Growing out of the plan
Growing out of the plan

Chinese economic reform, 1978–1993

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Preface

I began work on this book in the early 1980s as a graduate student at Yale University. At that time, some of the most basic facts about the Chinese economy and its characteristic institutions were unknown in the West. Inevitably, the early stages of my research were motivated by a simple curiosity to understand how this economy worked, and what were the prospects for its reform and opening to the outside world, then just beginning. I was extraordinarily lucky to have had the guidance of two superb teachers. Nicholas Lardy knew everything about the Chinese economy that was available in the West at that time, and he generously shared his knowledge of the Chinese economy and of the use of Chinese sources. John Michael Montias taught the European command economies, and provided a broad analytic approach to the socialist economy in which macroeconomics and development strategy mattered as well as the incentives, information, and institutions that structured individual behavior. James Tobin provided inspiration from the example of his work and from direct personal encouragement. Later, with the assistance of a Fulbright-Hays Fellowship, and the hospitality of Wuhan University, I spent the year 1982 in China. This allowed me to immerse myself in the Chinese sources at the University Library, and to conduct my first interviews at Chinese factories.

The mid-1980s was a period of great excitement as we struggled to develop an understanding of the Chinese economic system, even as that system was undergoing rapid changes. During this period, I benefited particularly from discussions with William Byrd and Christine Wong. They were also vital members of the lively community of American specialists on the Chinese economy from whom I have learned a great deal, and undoubtedly stolen many good ideas. This group of course includes Robert Dernberger, Gary Jefferson, Albert Keidel, Dwight Perkins, Penny Prime, Thomas Rawski, and Carl Riskin. A brief but very productive visit to China in December 1984, organized by the National Committee on United State-China Rela-
tions, and guided by Janet Cady, provided direct insight into Chinese reform policy at a crucial moment in the overall process.

In the late 1980s, it became possible to do direct research in China, and to collaborate with Chinese economists. Visits to China became much more frequent, and structured research began. I am grateful to the Ford Foundation, which provided financial support, beginning in 1988, for research on Chinese state-owned industrial enterprises, carried out in collaboration with the Institute of Economics of the Chinese Academy of Social Sciences. Peter Geithner of the Ford Foundation helped make this collaboration possible, and the enthusiastic support of Dong Furen, the head of the Institute of Economics at that time, made it a reality. The value of the collaborative project was enriched by the participation of Roger Gordon from the University of Michigan and Cyril Lin from Oxford. The data collected, as well as the insights derived from the accompanying interviews in Chinese factories, were crucial in shaping the view of Chinese industry presented in this book.

In this and other respects, the late 1980s was marked by steadily increasing interaction with Chinese economists. The rapid development and originality of Chinese economics in the 1980s was particularly impressive, and I have tried to present a glimpse of that richness in Chapter 5 of this book. On a personal level, it was a privilege to have my own academic knowledge of China enriched by personal contact with many Chinese economists. Moreover, such personal contacts helped sustain sympathy toward the Chinese reform process after the Tiananmen incident. I am indebted to a large number of Chinese economists who have extended kindnesses ranging from simple courtesy to profound influence and direction. A simple list of names is inadequate to express the depth and diversity of my gratitude, but a minimum list of indispensable names would include Cheng Xiaonong, Diao Xinshen, Dong Furen, Hua Sheng, Huo Xiaohu, Liu Guoguang, Lou Jiwei, Song Guoqing, Wu Jinglian, Zhang Fan, Zhang Xiaojie, Zhang Xuejun, Zhang Zhuoyuan, Zhao Renwei, and Zhou Xiaochuan.

I am indebted to members of the broad China community in the United States. David Bachman, Don Clarke, Joseph Esherick, Nina Halpern, and Richard Kraus, in particular, have influenced my thinking about China. A year and a half at the University of Michigan in 1987–88 was an invaluable opportunity to concentrate on research, as well as a chance to enjoy the intellectual fellowship of Mike Oksenberg, Ken Lieberthal, and the rest of the Michigan community. Work with and through the World Bank since 1988 has given me the opportunity to know and be influenced by Peter Dittus, Peter Harrold, Ed Lim, and Shahid Yusuf.

Since 1988, I have taught at the Graduate School of International Rela-
Preface

In the past two decades, the International Relations and Pacific Studies (IR/PS) of the University of California at San Diego. IR/PS has been lively and stimulating place from its earliest days, and I am deeply grateful to my colleagues for their support and inspiration. John McMillan has been a friend and collaborator who also read and commented on an early draft of this book, and deserves credit or blame for some of the ideas advanced. Susan Shirk has long been a colleague in the China field, and has been a constant source of ideas and stimulating conversation since I came to IR/PS. Peter Gourevitch has been unfailingly supportive towards this research, as well as a lively intellectual companion.

I am grateful to Nicholas Lardy and Thomas Rawski, as well as to two anonymous reviewers, who read and commented on an earlier draft of this book. In the final analysis, Thomas Naughton provided much of the world view that shapes this book's analysis, and it would have been interesting to know what he would have thought of it. Coleen Lassegard shares life's daily labors and satisfactions, and it would be impossible to contemplate this – or any other – finished project without thinking of her assistance, forbearance, and support. In a project with such a long gestation period, there are undoubtedly many other debts that should be acknowledged. For these omissions, as well as for other shortcomings and errors, I apologize and accept sole responsibility.