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From De-linking to Re-linking : Late Developmentalist Illusion and the Haunted Legacy of Socialism in China (rough draft)

Seung-Wook Baek¹

I. Introduction

In contrast to the US economic turbulence, China's relatively continuous economic growth looms large in the time of spreading great depression, and China seems to rise as a final lender to sustain US crisis management process that is highly depend on foreign debts. At the last quarter of 2009, China's GDP growth rate recovered to the past level, estimated to 10.2% (this recovery was mainly contributed by governmental fiscal inputs about 4 trillion *renminbi* , equal to more than 600 billion US dollars), and China increased its holdings of US Treasury securities during the economic crisis up to over 800 billion US dollars. As China's role to 'bail out' US economic impasse becomes more important, China-US relationship also appears to enter into new phase as witnessed in the China-US strategic dialogue in last July. And even under the circumstances of difficulties faced by EU where measures of economic stimulation are severely restricted owing to strict monetarist Euro system, China seems to display itself as double exception, in the sense it can pursue its own economic stimulation policy at the same time retaining protection measures against free capital mobility.

As China shows rapid economic growth and unique developmental trajectory, divergent viewpoints have been suggested about the implications. On the one hand, more 'China-ness' or exceptional aspects are emphasized. China is likely to become

¹ Professor, Department of sociology, Chung-Ang University, Seoul and Visiting Senior Research Fellow, Centre for the Global Political Economy, University of Sussex.

an emerging world hegemon, but in a different style (Jacque 2009). Or as Giovanni Arrighi says, China, a country with the background of 'Industrious Revolution, not Industrial Revolution', would lead a more equal world order based on more reciprocal market society (Arrighi 2007). On the other hand, Chinese road is interpreted just another repetition of capitalist path of development, accompanied by unstable economic system, increasing unemployment, and the economy highly dependent on export-oriented industries (Hart-Landsberg and Burkett 2005). It may not be refused that China goes through a certain capitalist road. As much as or much more important issue, however, lies in the fact that though China goes through the process of capitalist and, without doubt, even neoliberal transformation, it nonetheless shows much different characteristics compared with other countries under similar circumstances, e.g. Southeast Asian countries or east European countries. Though it displays its uniqueness, it is hardly able to be argued that it rises as a significant alternative to the US model which China wants to catch up with. Instead it still remains within a variant of that model, especially when we look at the trajectory from much wider regional perspective. China is still within the late developmentalist illusion, and the implications of 'Capitalism with Chinese characteristics' cannot be fully revealed merely by approaches of 'varieties of capitalisms' or similar ones.

What made things more complicated is the problem of overlapping temporalities in China, or in East Asia in general. Unique historical legacy of China has always been realized within a very specific time-space arrangement and temporality-overlapping. Year 2008 and 2009 were symbolic years for China. 2008 was 30th anniversary of China's economic reforms and open-door policy. 2009 was 60th anniversary of the establishment of PRC and also 90th anniversary of the May Fourth Movement. With these breakpoints as watersheds, three distinct periods of 30 years can be discerned, and each 30 years are overlapped with by preceding 30 or 60 years.

Recent last 30 years are the periods of economic reforms and open-door policy beginning in 1978 with The Third Plenary Session of the 11th Central Committee of the Communist Party of China. These periods were globally those of neoliberalism and for China they were the periods of 'Chinese way of incorporation into the world economy under the circumstances of US hegemonic decline'. These last periods were, however, overlapped with by another 30 years, that is 30 years of Chinese socialist construction and experiment. These were 'Mao's era' under the Cold War, when

China experienced a process of ‘internal critique of Stalinism and its limitations’ as we shall see, and left paradoxical consequences of infrastructure building for post-socialist capitalist development. And much longer 90 years also overlap with these two 30 year periods. They were the periods of encounter with western capitalist ‘civilization’. And it was above all the time of the transformation of the old Chinese empire into modern nation-state. So it was the time of emerging Chinese modern nationalism, but also the time of emerging competitive alternative nationalisms in East Asia, among which Chinese one gave huge impacts on later processes since it contained contradictory attitude toward the ‘modern’, so it could be called ‘anti-modern modernity’ (Wang 2003).²

Is that all? In reality, much more complicated overlapped periods still remain to be articulated. It is much longer time duration over 3 centuries, which raises a question: Is there a long-lasting system of states (or even interstate system) in the region? And what implications does it have now? This question always pushes us to the issue of civilizations, though we are only able to touch the issue partly owing to insufficient theoretical tools.

Temporality overlapping poses the problem of spatial-overlapping, and articulation of different temporalities is not harmonious, and the middle 30 year periods often problematise other two 30 year periods. This modern-anti-modern, incorporation-evading, homogenising-heterogenising process was set in motion by specific oppositions or incorporations of conflicting social forces, and this specific combination of forces gave rise to the dynamics of de-linking and re-linking in China. This trajectories of de-linking and re-linking were regional-global process already overdetermined by historical unique trajectory.

II. From De-linking to Re-linking

20th century China’s historical experiences can be explained as a circle from the de-linking(*tuogui*) to the re-linking(*jiegui*).³ Only after the re-linking process

² This overlapped one century is often re-investigated by posing three problematic men of thought as returning points: Sun Yat-sen, Mao Zedong, and Lu Xun (Qian 2008).

³ Literally this pair of words can be translated like de-railment and en-railment.

proceeded farther became clearer and more prominent what China had done and tried to do during its de-linking process (Baek 2008a).

The Chinese revolution was double de-linking processes: de-linking from the world economy and at the same time de-linking from the capitalist system. Each side of this de-linking was not necessarily mutually related, but in fact was inter-related *ex post factor*. Of the two, the de-linking from the world economy was much clearer in its implications: above all it meant the establishment of a self-reliant and self-sufficient, that is, autarchic economy. It was, at any rate, a particular way of national-economy(national-market) making process and also a kind of import substitution industrialisation based on massive transfer of surplus from agricultural sectors to industrial sectors. And this de-linking was not made out of nothing. Regionally inter-related two trajectories were already on operation during the 1930s, one in southern area of bureaucratic capitalism of 'Big Four families' (Chen 1949) , the other in northern area of heavy industrial base founded by Japanese imperialism, which later became main heavy industrial hub with the supports of USSR from the late 1940s to mid 1950s. Having been hindered by fragmented imperialist rivalry, the aim of de-linking was paradoxically expressed as organising national market that had been already pursued competitively and compulsorily by Japanese expansionist 'late-development' since the 1930s.

Second aspect of the de-linking was much more complicated and ambiguous. It meant the establishment of socialism, but the whole history of 20th century China showed conflicting interpretation of the meaning. Socialism was always problematic agenda, and its contradictory and conflicting interpretations were opposed to each other. Debate went around whether it meant new institutional setting or new political initiative of the people or both because most institutional accomplishments were always overwhelmingly dominated by strong nationalistic conjunctures under siege. Double process of de-linking was in fact overwhelmed by the first aspect. From the parting with Soviet model in the late 1950s and the establishment of People's Communes to the economy under the Cultural Revolution, many characteristics were determined by self-reliant national economy-making process.

'Compelled' de-linking from the world-economy (not necessarily from the capitalist system) produced similar problems that were also found in other developmentalist trajectories: firstly, uneven development between different sectors, especially asymmetrical development between rural and urban areas and between

heavy and light industries, secondly, strict restriction on population mobility from rural to urban areas was enforced to maintain these gaps, thirdly, strong statism became the pillar to reproduce strict division between intellectual labour and manual labour.

The ambiguous meaning of de-linking from the capitalist system made the effects of the de-linking from the world economy also blurred. Though there were radical metaphors and some fundamental measures of de-linking, in reality the real de-linking from the world-economy was always dubious, at least in terms of three major characteristics of modern world system. First, the logic of interstate system was already internal to the dynamics of Chinese socialism. One of the outstanding examples was the paradox that China succeeded in the experiment of hydrogen bomb at the culmination of the Cultural Revolution in 1967. The logic of interstate system gave huge impacts not only on the international affairs, but also on domestic politics. Secondly, though China tried to de-link from international division of labour based on the theory of comparative advantages, it instead internalized that division within a society with the aim of catching up or even exceeding core countries, and left side effects of unequal spatial divide very similar to the division between core and peripheral zones in the world.⁴ Thirdly, the catching up ideology or efficiency ideology disguised in socialist way hindered the issue of socialization or de-subsumption of labour from capital, and substituted it for specific structure of corporatism, like social compromises of work unit system after the Cultural Revolution that was accompanied by systematized hierarchy between men and women, between big SOE workers and workers of other sectors, between rural and urban areas, between ordinary workers and cadres, and between different regions and (even between different ethnicities).

