, 183–9
 - and economic growth 119–23
- banking system reform 11, 167–9
- Beijing 104, 106
- Blanchard, O. 33
- business enterprises 6
 - see also* private enterprises; state-owned enterprises

- cadre reform 34–5
- Cai, H. 61
- capital accumulation and regional income gap 111
- Central Committee of CPC
 - Decision on Economic System Reform 4
 - Decision on Education System Reform 127
 - Decision on the Establishment of a Retirement System for Veteran Cadres 34–5
 - Decision on Several Issues Concerning the Establishment of a Socialist Market Economic Structure 130
 - No. 1 Document 89, 90
 - 12th Central Committee, Third Plenary Session 4
- central fiscal transfer 117–19
- central government, relationship with local government 12–13, 26–7, 33, 34, 42–3, 122–3
- centralization
 - fiscal 29
 - political structure 13, 37–8, 45, 202
- Chen, B. 87
- China effect 186–7
- Chinese-style socialist market economy 10, 201–4
- Chongqing 106, 119
- cities
 - city scale indexes 74
 - migrant workers 64, 70–71
 - see also* urbanization
- clusters, industrial *see* agglomeration
- coastal regions 104–7, 111
 - economic zones 98, 102
 - industrial agglomeration 67, 103, 119
- labor shortages 88
- commodity market dual-track pricing 5
- Communist Party of China
 - Central Committee *see* Central Committee of CPC
 - 13th CPC National Congress 94
 - 17th CPC National Congress 3, 9, 11–12, 16, 63, 93
- community-level bonds and economic transition 47–8
- compensation for urban residents 81
- competition
 - education 152–3

- political 202–3
- and welfare burden on enterprises 141
- compulsory education
 - migrant workers' children 143–4
 - rural areas 135
- Compulsory Education law 127, 135
- Confucianism 191–2
- congestion effect 120
- consumer demand and public service reform 144–5
- consumption 162–3
 - effect of *hukou* system 87, 169–70
- contract managerial responsibility system 30
 - medical institutions 137–8
- cooperation, trans-provincial 122
- cross-regional income gap *see* regional income gap
- danwei* (work unit system) 46
- decentralization 26–7, 28–43
 - economic 28–32
 - negative effects 38–41
 - positive effects 36–8
- deficient markets and relationship-based transactions 49–50
- Deng Xiaoping 1, 20, 35, 96–7, 101–2, 132, 198, 199
- developing country status and economic path 3
- development gap, regional *see* regional imbalances
- development paths
 - China 3–11, 23–5, 201–4
 - other countries 204–6
- development triangle 20–22
- developmental imbalances 156–89
 - costs of 157–61
 - external imbalances 171–82
 - macro imbalances 161–4
 - see also* regional imbalances
- discrimination against migrant workers 82–3
- divergences from the world 200–201
- domestic consumption 181–2
- domestic market 122, 184
- dominant management of officials 35
- dual economy theory 62
- dual-track reform 4–5
- duplication 112–13, 160
- East Asian model of transition 58–9
- economic consequences of urban–rural divide 83–5
- economic decentralization 26–7, 28–32, 202
 - and urban–rural divide 81–2
- economic development zones 98
- economic globalization *see* globalization
- economic growth 9, 161–4
 - and central fiscal transfer payments 118–19
 - and fiscal decentralization 37
 - growth rate 9
 - regional differences 110–11, 119–23
 - social costs 160
 - and social harmony 14–15
 - and urban–rural integration 88–90
- economic opening-up *see* opening-up policy
- Economic System Reform, Central Committee's Decision on 4
- education 127–8, 146–7, 149, 151–2
 - competition 152–3
 - funding 146–7, 149, 151–2
 - inequality 146–7, 149
 - of migrant workers' children 82–3, 143–4
 - reform 134–6, 142
- effective competition effect of agglomeration 103
- efficiency of welfare system 141–2
- Eichengreen, B. 187
- employment
 - and balanced development 185
 - in real estate industry 134
 - see also* migrant workers
- energy efficiency and economic growth 185–6
- environmental costs of development 160, 186
- equality
 - as goal of economic policy 19
 - in public services 151–4
 - see also* inequalities
- European development path 23–4, 204–5

