Chinese Way To Market Economy Essay, Research Paper

Introduction Beginning in late 1978 the Chinese leadership has been trying to move the economy from a sluggish Soviet-style centrally planned economy to a more market-oriented economy but still within a rigid political framework of Communist Party control. To this end the authorities switched to a system of household responsibility in agriculture in place of the old collectivization, increased the authority of local officials and plant managers in industry, permitted a wide variety of small-scale enterprise in services and light manufacturing, and opened the economy to increased foreign trade and investment. The result has been a quadrupling of GDP since 1978 (CIA, 1998). Agricultural output doubled in the 1980s, and industry also posted major gains, especially in coastal areas near Hong Kong and opposite Taiwan, where foreign investment helped spur output of both domestic and export goods. On the darker side, the leadership has often experienced in its hybrid system the worst results of socialism (bureaucracy, lassitude, corruption) and of capitalism (windfall gains and stepped-up inflation). Beijing thus has periodically backtracked, retightening central controls at intervals. In 1992-97 annual growth of GDP accelerated, particularly in the coastal areas?averaging about 10% annually according to official figures (CIA, 1998). This purpose will analyze the efforts of China’s government to restore its economy to a more performing one in spite of many challenges. China’s Economy: An Overview Over the past 10 years, China’s GDP has grown at an average annual rate of nearly 10%. Some economists have speculated that China could become the world’s largest economy at some point in the near future. However, future economic growth will likely depend on the ability of the Chinese government to make significant new reforms. Chinese officials have recently announced major new initiatives to reform money-losing state-owned enterprises and China’s banking system. It remains to be seen whether such reforms will be implemented on a wholesale or piecemeal level (Yifu, 1998). China’s emergence as a global economic and trade power has created economic opportunities for China’s trading partners, but has presented several challenges as well. On the one hand, China’s economic growth has made it an increasingly important trading partner for many nations. On the other hand, China’s trade barriers, failure to adopt most multilateral rules on international trade, and the relative absence of the rule of law for business activities have often proved to be major barriers for doing business in China and have been the cause of growing tensions with various trading partners, especially the United States (Yifu, 1998). Currently, China

Bibliography

Introduction Beginning in late 1978 the Chinese leadership has been trying to move the economy from a sluggish Soviet-style centrally planned economy to a more market-oriented economy but still within a rigid political framework of Communist Party control. To this end the authorities switched to a system of household responsibility in agriculture in place of the old collectivization, increased the authority of local officials and plant managers in industry, permitted a wide variety of small-scale enterprise in services and light manufacturing, and opened the economy to increased foreign trade and investment. The result has been a quadrupling of GDP since 1978 (CIA, 1998). Agricultural output doubled in the 1980s, and industry also posted major gains, especially in coastal areas near Hong Kong and opposite Taiwan, where foreign investment helped spur output of both domestic and export goods. On the darker side, the leadership has often experienced in its hybrid system the worst results of socialism (bureaucracy, lassitude, corruption) and of capitalism (windfall gains and stepped-up inflation). Beijing thus has periodically backtracked, retightening central controls at intervals. In 1992-97 annual growth of GDP accelerated, particularly in the coastal areas?averaging about 10% annually according to official figures (CIA, 1998). This purpose will analyze the efforts of China’s government to restore its economy to a more performing one in spite of many challenges. China’s Economy: An Overview Over the past 10 years, China’s GDP has grown at an average annual rate of nearly 10%. Some economists have speculated that China could become the world’s largest economy at some point in the near future. However, future economic growth will likely depend on the ability of the Chinese government to make significant new reforms. Chinese officials have recently announced major new initiatives to reform money-losing state-owned enterprises and China’s banking system. It remains to be seen whether such reforms will be implemented on a wholesale or piecemeal level (Yifu, 1998). China’s emergence as a global economic and trade power has created economic opportunities for China’s trading partners, but has presented several challenges as well. On the one hand, China’s economic growth has made it an increasingly important trading partner for many nations. On the other hand, China’s trade barriers, failure to adopt most multilateral rules on international trade, and the relative absence of the rule of law for business activities have often proved to be major barriers for doing business in China and have been the cause of growing tensions with various trading partners, especially the United States (Yifu, 1998). Currently, China