Thawing relation with the US in the early 1970s or much earlier the 9th Party Congress in 1969 may have been the starting point for re-linking process in China. Re-linking process also had double aspects: re-linking into the capitalist system and at the same time re-linking into the world economy. As de-linking from the capitalist

⁴ This trajectory of development was above all influenced and determined by the transition from one developmentalism based on British hegemony to another developmentalism based on US hegemony. The former developmentalism is based on Listian idea and is also potentially closely related with the problem of Lebensraum whereas the second one (here also cases of late-development) is based on global division of labour managed by US hegemony. Then an uneasy question is posed: do experiences of 'existing capitalism' belong to any strategy of catching up by the combination of the two, or to another alternative path?

system was ambiguous, re-linking into the capitalist system was also ambiguous. Above all, many characteristic legacies of Maoist periods such as huge heavy industrial base of state-owned enterprises (SOEs), light industries based on rural areas and massive supply of literate cheap labour, became to function as cost-saving infrastructure for rapid capitalist accumulation. As most 'socialist' accomplishments became organic elements for capitalist growth, the boundary of socialist legacy became blurred. Already since the early 1970s, as I will argue later, except for scattered protests from the bottom and temporal consequences of balance of power between labour class and cadres like work unit system, any significant re-linking process of the second sense was already on the reversal road.

As the boundary of de-linking of the second sense blurred, time and space arrangement became most important for the re-linking process. East Asian context emerged as important backgrounds, and unique socialist legacy of China affected the process of re-linking into the regional economic structure.

Even though China's open door policies and economic reforms are coincidental with the rise of neo-liberalism in a world scale, China's conditions were very different from other late-comers like Southeast Asian countries in terms of the degree of economic openness, the roles of the state, and upgrading of industries. As for Southeast Asian countries, they failed to copy strategies of former East Asian developmental states since they already faced international pressures of de-regulations and door opening without significant state protections. They could not pursue coherently strict policies of financial controls or inclined industrial policies to back up infant industries to protect domestic markets.

On the contrary, China was endowed with better conditions due to its particular historical legacies and better geo-economic circumstances. Though China shared the timing conditions of neo-liberal globalization and increasing pressures from transnational finance capital with other Southeast Asian countries, it has managed to escape fatal financial vulnerability owing to several advantages.

China's advantages and exceptional position stemmed from its particular backgrounds and its particular geo-economic positions in East Asia.

First, China began its economic reform program without external pressures of foreign debts unlike other third world countries even including east European

countries. This allowed China to have buffering space of relative free manipulation and operation at its beginning phase of economic reforms

Second, China's major economic growth has been contributed to by foreign direct investments(FDIs), majority of which has been invested by overseas Chinese capital mainly from Hong Kong, Taiwan, and other Southeast Asian countries. During the high growth era of the late 1980s and the early 1990s, about 70% of FDI were from overseas Chinese capital. Overseas Chinese capital retained its strength even during the East Asian financial crisis in the late 1990s after a little decreasing shares in total FDI inflows during the mid-1990s. FDI by overseas Chinese provided Chinese capital markets with buffers to survive the financial crisis of East Asia even though China already had serious financial problems in bank sectors (Figure 1 and 2).⁵

In Figure3, we would find interesting trend that adding the share of tax havens as components of East Asian investment, total share of overseas Chinese plus major East Asian countries has not changed very much and still takes lion's share in total FDI inflows.

<Figure 1> FDI inflows into China by Year

<Figure 2> FDI inflows/GDP

<Figure 3> FDI inflows into China from East Asian Economies

Third, large rural population provided China with huge reserves of cheap labour power for incoming foreign capitals. Together with growing foreign sectors that were supplied by huge rural reserved army of labour, TVEs(township and village enterprises) were also another contributor for China's economic growth during the 1980s and the early 1990s.

⁵ As shown in Figure 1, we may find some characteristics of FDI inflows. They remained very low level until the early 1990s. Since the early 1990 total FDI inflows began to explode. Main contributors for this steep ascend were several East Asian countries such as Japan, Korea and Singapore. The share of these tree countries increased from 8.8% in 1992 to 20.1% in 1997 as shown in table 1 (*China Statistical Yearbooks*).

Reflecting depreciation of Japanese *yen* after 1995, worsening economic situations in East Asian countries, and some domestic readjustment of economic policies, FDI inflows into China during the late 1990s remained stagnant. FDI inflows began to surge again since the early 2000s with China's accession to WTO and increasing intra-regional investments. In 2004 the share of East Asian countries in total FDI inflows in China is around 70% (including investments from Virgin Islands since most of its inflows can be calculated as indirect investments by Taiwanese).

Fourth, China's economic growth cannot be understood without considering much wider picture of East Asian international division of labour among many countries at different levels of production in the region. These countries have been integrated by informal production networks that were managed by hierarchical commodity chains. These networks are called 'multi-layered sub-contracting system', putting Japan on its top (Arrighi et al. 1993; Arrighi 1994). China also began to participate actively in this regional division of labour in the region since the 1980s, but its conditions were very different from other late comers (e.g. ASEAN 4), in that China involves much wider scopes of manufacturing from bottom to middle levels, and with greater negotiation powers by the state (Baek 2008b).

III. China in the context of East Asian Development

1. Within the boundary of East Asian region⁶

Chinese development model seems to retain some key characteristics of the East Asian development model rather than following Anglo-Saxon type of full economic liberalization. Key elements of their similarities are: state control over finance, direct supports for major actors (SOEs in China) by the government, great significance of pilot agencies in economic ministries of governments; a dual system of public and non-public ownership (like Taiwan), high dependence on the export markets, and a high rate of savings. Even the reform of corporate governance is not likely to change these basic features.

If the stock market is not a main mediator to transform Chinese corporate governance into 'global standard'—since the listing in stock market is still very severely restricted by the government and even the rate of circulating shares in stock markets is very low for listed enterprises--, it is less likely for the structure of Chinese SOEs to follow the structure of Anglo-Saxon style corporations that are based on stock market and easily be acquired and merged by stock market transactions, at least for the time being.⁷

⁶ Mainly summarizing the arguments of Baek(2005).

⁷ And Chinese stock market is a tool to initiate restructuring of state owned enterprises rather than a channel of funding for enterprise financing (Naughton 2007: 469; Wu 2001).

And China's high reliance on indirect financial markets, mainly on bank financing, shows least likeliness that stock markets would be main stimulator for restructuring Chinese economic system. Furthermore, high savings rate and high dependence of FDI on overseas Chinese capitals and capital inflows within East Asian region explain relative autonomy of Chinese government from fatal influences of transnational finance capitals, especially considering China's least reliance on international borrowings.

Like other 'developmental states' in East Asia, Chinese government also has guided the economy by controlling the financial system and channeling financial resources into specific targets. China is also incorporated into a triangular structure of international trade and division of labor among the USA, Japan and East Asia as a bottom to middle level participant. Planned economy has undertaken the role of industrial policy to promote heavy industries. Owing to the underdevelopment of direct financing, the state could continue to dominate flows of financial resources. And though China doesn't show outstanding industrial policies, the existence of over-invested huge infrastructure of heavy industry sectors reduces the necessity of inclined industrial policies.

Characteristics of Chinese development, however, display similarities as well as differences with 'the East Asian development model'. In Japan or Korea the governments have intensively supported big private enterprises through policy loans and inclined industrial policy, and these big businesses like *keiretsu* or *chaebol* have led export-oriented industrialization, and FDI had little importance. Compared with these countries, policy loans in China are only supplied to small numbers of SOEs that produce mainly for domestic markets. However, exports have been mainly led by small and medium sized non-SOEs that are the main beneficiaries of FDI and that are indirectly supported by functional industrial policy rather than by the inclined industrial policy of the government. This structure gives rise to a dual system of public ownership and non-public ownership. In the field of finance, China is different from Japan where main banks have superintended subordinate enterprises. Though China pursues the formation of big enterprise groups, they are also different from those in Korea or Japan where business groups display hetero-combination by diversification while Chinese groups have orientation towards dominance by horizontal merger of similar enterprises.

Therefore, owing to its dual system it is more significant to compare Chinese experiences with those of Taiwan during the 1970s and the 1980s.

Taiwanese development model also has been based on dual economic structure of public sector and non-public sectors. On the one hand small and medium scale companies have propped up the export-oriented economy, and investment in these companies has been supplied from the curb market rather than banks. Industrial policy for these private companies has been functional rather than sector targeted supports. On the other hand, since the late 1960s companies in the public sector have specialized in upstream sectors that had been developed by the second import substitutive industrialization. The financing of those companies has absolutely depended on state banks, and accomplished economy of scale by monopolies. They grew quickly with the support of the government (Wade, 1990; Haggard, 1990). As Robert Wade says, in Taiwan “[p]ublic ownership might be seen here..... in a trade-off with protection” (Wade, 1990: 179).

Public sector in China also has been playing a role to replace the need of active and inclined industrial policy by the government. Public ownership can protect the market since most of banks are owned by the state and their loans are mainly channelled into SOEs. China also displays a similarity with Taiwan in that the public sector specializes in capital-intensive and import-substitutive industrialization whereas the non-public sector specializes in export-oriented industrialization. In terms of corporate financing, besides internal reserves, primary supply of funds in public sector absolutely depends on bank loans while non-public sector depends more on FDI or informal borrowings. This dual system consisting of public and non-public ownership in China lessens the need for inclined industrial policy and made Chinese industrial policy more like the ‘soft industrial policy’ of Taiwan.⁸

There are also other similarities. The strong control over the stock market in both countries prevents free inflow of speculative capital. The stock markets are so underdeveloped that they cannot become an important organizational tool for M&As or enterprise restructuring.

