Chinese Economic Reform in a Comparative Perspective: Asia vs. Europe

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This article views China's economic reform in a comparative perspective. It sets out with the significant phenomenon of China's rise and Russia's fall in the 1990s. The literature is reviewed. Two main approaches are identified: the non-institutional and the institutional, with the latter holding sway. Culture, stage of economic development, international environment, and pre-reform system are the four non-institutional factors; all are found wanting in terms of explaining the performance difference between Asian and European transition economies. The institutional factors are reform philosophy, speed of reform, property rights restructuring, and role of the state—the last two of which constitute an effective analytical framework. It is argued that China's de facto privatization and active developmental state have proven more effective than Russia's de jure privatization and weak democracy in promoting growth and achieving stability. China and Russia are treated as representing two modes of exit from state socialism and two distinct development patterns. The duel between the two harks back to the competition between East Asia's capitalist developmental model and the West's neoclassic economics. China's better transition performance proves the effectiveness of the East Asian model.

China's high rate of economic expansion is based on a development model that combines a modernization of state-led economic organization and regulation with a gradual, controlled neoliberalization in which (foreign) transnational companies play a central role. The government fostered industrial export policies, including tax reforms, currency devaluations and duty free imports, resulting in high productivity gains, especially in the export oriented regions in the southern provinces that could attract investment from Hong Kong and Taiwan (Houweling, 2004). To Asia, Africa, Latin America, the Middle East, and Central and Eastern Europe, however, the recent acceleration of the Indian economic growth rate from six to eight per cent has sparked worldwide speculation that India is about to catch up with China and become another Asian miracle economy. Economic Reform in China and India examines this prospect, reviewing the development strategies pursued by the two countries over the last 50 years in general, and exploring recently introduced reform measures in particular. Providing solutions for China and India that can be applied to other developing countries, this book will be invaluable for researchers, academics and students focusing on economic development and Asian studies. Chinese Economic Reform in a Comparative Perspective: Asia vs. Europe. Article. Mar 2003. ISSUES STUD. Y.-S. Wu. This article views China's economic reform in a comparative perspective. It sets out with the significant phenomenon of China's rise and Russia's fall in the 1990s. The literature is reviewed Two main approaches are identified: The non-institutional and the institutional, with the latter holding sway. Culture, stage of economic development, international environment, and pre-reform system are the four non-institutional factors; all are found wanting in terms of explai...