

Foreword

Chinese economic reform and opening to the international economy since the late 1970s have changed the country and the world. The developments in the steel industry in the reform period are central to those changes, illuminative of them, and of immense significance in themselves. This book throws new light on these historic changes for Chinese and foreign readers alike.

Chinese civilization was the first to use many of the qualities of iron on a significant scale. We learn in Chapter 1 that under the Northern Song dynasty a thousand years ago, China was producing as much iron as Europe on the eve of the industrial revolution in 1700. In steel-making as in many things, China lost its head start in the second millennium. China was not producing much more iron under the late Qing at the turn of the twentieth century than it had been at the end of the first millennium, by which time the domestic industry was tiny by modern standards.

The steel industry was an integral part of the industrialization of the North Atlantic countries and later Japan as modern economic growth took place from the late eighteenth through the nineteenth and early twentieth centuries. China was not part of these transformational developments in the history of humanity until the second half of the twentieth century. Even then, it endured a long detour under central planning as the Communist Party established its rule from 1949 through the first three decades after the revolution – the steel and heavy industry were favoured by the authorities but still failed to prosper.

In the steel industry as in many parts of the Chinese economy, market-oriented reform and integrating Chinese production into international markets spurred productivity growth and the expansion of production. Chinese steel production rose from 32 million tonnes at the commencement of the reform era in 1978 to 128 million tonnes in 2000, and reached 630 million tonnes in 2010. The immense expansion during the reform period was accompanied by much higher productivity, higher quality of output, and much closer calibration of product quality to the requirements of the market.

These developments in steel were important to Chinese economic success in the reform era. They were also transformational for the world.

The opening of Chinese production to higher-quality and more cost-effective international supplies of the main steel-making raw materials put immense pressure on global markets for iron ore and metallurgical coal.

This book tells the story of how all this happened. It is a solid case study of an industry changing on a scale and at a pace that has no precedent in global economic history. It will be a useful reference for those seeking to understand the Chinese experience of economic reform, the impact of Chinese economic growth on the global economy, and the future trajectory of economic change in China. It will have useful points of reference for those who specialize in industrial economics, resource economics, and the economics of the transition out of central planning and inward-looking policies. It will be of interest to people in the mining industry who are seeking to understand the immense expansion in opportunities in their own industry in recent times and especially in the early twenty-first century. Finally, it should attract the attention of people who are simply fascinated by the remarkable story of the world's most populous country's belated and subsequent participation in modern economic growth.

Ross Garnaut

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