So long as China maintains this dual structure, it will retain many characteristics of the Taiwanese style developmental state.

⁸ Taiwanese dual structure of public and non-public ownership also results in the dual structure of ‘soft budget constraint’ and ‘hard budget constraint’ [Wade, 1990].

However, the size of Taiwan is not comparable to China, and it is impossible for China to pursue Taiwanese style export-oriented industrialization that aims at a niche market. In China, SOEs maintain the majority share of the economy and occupy wider ranges from upstream to downstream sectors. However, in Taiwan small and medium sized firms that occupy downstream sectors are the key dynamic agencies. In the field of finance, the Chinese curb market is so underdeveloped that small and medium enterprises have great difficulty in getting financial funds, so SOEs still have the advantage to become key actors. In addition, compared with Taiwan's conservative fiscal policy, China has pursued since the late 1990s an expansive fiscal policy with low interest rate.

However, it should not be ignored that economic development in East Asian countries after the WWII was highly influenced by two global-regional conditions: favourable economic terms with the US and technological dependence on Japan and informal regional economic integration based on hierarchical multi-layered sub-contracting system. All models and experiences of late-development or 'developmental state' model in the region have always been a variation of this regional arrangement, rather than consequences of combination of intrinsic factors.

Increasing importance of East Asian countries for China's incorporation into the world economy is also accompanied by increasing importance of Japan's visible and invisible roles. Even Japan's share in FDI inflows in China is not as high as Hong Kong or Taiwan, Japan's role in Chinese economy and China's importance for Japanese economy cannot be underestimated. On the one hand, China becomes the most important host country for Japan's foreign investment, surpassing ASEAN4 after 2002. Considering two divergent ways of Japan's foreign direct investments—manufacturing investments concentrated in East Asia whereas financial and service investments and investments for local markets concentrated in North America and the EU(Machado, 1995; Imai, 2003: 160-63)--, Japan's increasing investments in China means that China becomes a major important workshop for Japan's regional division of manufacturing labour. According to Japan International Cooperative Bank survey, China has been the most prospective investment host country for Japanese capitals, and since the early 1990s no other countries in the region could be comparable in its importance of investments with China (Marukami et.al. 2004).

The advance of Japanese capital into China went through in various ways as in the cases of its advance into other foreign countries: ODA was very important for building up China's infrastructure during the 1990s (Söderberg, 1996: 214; 奥邨彰一, 1998). Hong Kong became an important intermediary center for Japanese capital to enter the mainland since the Japanese had yet hesitated to invest directly in the mainland for fear of China's unstable political situations in spite of promising high returns (Bassino and Teboul, 1999: 80; Chen and Wong, 1997; Delapierre and Milelli, 1999).⁹ *Sogososa* and Japanese banks undertook important roles for Japanese enterprises to be adapted to local circumstances. And if we bear in mind that Japanese foreign expansion has been dominated by new forms of investments like minority holdings, sub-contracts, and licensing, we could guess that actual influences of Japanese capital on China would be much bigger than those felt in the picture shown by statistical figures.

More interesting changes are observed in the changing features of international trades between China and Japan. Japan became the largest trading partner for China by 1993, and China became Japan's largest importing country by 2002 and the second largest exporting country by 2001. Trades between China and Japan are managed mainly by foreign firms of Japanese origins, occupying 58.7% of Japan's exports to and 67.5% of Japan's imports from China in 2002, which are higher than average shares by foreign firms in China's international trades (JETRO 2003: 12).

Increasing importance of Japan's partnership in trades was accompanied by a transformation in the structure of China's international trade regime. In order to analyze the structural imbalance of trades in comparison, table 1 shows Japan's export concentrations by each country. Japan's export concentration index(JECI) is calculated from the rate: share of specific goods of a country in Japan's total exports of that goods divided by the share of exports to the county in Japan's total exports. JECI shows degrees of importance by specific goods in a given country for Japan's exports regardless of the size of total exports to the country. It shows disproportionate importance of certain exporting goods from Japan to a given country.

⁹ Hong Kong was also an important entrepôt for international trades between Japan and China in the 1990s. For example, in 1996, 62.1% of Japan's exports to Hong Kong were re-exported from Hong Kong, and 73.2% of their final destination were China(calculated from *Hong Kong Statistical Yearbook 1997*, p.56). Therefore about 45% of Japan's exports to Hong Kong could be regarded as actual exports to China.

<Table 1>

We find that the structure of JECI in China became much similar to those of Korea and Taiwan since the early 2000s. In these three countries JECI in sectors of chemistry, steel, electronic components, and scientific machinery are higher than other goods. China's structure of JECI in the 1990s is very different from that in the 2002, and it becomes more similar to Korean and Taiwanese structure by the early 2000s. It seems that the structure of Chinese economy, like other semi-peripheral countries in the regions, becomes more dependent on Japan's supplies of high value added upstream goods even though it provides Japanese with much more low value added durable goods. That is to say, China's economy is also incorporated into East Asian regional division of labor by specifying on processing manufacturing goods at low to middle levels of technology with the supplies of essential components from the Japanese. It shows the expansion of Japanese multi-layered sub-contract system into much wider East Asian region notwithstanding China's ascending position in the system.

2. China's financial power?

As mentioned above, the experiences of East Asian countries give us some references to be compared with. The typical 'East Asian models' involve some characteristics like state's guiding roles in financial and industrial policies, protected domestic markets, hierarchical regional division of labour, high dependence on US markets, increasing importance as world's workshops, etc. With the rise of world-wide neo-liberal regime, however, we are witnessing new factors that might make future path of East Asia a little different. One of them is related to the paradox of financial globalization centered on the USA.

After the financial crisis of East Asia during the late 1990s, most countries in the region got an important lesson: if not having appropriate financial power to overcome the financial vulnerability of each economy, they may face a serious financial difficulties stemming from their fragile positions in the volatile global financial market.

One of the significant results is increasing scale of foreign exchange reserve accumulation in the region. Among others, China is becoming the largest holders of

foreign reserves second to none in 2007, with its skyrocketing foreign reserves about 1.5 trillion dollars and now over 2 trillion dollars.(see the Figure 4) With the rapidly increasing US foreign debts, the role of foreign exchange reserves became important mechanism to support US debt-dependent economy as main channel of capital inflows into the US changed since the early 2000s from cross-border M&As by EU capitals to capital reflux from East Asian countries. As we see in Figure 5, increasing size of foreign reserves are mainly phenomenon of developing countries that are highly dependent on US markets.

<Figure 4> Foreign Exchange Reserve Increase in China

<Figure 5> Foreign Exchange Reserve Increase by Regions

<Figure 6> Foreign Reserves/GDP

This situation reflects two very important aspects of China's increasing financial power during the globalization era. On the one hand, China became a very important lender on the world financial stage. The USA is becoming more and more indebted to East Asian countries for its financing of huge scale national debts (treasury bills). As for the importance of debtor status to the USA, China is now preceding Japan. China is said to maintain its undervalued foreign exchange level to support the advantages of its export oriented economy. The USA with increasing huge current account deficits has been enforcing China to accept significant appreciation of *yuan*. However, even the appreciation of Chinese *yuan* would not be expected to solve the problem of US current account deficits since the appreciation of *yuan* means not just the decreasing exports by China, but also China's decreasing imports from the US or other developed countries owing to its decreasing demands for high value added imported facilities. And also China's cheap export goods are not in competitive relationship with US manufacturing goods. Even the appreciation of *yuan* itself, which had been accepted after much pressure from the USA in 2005, was followed by a transition from dollar peg system to dollar basket system, which means decreasing importance of US dollar for China (without solving the problem of US trade deficits).

On the other hand, increasing foreign reserves becomes a potentially fatal element of financial vulnerability for China. Increasing foreign reserves means the over-

expansion of the economy as well as increasing inflationary influences. The threats of stagflation are impending. China faces a dilemma: on the one hand it cannot move to the fully floating exchange system that may increase financial instability beyond controllable level. The appreciation of *yuan* also would not be possible without largely undermining China's competitive advantages of exports. On the other hand, the Chinese government can only use monetary policies to handle the problem of emergent inflationary threats since it already excluded other tools like possible changes in foreign exchange regime from its consideration. Especially after 2003 increasing amounts of foreign speculative capitals that expected the appreciation of *yuan* rushed into China's financial market while before 2003 increases in foreign reserves mainly resulted from the increases of exports supported by government policies and the increases of FDI inflows (Zheng and Yi 2007: 18).