- excess liquidity 163–4, 170
 exchange rate 8–9, 174
 exports 175–7
 see also trade
 external imbalances 171–82
 causes 174–82
 characteristics 172–4
 and internal development 15–16

 fairness as economic goal 19
 family-based social bonds 44–5
 and changing family structure 52
 and economic transition 46–7
 family-based society 197–8
 Fan, Z. 118
 FDI *see* foreign direct investment
 Fei, X. 198, 206
 Fengyang County, land contract
 system 76
 financial system reform 11
 fiscal centralization 29
 fiscal contracting system 166
 fiscal decentralization 27, 28–32, 165,
 197
 advantages 36–8
 and medical and health services
 136
 and urban–rural income gap 84
 fiscal transfer payments to regions
 117–19, 121
 Five Securities 139
 foreign direct investment 8, 10,
 100–101
 regional imbalance 107, 111
 foreign exchange
 exchange rate 8–9, 174
 management reform 11
 reserves 100, 173
 foreign-invested enterprises 179–81
 see also foreign direct investment
 foreign trade *see* trade
 Frontier Hotel 102
 Fukuyama, F. 206
 funding
 of education 127–8, 146–7, 152
 of public services 154

 Gansu 104
 GDP as indicator of achievement 38,
 39–40

 geographical location and regional
 imbalance 110–11
 global market integration *see* opening
 up policy
 globalization 95–101
 and industrial agglomeration 101–8
 and regional economic development
 95–6, 106–7
 Gong, L. 37
 government
 organizational reforms 33–4
 and private enterprises 57–8
 role in economic development
 122–3, 202
 and social development 13
 transition to service-oriented
 government 17, 187–9
 see also central government; local
 government
 government grants, regional
 imbalances 158
 government-led development model
 196–7
 government policies *see* policy
 measures
 grain production 76
 growth *see* economic growth
 Guangdong Province 105, 106, 119
 Guidelines for China's Educational
 Reform and Development 135

 harmonious society
 as development goal 185
 global 186–7
 health services 128–30
 consumer demand 145
 marketization reform 136–8
 Heilongjiang 105
 Henderson, J.V. 74
 hierarchical political structure 45
 hospital property rights structure
 138
 household consumption 181–2
 household registration system *see*
 hukou system
 Household Responsibility System 7,
 76
 housing system 131–4, 140
 consumer demand 145
 inequalities 150

- marketization reform 140, 143, 153–4
- hukou* system 45–6, 92
 - and labor mobility 160
 - and urban–rural divide 63, 80–81, 84, 85
- Huntington, S.P. 206
- illiteracy rates 147
- imbalances 15–16, 20–22
 - external 171–82
 - internal 157–71
 - regional 18–19 *see* regional imbalances
- imports 175
 - see also* trade
- incentives 5–7, 38–9
- income
 - rural residents 76–7
 - and social relationships 56–7
- income gap 14–15, 19, 157–8, 178, 185
 - and consumer demand 169–70
 - cross-regional 85, 109–10
 - and economic development 204–5
 - urban–rural residents 77, 83–5, 89, 120, 157
- income mobility 57
- income tax sharing 31
- India, development path 205–6
- industrial agglomeration *see* agglomeration
- industrial investment strategy 169
- industrialization 10, 62–93
 - level 68–70, 72–5
 - and urban–rural divide 79–87
 - and urban–rural integration 87–93
- inefficiency of welfare system 141–2
- inequalities
 - income *see* income gap
 - public services 14–15, 19, 145–50
 - see also* regional imbalances; urban–rural divide
- infant mortality 147–8
- informal financial systems 47
- information complexity and
 - government administration 187–8
- institutional experimentation 198–200
- institutions
 - appropriate institutions 20, 23, 43, 195–6
 - and transition to rule-based society 58–9
- insurance, migrant workers 144
- integration *see* urban–rural integration
- interactive learning effect of agglomeration 103
- internal imbalances 157–71
- international trade *see* trade
- interpersonal income gaps 158
- interregional cooperation 122
- investment 169, 181
 - and consumption 162–3
 - and cross-regional development 116
 - in real estate 132
- investment seeking 57
- isolation from the world 200–201
- Japan, development path 205
- Jiangsu 105, 106
- Jilin 105
- Jin, H. 61
- judicial market economy 194
- knowledge economy 67
- Kuijs, L. 185
- Kuznets curve 204–5
- Labor Contract Law 131
- Labor Contract System in State-owned Enterprises
 - Provisional Regulations 139
 - Temporary Regulations 130
- Labor Insurance regulations 130, 138
- labor demands
 - and township enterprises 48
 - and urban–rural integration 88
- labor mobility 64–7, 91–2
 - and dissolution of relationship-based society 53
 - and industrial agglomeration 106
 - and regional income gap 120
 - restrictions 45–6, 82–3, 160
- labor standards 161
- land contract systems 75–6
- land value, urban–rural divide 92
- Lardy, N.R. 181
- Law on Compulsory Education 127, 135
- Law on Land Contracts in Rural Areas 76

