Introduction

To mark 40 years of reform and development in China (1978–2018), this book brings together the work of many of the world’s leading scholars on the Chinese economy. In 31 separate contributions, they reflect and present views on policy reform, economic growth and structural change over four fateful decades. These were years in which China moved from being a poor, backward country to achieving living standards above the world average and now approaching those of the high-income countries. Over these four decades, China moved from near economic isolation to be the world’s largest trading economy.

China’s economic reform and opening to the international economy began with the decisions of the third plenary meeting of the eleventh Central Committee of the Communist Party of China (CPC) in 1978. To mark the twentieth anniversary of reform, two of the authors (Ross Garnaut and Ligang Song) organised a conference at The Australian National University, the papers from which were published in 1999 by Asia Pacific Press as China: Twenty years of economic reform.

There was great interest in the conference and the book, and we repeated the proceedings two years later, and then every year thereafter. We adopted the bracing practice of having the book published by ANU Press each year for release on the eve of the conference. This meant it could be discussed in a timely way when we were all together. From 2007, we were joined in the enterprise by the Chinese Academy of Social Sciences, with a Chinese-language version of the book published by China’s Social Sciences Academic Press (SSAP) and released in a separate seminar in China every year since then. ANU Press jointly published the Update books with the Brookings Institution Press and launched the books in Washington for three years in 2008, 2009 and 2010. Since 2010, the University of Melbourne has joined in a three-way collaboration, and we have added a Melbourne conference to the schedule each year. We thank other colleagues who joined us in co-editing the Update books throughout these years. They are Wing Thye Woo (2008 and 2009), Jane Golley (2010 and 2011), Huw McKay (2012) and Lauren Johnston (2015, 2016 and 2017). ANU Press has been a pioneer of online publications, and the China Update book series has reached wide readership globally through its open-access system.

So, a Chinese and international network of scholars of the Chinese economy has been examining closely and publishing on Chinese economic reform, development and structural change for 20 years.
Over the two decades, we have published important contributions drawn from the latest authoritative research from leading economists in China, Australia, the United States and other countries. Many of these authors have joined us in this fortieth anniversary issue of the book.

The contributors to this volume discuss, from differing perspectives, the origins, content, consequences and future of reform. The 31 chapters explore what has happened in the transformation of the Chinese economy and how that has affected the world economy. They discuss an unfinished agenda for reform. They draw lessons for the future from the experience of the four preceding decades. They begin to sketch what the world can expect in China’s fifth decade of reform and development.

Part one contains eight chapters providing general interpretations of the reform experience by deeply experienced and well-known scholars who have been closely engaged in analysing, interpreting and explaining the Chinese experience of reform for all of its 40 years (Gregory C. Chow, Dwight H. Perkins, Ross Garnaut), for most of those years (Cai Fang, Ligang Song, Liu Wei, Yang Yao and Justin Yifu Lin and Zhongkai Shen) or through periods as a senior World Bank official in China (David Dollar and Bert Hofman). Each looks at the history through a personal lens. Inevitably, there is some overlap in the matters covered. We think the different interpretations of similar issues enrich the whole. For example, on the most fundamental of historical questions, Chow presents reasons why China’s circumstances made reform inevitable in 1978, while Garnaut emphasises the role of human agency—the decisions taken by leaders at critical times that shaped subsequent developments.

Part two contains 11 chapters on reform and development relating to major economic issues, policy instruments or institutions. Each of the authors is an authority on the issues covered—Xiaolu Wang on macroeconomic development, Guonan Ma, Ivan Roberts and Gerard Kelly on growth and restructuring, Zhang Jun on price system reform, Fan Gang, Guangrong Ma and Xiaolu Wang on the process of marketisation, Christine Wong on the fiscal system, Cai Fang on demographic change, Yiping Huang and Xun Wang on banking reform, Yongding Yu on foreign exchange reform, Nicholas Lardy on private sector development, Ligang Song on the experience of state-owned enterprise (SOE) reform and Barry Naughton on the remaining agenda for SOE reform.

Part three contains four chapters on how the relationship between rural (at first mainly agricultural) and urban China has developed through the reform period, by scholars who are recognised for their work over several decades on the subject: Bob Gregory and Xin Meng on migration, Shouying Liu on land reform, Biliang Hu and Kunling Zhang on urbanisation and Jikun Huang and Scott Rozelle on agriculture.
Part four contains two chapters describing the most evident and perhaps most consequential changes from China’s new model of growth, adopted and partially implemented in the fourth decade of reform: ZhongXiang Zhang on energy, highlighting the transition to low-carbon technologies, and Jiahua Pan on climate change.

Part five presents five chapters on different aspects of China’s deepening interaction with the global economy over the past four decades: Peter Drysdale and Samuel Hardwick broadly on integration into the international economy, Kunwang Li and Wei Jiang on trade, Chunlai Chen on inbound investment and Bijun Wang and Kailin Gao on outbound investment, and Wing Thye Woo on the evolving China’s external economic disputes with the United States and possible solutions.

We are aware that the whole is an eclectic treatment of the complex reality of Chinese reform and development over the past 40 years. Most readers will want to dip into chapters covering matters in which they are particularly interested rather than reading the whole volume from cover to cover. We are confident there is much of interest to people everywhere who are interested in the whole human experience of modern economic development, as well as in the remarkable manifestation of the phenomenon over the past four decades in the world’s most populous country.

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