At the time of East Asian crisis in the late 1990s, China's closed financial market itself could function as good barriers against the impacts of spreading financial crisis. Just after the breaking of East Asian financial crisis in the late 1990s, Paul Krugman said,

And think about China right now: a country whose crony capitalism makes Thailand look like Switzerland and whose bankers make Suharto's son look like J.P. Morgan. Why hasn't China been nearly as badly hit as its neighbours? Because it has been able to cut, not raise, interest rates in this crisis, despite maintaining a fixed exchange rate; and the reason it is able to do that is that it has an inconvertible currency, i.e. exchange controls. Those controls are often evaded, and they are the source of lots of corruption, but they still give China a degree of policy leeway that the rest of Asia desperately wishes it had. (Krugman 1998)

But as the contradiction of over-accumulation deepened globally and China also proceeds its own particular financialisation despite its closed and protected financial market, now China is no longer much immune to the impacts of global financial crisis as before. Several channels can be mentioned as main sources for accelerating the potential financial crisis in China. First, hot money anticipating huge speculative profits is continuously flowing into China through various routes. Anticipated appreciation of RMB and anticipated increase of interest rates in China are good pooling factors to attract speculative capital. According to recent study by a Chinese scholar, the size of hot money inflows are estimated to 1 trillion 754 billion dollars during the periods from 2003 to first quarter of 2008, equal to 104% of

China's foreign exchange reserves (Zhang 2009). This trend is also confirmed in another way in Figure 7, 8 and 9.

<Figure 7> Three causes for Foreign Reserve Increase

<Figure 8> Current Balance and Trade Balance

<Figure 9> Main causes for the change in capital and financial balance

And also domestically, relatively low interest rates and closed chance for investment abroad induces huge amount of savings flowing into stock markets and real estate markets. And after the accession to the WTO, financial market has been gradually being opened to foreign eligible institutional investors, therefore now official routes for portfolio investment also open. China's stock market is already in Ponzi situation. To make matters worse, stimulation of the economy by the government inputs in 2009 was mainly concentrated on the investment in infrastructure, which makes the problems of asset price bubble much serious. So China, though trying to avoid the impacts of global economic crisis, is facing a serious vicious circle of bubble economy (Liu 2009).

Furthermore, contrary to the official data, according to western estimates, China is already facing serious debt problem. According to official disclosure, the government fiscal deficit is just 0.37% of GDP in 2008, and its public debts represents less than 20% of GDP compared with 50% of GDP in the USA. But if we add debts by local governments and other private debts, China's ratio of outstanding credit (government and private) to annual GDP stands at 160% in 2008 and could approach 200% by 2010, "which would be similar to the 1991 level in Japan, just as that nation began tottering off the economic precipice. (U.S. ratio: 240%)" (Epstein 2009).

Swelling asset price bubble, increasing amount of liquidities flows by legal and illegal channels, weak financial institutions, and huge income gaps between different regions and sectors are potential background to precipitate new economic-social crisis in China.

IV. Haunted Legacy of Socialism: Internal Critique of Stalinism and its Tragic Ends

One of the myths for China is that as China is the most rapidly industrializing country, it will be the battlefields for newly forming labour class militancy in the near future. Various reports on protests from the bottom or even peasant revolts in some local areas (Lee 2007) seem to be the proof for the argument. It may be partly true. However these arguments ignore ‘the reverse advancing processes’ of working class formation in China. Chinese working class has already experienced its own history of great upheavals and certain defeats during the socialist era, and these experiences have been functioning as trauma even for newly formed parts of working classes. That is the space where socialist legacy still haunts Chinese society.

This *volatile* legacy was formed outstandingly during the periods of the Cultural Revolution, and its own complicated consequences were bequeathed to reform era in the very unique terrain of labour relations. Around the history of the Cultural Revolution, lots of misunderstandings are found, of which typical are interpreting it just as power struggles within the party or as a pragmatic process utilized by Mao to induce ‘snakes out of the caves’. Though these aspects cannot be negated totally, other parallel aspects of importance cannot be neglected.

First of all, during the Cultural Revolution most prominent oppositions lay not just between Mao’s faction and higher party cadres, but also in conflicts and oppositions unfolded within people (contradictions within people). One of the polemical facts is that Red Guards were not monolithic organization mobilized by Chairman Mao. At least three different factions existed together and were opposed to each other. During the ‘first 50 days’ of the Cultural Revolution, intense conflicts unfolded between ‘old Red Guards’ (*lao hongweibing*) and ‘Rebel Groups’ (*zaofanpai*), the former being supported by party cadres whereas the latter didn’t got any supports within the party and finally was ratified by the chairman Mao at the end of July after a long struggles (Lee 1978; Meisner 1999; Wang 2004). And then Rebel groups were divided again into two opposing factions: moderate rebel groups and radical rebel groups, and main armed collisions took place between these two rebel groups. Above all, later heretical and radical currents from the bottom

during the 1970s stemmed from the formation of this radical faction within rebel groups (Xu 1999).¹⁰

Secondly, contradictions between people and the party bureaucrats was very serious during the heyday of the Cultural Revolution (Xu 1996; Meisner 1999). This contradiction was very intense especially during the autumn of 1966, January and February 1967 and the summer of 1967. And the purge of rebel groups and recovery of attacked party bureaucracy went parallel in the time of 9th Party Congress in 1969, accompanying massive purge campaign of arresting '5.16 groups' among people, which led to the arrests of more than 3 million people (many of them were former rebel group members). That is the reason why some dissident leaders argued later that there were two different cultural revolutions, one from the top between ruling groups, another from the bottom, that is, 'People's Cultural Revolution' (Liu 2006).

Thirdly, as the cultural revolution spread into factories, new issue of self-management emerged, above all as the form of 'educational revolution', that is the experiment to merge university education into workshops, and in a more philosophical terms facing the contradiction dividing manual labour and intellectual labour (Balibar 1988). And even after the official purges of main actors of the Cultural Revolution at end of the 1960s, the Cultural Revolution were still going on in many factories during the 1970s (Andors 1977; Bettelheim 1977).

To catch more complicated picture of the consequences of the Cultural Revolution and its lasting influences on present China, we need to understand its implication of 'internal critique of Stalinism' (Balibar 1988). Chinese revolution shows critique of soviet socialism from both theoretical and practical context, but it could not go beyond certain limitations of Stalinism and ended within the limitations as a tragedy. This contradiction was above all reproduced by Mao himself; on the one hand he always theorized radical and heretical challenges from the bottom in terms of the contradictions under socialism. For example, contradictions among people or theory of continuous revolution under socialism were a certain kinds of theorization parallel with the challenges by radical factions from the bottom. On the other hand, however, this theorization did not necessarily entail political alliance with those people who advocated those challenges from the bottom. Mao always pulled his politics into the party and stopped there though the politics started out of the party.

¹⁰ After 1926, it was the first time the equation, anti-party equals to anti-socialism, was broken.

This ambivalent attitude left huge impacts on the trajectory of the politics during the socialist era and aftermath. Then we may understand that at present situation why spectre of Mao repeatedly haunts the political terrain in China.

1. theorization of class struggle under socialism

Mao suggested different versions of interpretations on class struggles under socialism, and most coherent one was given in his critique on Soviet textbook of Political Economy around 1958-1960, and there we may find some important clues to understand major upheavals during the socialist era in China. Criticising soviet Political Economy textbook, Mao says

(1)The text says”Components of a socialist economy cannot mature inside of a capitalist economy based on private ownership.” Indeed, not only can they not “mature”; they cannot be born....

(15)All revolutionary history shows that the full development of new productive forces is not the prerequisite for the transformation of backward production relations. ...Moreover, it was possible to destroy the old production relations only after we had overthrown a backward superstructure in the course of revolution. After the old production relations had been destroyed new ones were created, and these cleared the way for the development of new social productive forces. With that behind us we were able to set in motion the technological revolution to develop social productive forces on a large scale. At the same time, we still had to continue transforming the production relations and ideology.

This textbook addresses itself only to material preconditions and seldom engages the question of the superstructure, i.e. the class nature of the state, philosophy, and science. In economics the main object of study is the production relations.....

(28)Similarly, from the standpoint of world history, the bourgeois revolutions and the establishment of the bourgeois nations came before, not after, the Industrial Revolution. The bourgeoisie first changed the superstructure and took possession of the machinery of state before carrying on propaganda to gather real strength. Only then did they push forward great changes in the production relations. When the production relations had been taken care of and they were on the right track they then opened the way for the development of the productive forces. To be sure, the revolution in the production relations is brought on by a certain degree of development of the productive forces, but the major development of the productive forces always comes after changes in the production relations.....

It is a general rule that you cannot solve the problem of ownership and go on to expand development of the productive forces until you have first prepared public opinion for the seizure of political power. Although between the bourgeois revolution and the proletarian revolution there are

certain differences (before the proletarian revolution socialist production relations did not exist, while capitalist production relations were already beginning to grow in feudal society), basically they are alike..... (Mao 1977: 33, 51, 66-67. Emphasis added)

If we interpret these phrases not in an orthodox way, and widen our viewpoints towards global context (not restricted within a country in a short-term), we may find some interesting implications.

First of all, according to Mao, the rise of capitalism was not necessary outcome of the productive forces or production relations within the pre-capitalist society because it could not develop enough to break through the old society. Revolution was the starting point to set up new production relations, of which object was to develop its own productive forces, which in turn needed continuous transformation of production relations. If we push this argument much further, then we may argue that capitalist productive forces were not to be formed before capitalism, and did not emerge long time until the establishment of capitalist states and capitalist production relations on a world scale. The Industrial Revolution in the 19th century was the establishment of capitalist productive forces adequate for the already-established world scale capitalist economy long time after the rise of capitalism as European world economy.