- Lewis, W.A. 62
 Li, J.S. 61
 Li, S. 84
 Liaoning 104, 105
 limited access orders 24
 Lin, J.Y. 61, 76, 198
 liquidity, excess 163–4
 literacy rates 147
 Liu, Z. 61
 local government 26–41
 incentive mechanisms 39–41
 management of officials 35–6
 relationship with national
 government 12–13, 26–7, 33,
 34, 42–3, 122–3
 local protectionism 14, 112, 113, 160
 M-form organizational structure 33–4
 macro imbalances 22, 161–71
 Mao Zedong 26–7
 market integration and regional
 development 14
 market segmentation 14, 112, 160
 marketization
 in power and social relationships
 56–8
 types 56
 marketization reform 4–6, 10–11, 193
 and education 134–6, 149, 151–3
 and housing system 140, 150, 153–4
 and inequality 145–50, 151–4,
 159–60
 and medical and health system
 136–7, 149–50
 and pension system 138–9
 and public services 125–54
 and real estate industry 132–4
 reasons for reform 141–5
 medical and health services 128–30,
 136–8, 142–3
 inequalities 147–8, 149–50
 migrant workers 83
 migrant workers 64–7
 children's education 143–4
 discrimination against 82–3
 economic impact 170–71
 government policies 91–2
 and welfare system 144
 see also labor mobility
 Ming Dynasty 95, 200–201
 mobility *see* labor mobility
 modernization, Western-style 195
 Morduch, J. 47
 national government, relationship with
 local government 12–13, 26–7, 33,
 34, 42–3, 122–3
 National Congress, Communist Party
 of China
 13th CPC National Congress 94
 17th CPC National Congress 3, 9,
 11–12, 16, 63, 93
 National People's Congress, 11th 93
 No. 1 Central Document 89, 90
 North, D.C. 24
 Notice on the Establishment of
 Nationwide Urban Subsistence
 Security System 130
 open-access social orders 24
 open macroeconomics of external
 imbalances 181–2
 opening-up policy 7–9, 97–8, 113–16,
 200
 achievements 9–10
 and cross-regional development
 111–16
 effect on domestic market 184
 opening-up zones 97–8
 Opinions on the Promotion of
 the Reform of the System of
 Residence Management in Small
 Cities and Towns 92
 pension system 130, 138–9, 142–3
 performance-based distribution system
 7
 personnel system reform 34–6
 planned economy period 29–30, 192
 inefficiencies 4
 Polanyi, C. 55
 policy measures
 promoting balanced development
 113–19, 121–3
 for urban–rural integration 90–93
 political administration, vertical 32–6
 political centralization 13, 202
 and economic decentralization 37–8
 history of 191–2
 political competition 202–3

- political decentralization *see*
decentralization
- political representation, urban and
rural areas 93
- political urban–rural integration 92–3
- positive externalities effect of
agglomeration 103
- power and income 56–7
- price compensation for urban residents
81
- private education 135–6
- private enterprises 49, 57–8, 79
and transition to service-oriented
government 188–9
- privatization
medical institutions 138
and regional income gap 111
state-owned enterprises 6, 166–7
- production specialization effect of
agglomeration 103
- property infringement and urban–rural
income gap 89
- property tax and public service funding
123
- protectionism
local 14, 112, 113, 160
regional 39–40
- Provisional Regulations for the
Implementation of a Labor
Contract System in State-owned
Enterprises 139
- public goods and public services 126–7
- public services 125–54
definition 126–7
development 127–34
inequalities 14–15, 145–50, 159–60
marketization reform 134–45
promoting equality 123, 151–4
- Qian, M. 23, 191, 197
- Qian, Y. 32
- Qin Dynasty 191
- Qing Dynasty 201
- real estate industry 131–4
- recessive management of officials
35–6
- red hat enterprises 49, 79
- reform
drivers of 19–25
see also marketization reform;
opening-up policy
- regional competition 177–8
- regional cooperation 122
- regional development 116
development gap *see* regional
imbalances
and globalization 95–6, 101–8
- regional division of labor 184
- regional fiscal transfer payments
117–19
- regional imbalances 14, 96
correcting 18–19, 108–23
and decentralization 149–50
and globalization 106–7
in urbanization 107–8
- regional income gap 109–10, 120, 158
- regional protectionism 39–40
- Regulations of the People's Republic
of China on Labor Insurance
130, 138
- relationship-based society 3, 17, 27,
44–6, 203
dissolution 51–5
and economic development 27,
46–51
hindering marketization 193–4
and transaction costs 51
transition to rule-based society
17–18, 54–60
- relative achievement assessment 39–41
- representation, political 93
- Residence Management in Small Cities
and Towns, Opinions on the
Promotion of the Reform of the
System of 92
- residential segregation within cities 86
- resource duplication and regional
development 112–13, 160
- resource-intensive exports 175–7
- responsibility system in medical
institutions 137–8
- right-incentive reform and trade
surplus 177
- risk sharing, community-level 47
- RMB exchange rate 8–9, 174
- rule-based society 17–18
transition to 17–18, 54–60
- rural areas
agricultural development 75–7

