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
China’s economic development

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
Index

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

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
imbalance 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
China’s economic development

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
Index

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
Index

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
China’s economic development

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