If this reasoning is correct, then socialism is also interpreted as a long period of transition where it should transform former capitalist productive forces and invent its own ones foremost based on transformed production relations. Socialism is only able to start with new political conditions without its own corresponding productive forces. And above all, this new formation of socialist productive forces could not operate only within a country.

Let me summarize the implications. First, socialism cannot be guaranteed by the taking power of the state or transformation of ownership, and becomes tasks of a transitional periods of emerging new productive forces as a consequence of continuous transformation of production relations. Second, this process needs absolutely new socialist 'industrial revolution' that should disintegrate capitalist real subsumption of labour to capital¹¹ and make new relationship between direct producers and means of production. Third, the formation of new productive forces

¹¹ In this context, analysis of the structure of capitalist productive forces is inevitable, and only with that analysis can we avoid the trap of technological determinism.

poses the priority of production relations, and it can only be guaranteed by 'politics in command'. Transformation of production relations and the invention of new productive forces rely on whether or not new politics is possible. Fourth, under certain circumstances where people are seized by the party to the extent that no significant progressive mass movement is possible out of the party boundary, and 'mass line' means the leadership of the party to the masses, if the party cannot guarantee the 'politics in command by the people', then it would directly lead to the crisis of the socialism itself. Fifth, if the party becomes the problem itself and cannot guarantee the mass politics, other 'organizations' are needed to overcome the crisis and to guarantee autonomous areas for the political to the masses? These questions were always laid beneath the complicated dynamics of the Cultural Revolution and were the main causes of the vacillation of Mao's political attitudes during the time, and still remain as main political questions at present political terrain. The legacy of the Cultural Revolution is still being revived in a various questions on the meanings of socialism and inevitable challenges to capitalist structure of productive forces in China.

2. but, returning to Stalinist political purges

Mao was usually absorbers and supporters of heretical thoughts since his status within the party had been sustained by line struggles, and he usually found his supporters out of the party central cadres because of his 'heretical' critique on soviet 'orthodox'. On the other hand, however, Mao was the chairman of the party, and could not go beyond certain limits in the final instance. He always tried to put mass movement finally subject to the leadership of the party, only on the condition that the organization and its ideology should be purged and purified. These double aspects caused his dual but contradictory roles in China, on the one hand continuously promoting theoretical challenges to the established socialist rules and ruling elites by absorbing heretical thoughts from the bottom whereas on the other hand weakening or destroying mass foundation that made theoretical challenges possible. Mainly this paradox was outstanding in the aftermath of the Anti-rightist movement in 1957 and the aftermath of the Cultural Revolution since 1969 (and also some episodes in January and February of 1967, 1967 summer and 1968 summer), strengthening the party-state system again. By absorbing mass heretical ideas and penetrating the party

with the challenge, Mao broke the 'monolithic myth' of the party, but with the price of absolute ideological unity of the masses.

In this aspect his critique of Stalinism remains within its limits. When the party became the target of the movement itself, he could not solve the problem and only leaned to the illusionary idea of purged party by mass movements. This position was repeated first in the time of 'Hundred Flowers are Blooming' in 1957 (Qian 2007), and secondly during the Cultural Revolution. His supports for rebel groups were not coherent, and became problematic after his order to replace the Shanghai Commune with Shanghai Revolutionary Committee. Then his position vacillated depending on conjunctures and became more reliant on PLA and Workers Propaganda Team(*gongxuandui*) and Soldier Propaganda Team(*junxuandui*), and finally decided to restore destroyed party apparatuses.

But most big paradox for the social movements was that after the attack by the restored party apparatus on them (ratified by Mao), their revived protest movements could not but start with and rely on Mao's renovated new theory of class antagonism under socialism. This paradox finally made Mao a real spectre for the politics in China.

Before and after Mao's death, radical rebel groups of the late phase of the cultural revolution formed themselves as the advocates for the fifth modernization movement, or 'socialist democracy' movement since the moment of 'Li Yizhe' incident in 1974. These re-emerged rebel groups formed a temporal and pragmatic coalition with reform groups within the party after Mao's death. But this coalition was just a pragmatic one in the sense that now heretical challenges from the bottom didn't penetrate intra-party line struggles and was not theorised within the party though 'reform groups' within the party utilized this movements as a pretext legitimising their status within the party. So-called 'Spring of Beijing' during 1978-1980 was made possible by this temporal mobilization and acceptance of the democratic movement from the bottom to fight against old-Maoist group by Deng Xiaoping (Qian 2008). But with the victory over the privileged party core, Deng's faction parted with the coalition and turned to harsh suppression against them. On 3 March, 1979 Deng promulgated his notorious '4 clause basic principles on socialism', and then increased the degree of attack on the democratic movements and finally in April 1981 most leaders of Beijing Spring Movements (most from young workers) were arrested including famous Xu Wenli, Wang Xizhe, Chen Erjin etc., and that year retained most

former rebel group leaders were sentenced to imprisonment at least from several years to about 20 years. Then gone with the era of workers' rebels.¹²

V. Neoliberalism in a Chinese Way

After the final defeats of people's movements from the bottom in the early 1980s, China's terrain of politics changed much in terms of the status of intellectuals as well as of workers. Since the late phase of the Cultural Revolution to the time of the Spring of Beijing, leading dissidents were from labour class. One of the main reasons was that university enrolment had been eventually closed off during the upheavals of the Cultural Revolution until 1978, and most young intellectuals of would-be university students were sent to the people's communes or factories.

Since the early 1980s the government tried to reverse the relationship between manual labour and intellectual labour, of which the latter had been put in an inferior status as a consequence of the Cultural Revolution. New wage system was introduced, and new higher educational system was introduced with a new propaganda distinguishing efficiency for workers from 'responsibility' for cadres (Rofel 1989), etc. With this change of circumstances, one of the most important side effects was that heretical or dissident groups against the establishments were no longer supplied from labour class, but mainly from intellectual strata itself. That was one of the reasons that in the 1980s though there seemed to revive the periods of 'Hundred Flowers are Blooming' but only ended with tragic Tiananmen incidents without forming any significant alliance between fragile intellectual groups and other social forces from the bottom.

Tiananmen Incidents in 1989 was also an important moment to initiate Chinese way of neoliberalist turn during the 1990s (Wang 2003) in the sense that major potential dissidents against the turn were already pre-emptively erased during the suppression as well as repeated political purges.

During the 1990s main neoliberal transformation in China focused mainly on the field of labour relations though restructuring in public sectors was also tremendously important. The reasons why China's neoliberal turning focused on

¹² Though the final defeat was in the midst of the Tiananmen incident as symbolised in the failure of the organisation of *Gongzilian* (Workers Autonomous Confederation).

labour issues were two: on the one hand, China was closely related to US neoliberal economy sustained by huge consumption increase, so becoming main cheap consumer goods supplier. So China was incorporated within US neoliberal regime as propping-up supplier rather than profitable field for financial investment.

Second, the Cultural Revolution bequeathed particular situation of balance of power between labour class and cadres in general, which was called 'work unit system' (*danwei tizhi*) though the relations of social forces were not fundamentally changed. Every urban worker belonged to certain work unit where he/she could manage his/her whole life benefiting whole welfare from it. Work unit system can be characterised: loose work discipline, lifetime employment without any official unemployment, least possibility of job mobility (especially from rural to urban areas), egalitarian distribution of remuneration, high dependence on the reproduction on work units, entrusted administration work of bottom level government to work units, less inequality within a work unit but high inequality between different work units, and most of all strict divide between urban and rural areas (Lu and Perry 1997; Walder 1986). This is the outcome of temporal balance of power that was caused by the relatively increased power of workers within the factories but without overcoming the whole relation of social forces.

With this legacy of work units, China's labour relations has been showing particularities that could be called 'reverse advancing process' (or aggressive destruction of organized base of labour class as in other developed or developing countries under neoliberalism), that means double process of on the one hand fast demolishing of established certain rights of labour while on the other hand fast forming of new generation of workers from absolutely different origins.

This process took time to be completed. At first stage, the countryside encircled urban sectors by introducing rural reforms since the late 1970s. Secondly, gradual attack on core workers was initiated by widening outer fields such as allowing TVEs and private sectors and (not fully legal) migration to cities. Then thirdly, introduction of general law but with differentially and selectively applied to different groups of workers. Finally, in terms of labour contracts, integrating the whole categories within a universal law like the introduction of the Labour Contract Act in 2008.