- community-level bonds 47
- development policies 89–90
- education 142, 146–7
- family-centred bonds 46
- medical services 129
- social security system 131, 139
- township enterprises 48–9, 77–9
- rural–urban divide *see* urban–rural divide
- Russia, development path 205
- safety standards 161
- segmentation of markets 55–6, 184
- service industry 67–8
 - agglomeration 102
- service-oriented government 17, 41–3, 187–9
- Shaanxi 104
- Shandong 105
- Shanghai 104, 106
 - income gap 85
- Shleifer, A. 33
- Sicular, T. 47
- social consequences
 - of economic growth 160–61
 - of urban–rural divide 86
- social development and government intervention 13
- social integration *see* urban–rural integration
- social relationships *see* relationship-based society
- social security 130–31
 - inequality of access 150
- social services *see* public services
- socialist market economic system 11
- socialization of public service financing 154
- soft budget constraints 164–5
- spatial integration between urban and rural areas 91
- special economic zones 98
- specialization effect and relationship-based society 54
- state-owned enterprises (SOEs) 6–7, 11
- Stiglitz, J.E. 61, 93
- Suggestions of the State Council on Solving the Problem of Migrant Workers 144
- sustainable development 12, 18–19
 - and relationship-based society 27
 - and urban–rural integration 88
- Taiwan 205
- Tang Dynasty 95
- tax sharing 11, 30–32, 165–7, 193
- taxation, property, and public service funding 123
- Temporary Regulations of the Implementation of Labor Contract System in State-owned Enterprises 130
- thickness effect and relationship-based society 54
- Tianjin 104, 106
- Tong, H. 187
- Townsend, J.R. 1
- township enterprises 48–9, 77–9
- trade 8, 9–10, 95, 98–100
- trade deficit 175–7
- trade dependency ratio 172
- trade disputes 173–4
- trade imbalances 15, 171–82
- trade structure 99–100
- trade surplus 172, 174–5, 178–81
 - foreign-invested enterprises 179–80
- trans-provincial cooperation 122
- transaction costs and relationship-based society 51
- transfer payments 117–19, 121
- transition, East Asian model 58–9
- Treisman, D. 61
- Tsai, K. 47
- unbalanced development *see* developmental imbalances; regional imbalances
- United States, development path 204, 205
- urban housing system reform 140
- urban–rural divide 13–14, 62–3, 79–87
 - causes 80–82
 - consequences 83–7
 - and public services 146–8
 - urban–rural income gap 77, 83–5, 89, 157
 - and industrial agglomeration 120
 - urban–rural integration 18, 87–93, 143–4

- and balanced development 183–4
- causes 88–90
- policies 90–93
- public services 143–4
- Urban Subsistence Security System, Notice on the Establishment of Nationwide 130
- urbanization 10, 18, 62–75
 - and balanced development 183–4
 - and industrial agglomeration 104–6
 - lagging behind industrialization 72–5
 - regional imbalance 107–8
- vertical political administrative system 32–3
- Wang, T. 185
- Washington Consensus 193
- welfare system *see* public services
- Western Europe development path 23–4, 204, 205
- Western Han Dynasty 191
- Western-style modernization 195
- Womack, B. 1
- work unit system (*danwei*) 46
- workers
 - incentives 7
 - see also* migrant workers
- World Trade Organization 9, 101
- Wu, J. 150
- Wuhan 119
- Xi'An 119
- Xiaogang Village, land contract system 76
- Xu, C. 32, 60
- Yang, D.T. 94
- yardstick competition, local governments 37–8
- Zhang, J. 118
- Zhang, T. 61
- Zhang, Y. 37
- Zhejiang 103, 105, 106
- Zheng He 95, 200–201
- Zhu, L. 50
- Zou, H. 61