So we may find very divided different strata of workers: 1) old core workers of SOEs to whom also labour contracts were applied but are protected still by certain

legacy of work unit system, 2) newly employed workers in the sectors with competitiveness where they benefit certain kind of enterprise welfare system, both in SOEs and FIEs, 3) laid-off workers within SOEs who still have weak relationship with their former employing work units but living under poverty line, 4) huge group of migrant workers who rarely have the official entitlement as citizens and work by cheap wages and out of the legal protection, 5) workers at TVEs, half-peasant half-workers, and potential migrants to urban areas, 6)

Among them the problem of unstable labour is still very serious though it was not as much prominent as during the time of early 2000s. Migrant workers, laid-off workers, and young unemployment are three main sources of unstable employments (on reverse side, meaning reserved army of labour). Recent impact of global economic crisis was absorbed mainly by massive lay-offs of migrant workers as well as huge government investment. The size of laid-off migrant workers after the crisis is estimated to 20 million, but those migrant workers returning to rural areas have great difficulty in adjusting themselves to agricultural circumstances since they have left their land long time ago.

VI. Conclusion

China appears to rise as a candidate for the late or last developmentalist hope/illusion as its fast economic growth gets attentions and as its catching up strategy of seeming copying East Asian model appears successful even under the situation of serious economic crisis and rapid neoliberal transformation of East Asian countries. The implications seem to go further, not just catching up with existing models but becoming itself as a new model of development.

However, in many aspects China still remain within the illusion of developmentalism, in the double sense that two goals of its development are facing huge difficulties: its aim to catch up with core countries and its aim to increase the level of per capita income with more equal distribution base. As a whole China grows rapidly within the picture of regional inter-related division of labour where the US and Japan have been playing most essential roles. In essence, up to now China's development road is caught within regional relocation of production centres. In terms of the possibility of rising new world hegemon, China still has many problems: it does

not establish new global regime of accumulation, but instead just following existing scheme of certain regional area, and it does not form any leading industries as before like in auto, steel, or textile industries in the 19th and 20th centuries. Increasing financial power is also closely tied with the volatility of US finance-dependent expanding crisis. And China does not make its own foundation of social compromise comparable with that during the Great Depression though it only retains some vanishing legacies of work unit system. And China still has no power to organize new world order or the order of interstate system though its presence in the field of natural resource diplomacy is more outstanding than before. With the anticipating 'double dip' of US economic depression, China would face long periods of stagnation without initiating a new strategy to avoid the serious impacts on it.

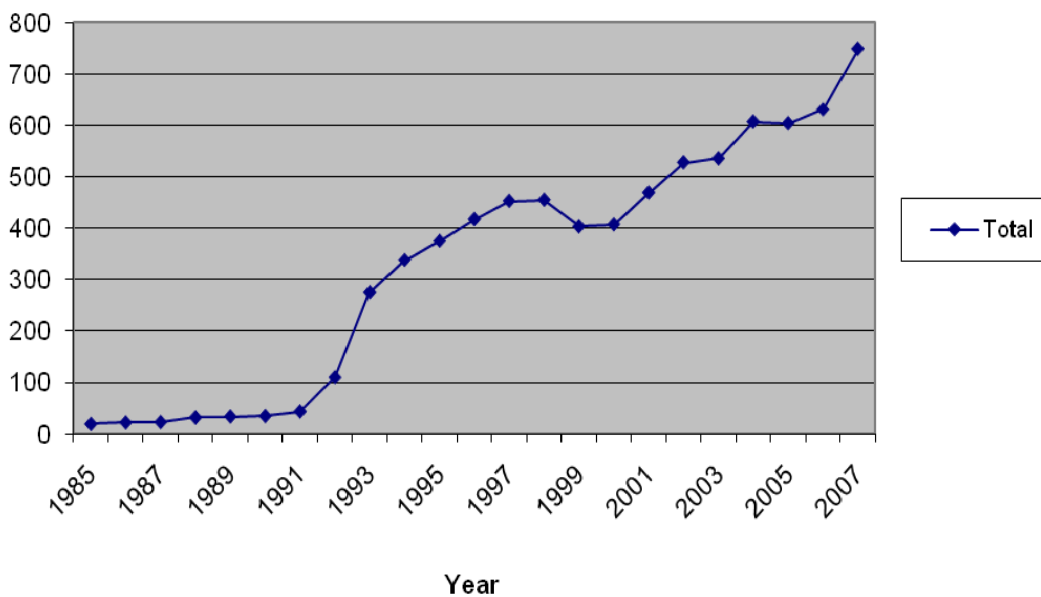
But this does not mean that all the changes are just illusions because the general level of income grows considerably though the intra-national inequality is terribly serious. It means that with China's rise world income distribution between different hierarchical regions should be influenced as Arrighi argues (Arrighi 2007).

Even though China may contribute a little to the more equal world income distribution, it may not mean that China would lead more equal society, because just the possibility of people's collective protest against their deteriorating living conditions is above all the most seriously attacked field. In this aspect, China's 'reverse advancing' experiences would be crucial point for the future of people's response. Historical defeats of Chinese workers and democratic movements from 1960s to 1980s provided China with a solid foundation for Chinese way of neoliberal turn in the 1990s, and rapidly growing Chinese labour class has been crucially influenced by the process. Highly segmented and hierarchically divided Chinese labour class, worsened by still remaining controls on mobility, displayed great difficulty to form any significant efforts of solidarity beyond each workshop level. And pre-emptive (in many cases just *ex post factor*) measures by the government sometimes took initiatives over all fragmented protests. Though the legacy of socialism haunts the politics of China today, it haunts the people as well as ruling class, and the name of Mao or the spectre of Mao remains as impossibility as well as possibility of the political in a paradoxical sense. Because Maoist legacy is not equal to socialist legacy in China, but socialist legacy cannot be talked divorced from the contradictions of Mao.

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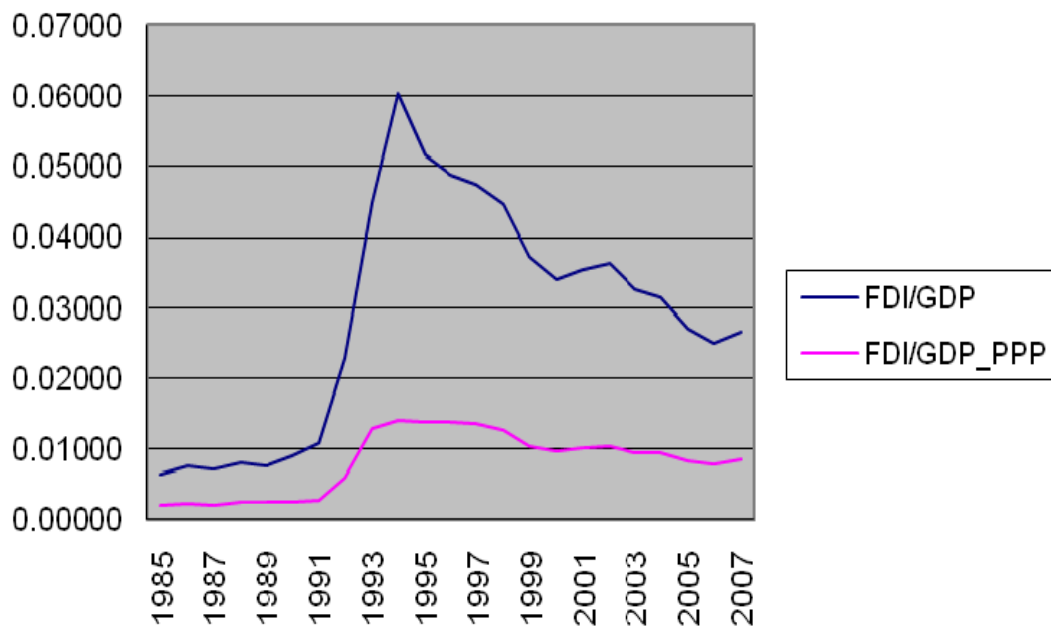
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<Figure 1> FDI inflows into China by Year



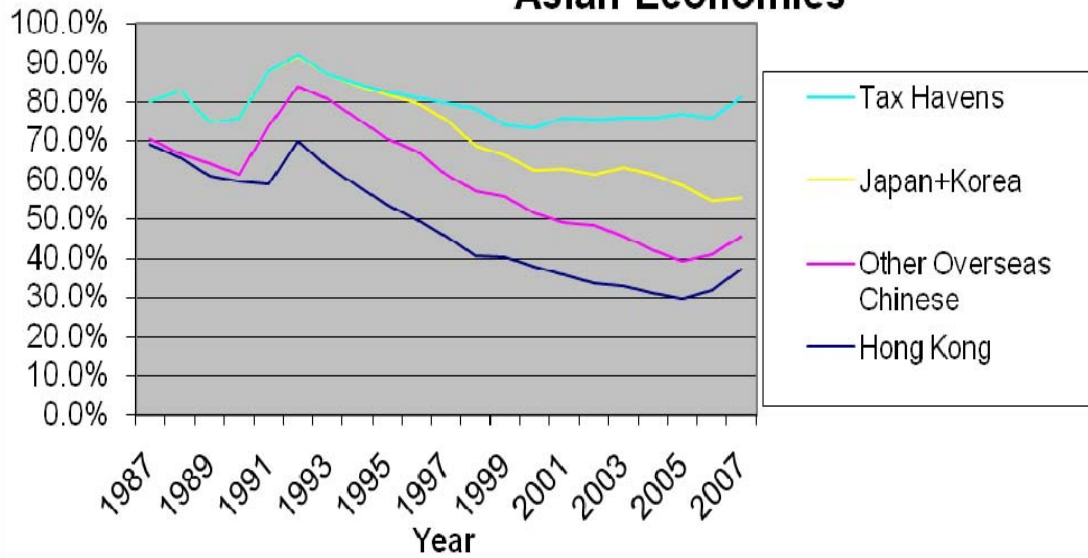
Sources: *China Statistical Yearbooks*.

<Figure 2> FDI inflows/GDP



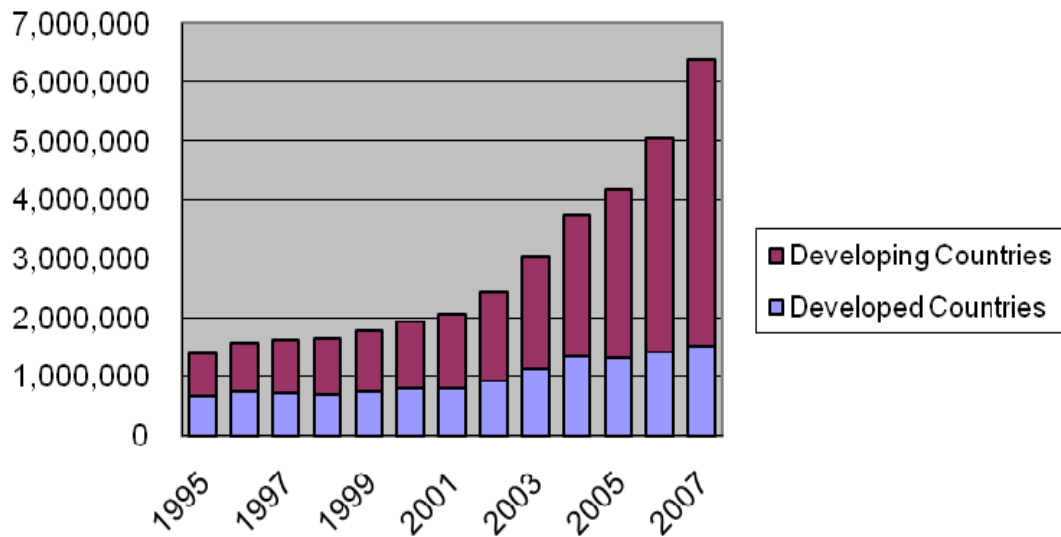
Sources: *China Statistical Yearbooks*; IMF

<Figure 3> FDI inflows into China from East Asian Economies



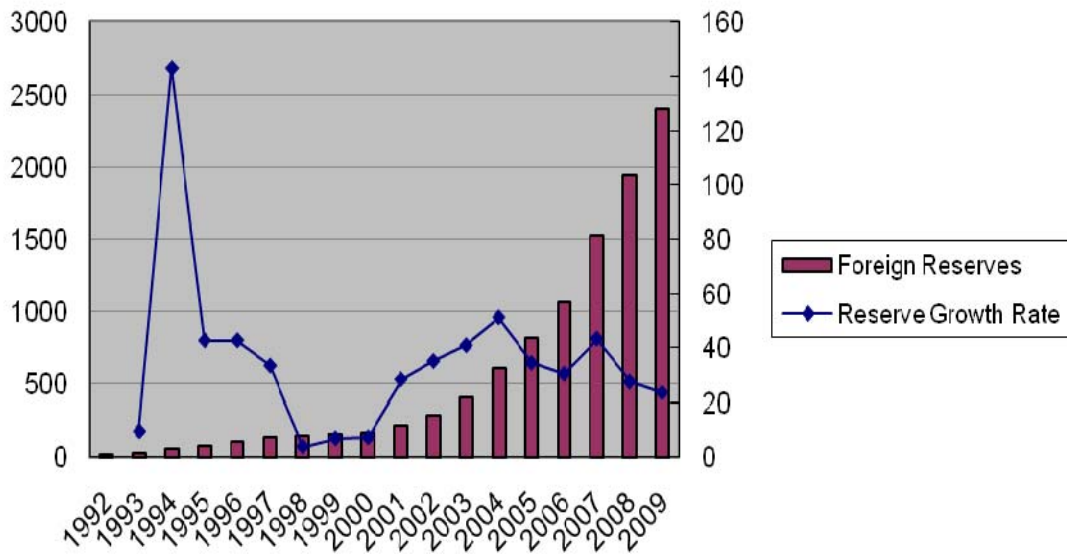
Sources: *China Statistical Yearbooks*.

<Figure 4> Foreign Exchange Reserves Increase by Regions



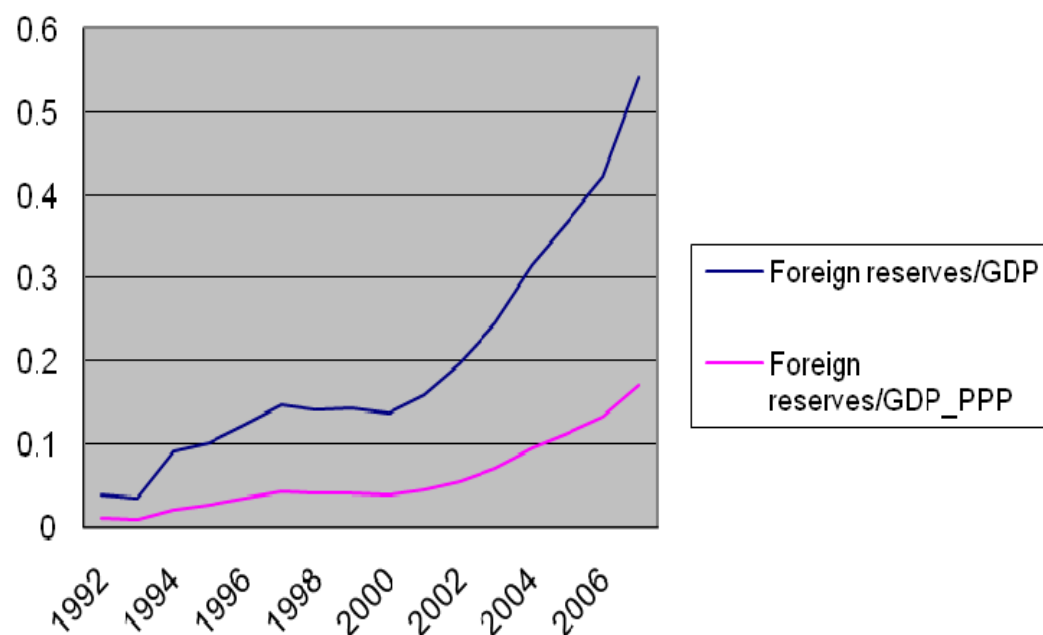
Sources: IMF

<Figure 5> Foreign Exchange Reserves Increase in China



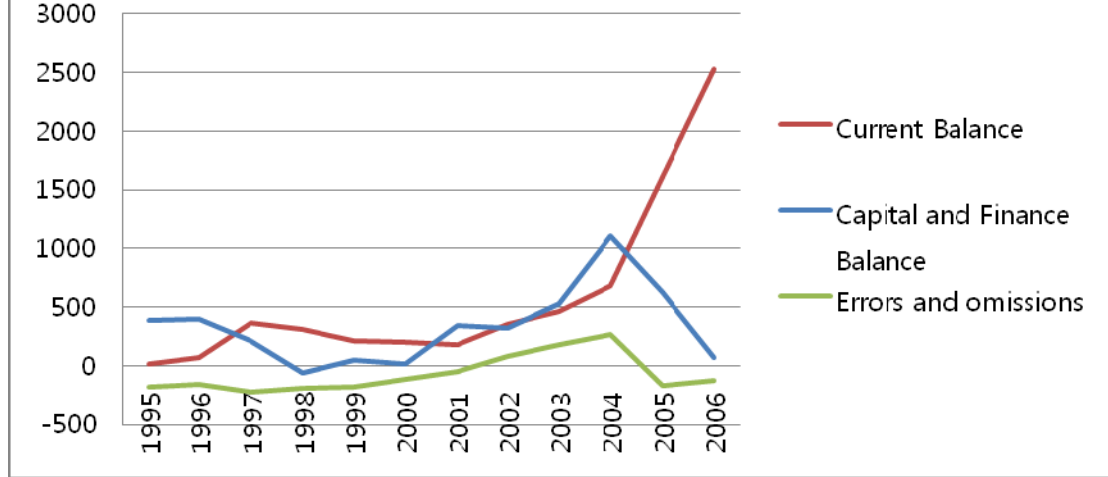
Sources: www.safe.gov.cn

<Figure 6> Foreign Reserves/GDP



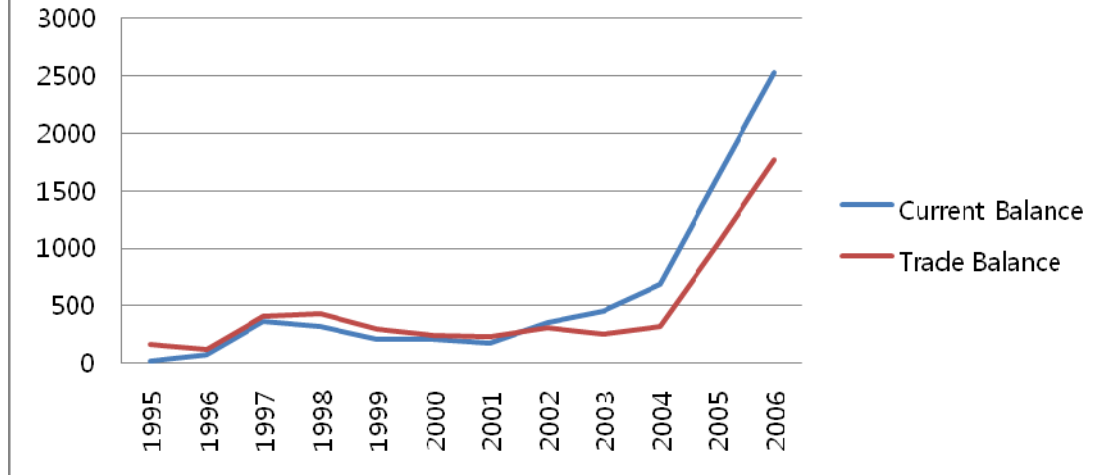
Sources: www.safe.gov.cn; IMF

<Figure 7> Three causes for Foreign Reserve Increase



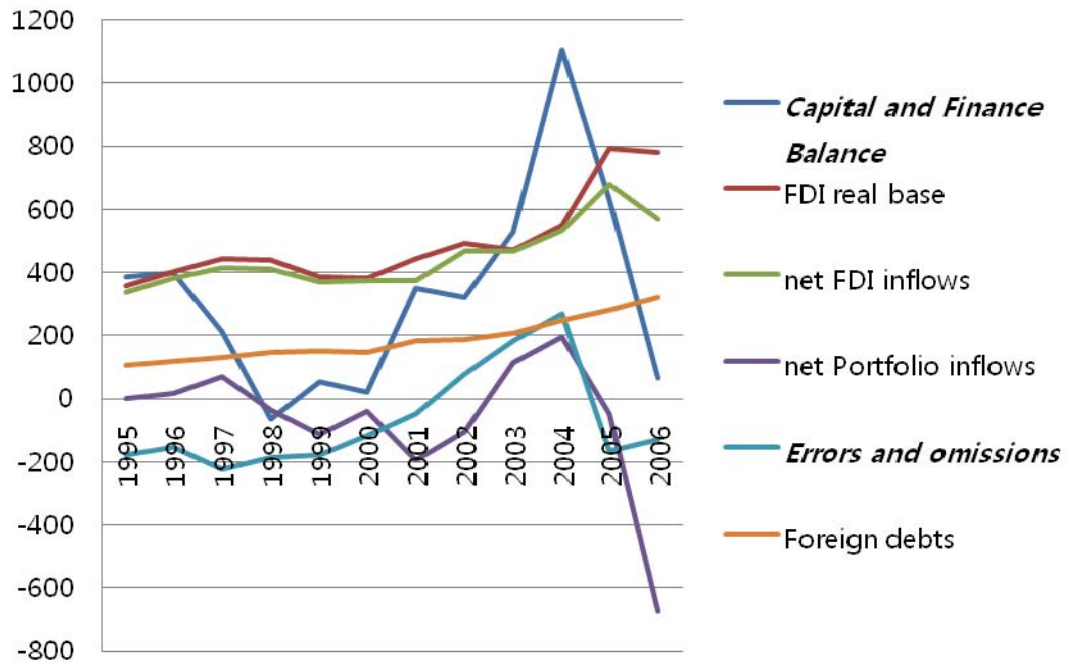
Sources: www.safe.gov.cn

<Figure 8> Current Balance and Trade Balance



Sources: www.safe.gov.cn

**<Figure 9> Main elements for the
change in capital and financial
balance**



Sources: www.safe.gov.cn; *China Statistical Yearbooks*

<Table 1> Japan's Export Concentration Index (JECI)

		1985	1990	1995	1999	2002	2007
China	Chemical	1.3	2.2	1.4	1.7	1.6	1.5
	Steel	3.3	4.0	2.7	2.0	2.0	1.2
	OA	0.2	0.1	0.3	0.5	0.6	
	Visual	5.8	5.4	1.2	0.1	0.1	0.6
	Electronic equipment including semi-conductor	0.5	0.7	0.3	0.9	1.4	1.5
	Auto	0.6	0.1	0.2	0.1	0.2	0.1
	Auto equipment			0.3	0.4	0.5	0.9
	Scientific and optical machinery	0.5	0.4	0.5	0.7	1.1	1.4
Korea	Chemical	3.2	2.5	2.0	2.1	1.9	2.2
	Steel	1.5	1.8	1.9	2.6	2.8	2.7
	OA	0.6	0.4	0.3	0.4	0.5	
	Visual	0.0	0.1	0.1	0.2	0.5	0.4
	Electronic equipment including semi-conductor	2.2	2.0	1.1	1.9	1.8	1.2
	Auto	0.0	0.0	0.0	0.0	0.0	0.1
	Auto equipment			0.5	0.5	0.6	0.5
	Scientific and optical machinery	0.5	0.6	1.2	1.1	1.5	1.3
Taiwan	Chemical	2.9	2.2	2.0	1.9	1.9	2.1
	Steel	1.3	1.7	1.8	1.5	1.2	1.2

	OA	0.6	0.6	0.6	1.1	0.9	
	Visual	0.0	1.4	0.2	0.2	0.3	0.3
	Electronic equipment including semi-conductor	3.3	2.2	1.9	1.3	1.5	1.8
	Auto	0.1	0.1	0.1	0.1	0.1	0.1
	Auto equipment	0.0	0.0	0.9	0.7	0.5	0.3
	Scientific and optical machinery	2.2	2.5	2.1	1.8	2.8	1.6
Hong Kong	Chemical	1.1	1.2	1.2	1.3	1.0	1.0
	Steel	0.6	0.8	1.1	1.3	0.8	0.5
	OA	0.7	0.6	0.5	0.6	0.9	
	Visual	1.3	2.6	2.6	1.4	1.3	1.0
	Electronic equipment including semi-conductor	2.4	1.6	1.3	2.0	2.3	2.6
	Auto	0.3	0.2	0.3	0.2	0.1	0.1
	Auto equipment			0.1	0.1	0.1	0.1
	Scientific and optical machinery	1.2	0.9	0.8	1.0	1.5	1.7
Thailand	Chemical	3.0	1.4	1.2	1.4	1.1	1.2
	Steel	2.2	2.6	2.3	3.1	2.6	2.7
	OA	0.3	0.2	0.3	0.5	0.4	
	Visual	0.2	0.2	0.1	0.1	0.2	0.2
	Electronic equipment including semi-conductor	0.4	0.6	0.8	1.7	2.0	1.6
	Auto	0.8	0.3	0.4	0.3	0.3	0.2
	Auto equipment			1.5	1.6	1.6	1.7
	Scientific and optical machinery	0.4	0.3	0.5	0.4	0.5	0.6
Singapore	Chemical	1.1	0.9	0.8	0.8	0.8	0.7
	Steel	1.0	1.3	1.0	1.0	0.9	0.9
	OA	0.7	0.7	1.0	1.4	1.3	
	Visual	1.0	1.6	1.3	0.9	0.8	1.2
	Electronic equipment including semi-conductor	3.1	2.6	2.7	2.8	2.6	2.3
	Auto	0.1	0.2	0.2	0.2	0.3	0.3
	Auto equipment			0.2	0.2	0.2	0.1
	Scientific and optical machinery	0.7	0.6	0.6	0.7	0.8	0.6
Germany	Chemical	0.9	0.8	0.8	0.7	0.8	0.8
	Steel	0.1	0.1	0.1	0.1	0.1	0.1
	OA	2.4	1.8	2.0	1.8	1.3	
	Visual	0.7	1.3	1.2	1.7	2.3	1.7
	Electronic equipment including semi-conductor	2.2	1.1	1.1	0.9	0.9	1.0
	Auto	0.8	1.2	1.4	1.0	0.8	0.7
	Auto equipment			0.3	0.4	0.5	0.8
	Scientific and optical machinery	2.8	2.3	2.1	1.8	1.5	1.8
USA	Chemical	0.5	0.5	0.6	0.6	0.6	0.5
	Steel	0.6	0.6	0.3	0.4	0.2	0.3
	OA	1.4	1.6	1.7	1.3	1.3	
	Visual	0.5	0.4	1.3	1.6	1.4	1.4
	Electronic equipment including semi-conductor	0.8	0.9	0.9	0.6	0.3	0.4
	Auto	1.5	1.4	1.5	1.6	1.8	1.8
	Auto equipment	0.0	0.0	1.5	1.5	1.5	1.5
	Scientific and optical machinery	1.1	1.1	1.3	1.2	0.8	0.8

Sources: *Japan Statistical Yearbooks*