

# A Development Prospective to China's Growth

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- China's success in economic growth and development can be successfully accounted for by
- Lewis-Ranis model of dual economy and labor migration
- Kuznets effect which is generated by the process of capital accumulation and structural transformation
- North's notion of institutional change which reduces the externality and create the incentives for economic agents

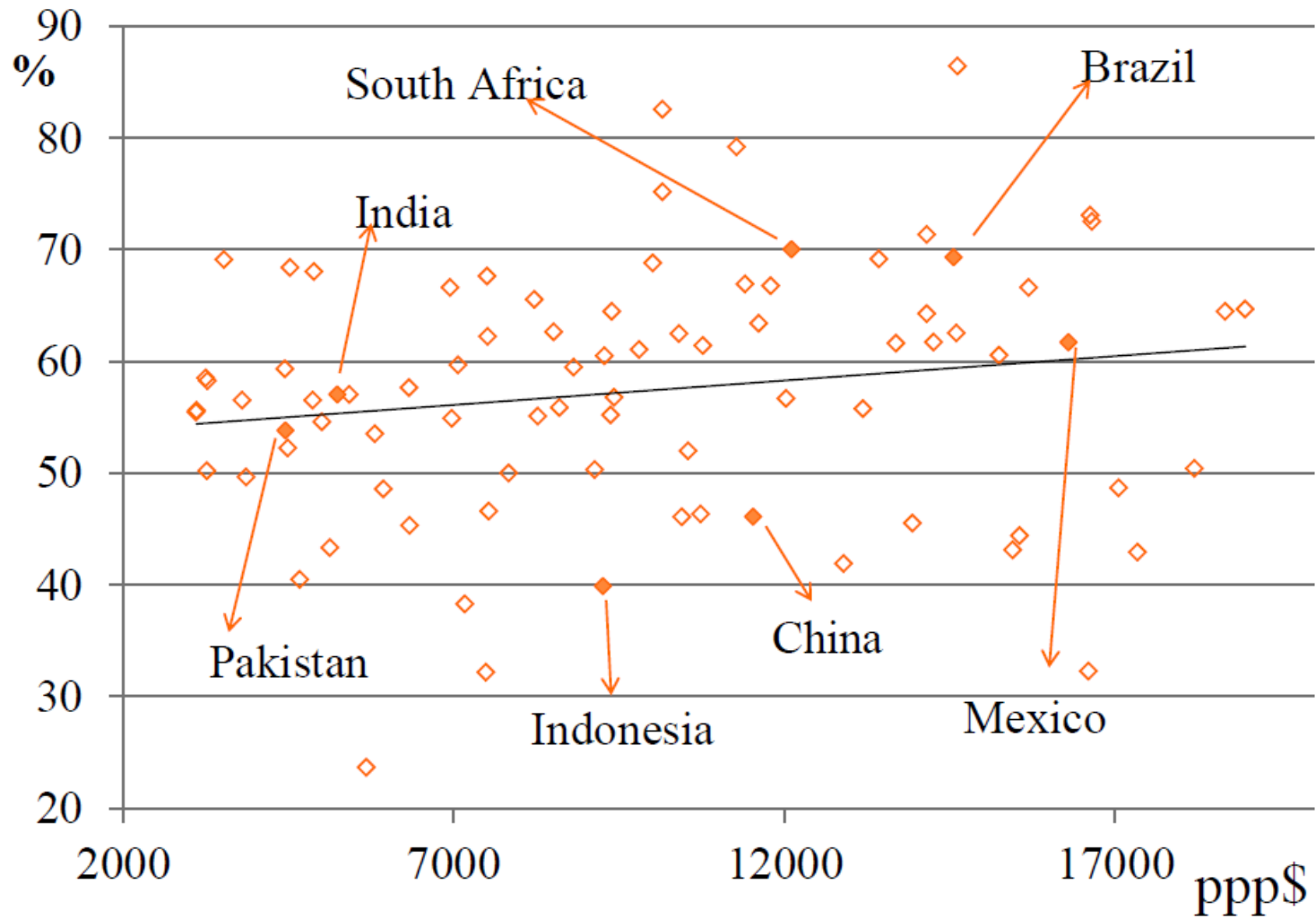
# Partial reform

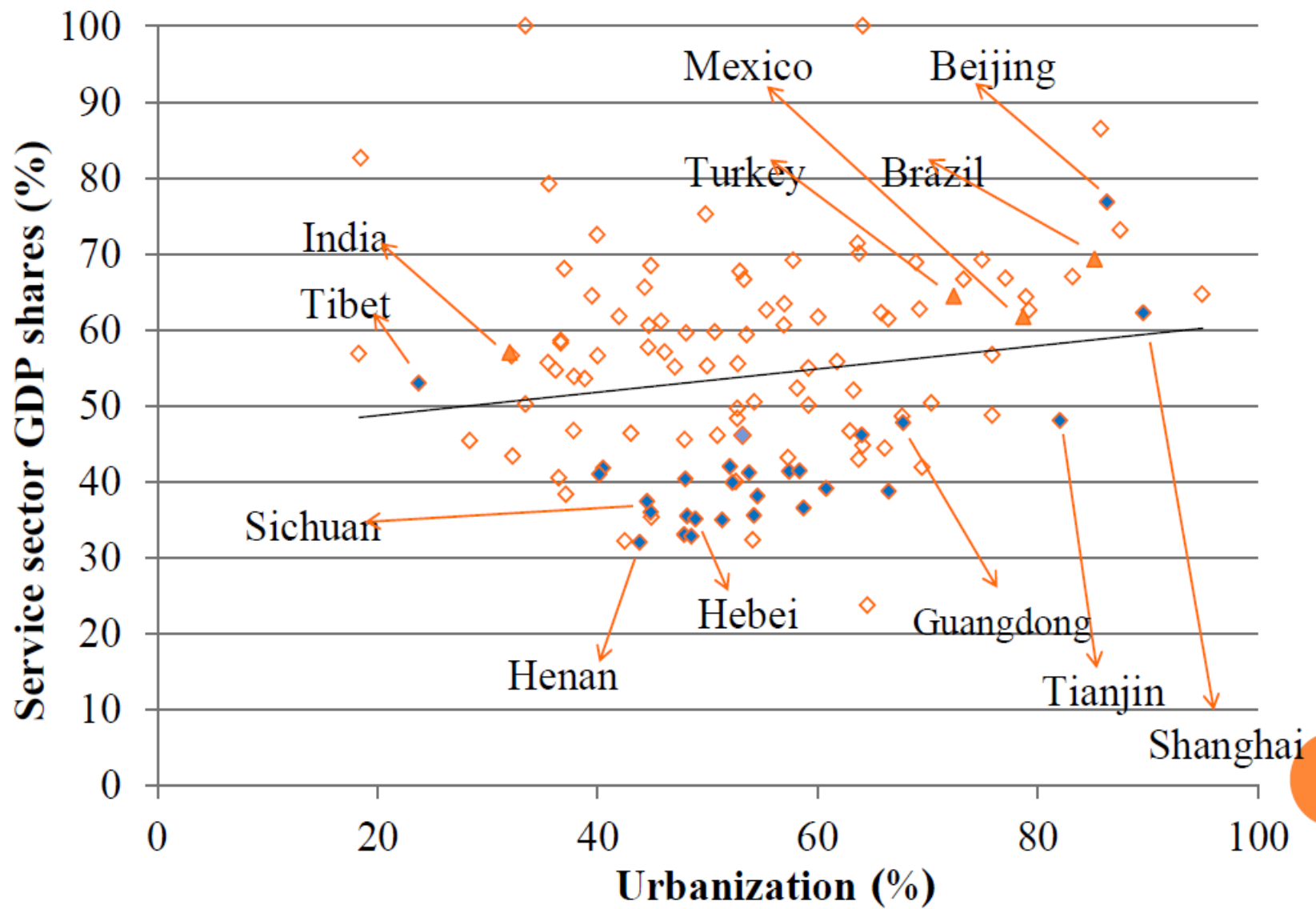
- Given China's nature of politics, economic liberalization in the beginning must be very cautious, slow and partial, leading to so called reform without losers
- Partial reform in sector, industry, province and city, brings about a dual track system and the marketized economy would continue to grow (growing out of plan)
- The creation of yard-stick competition as internal labor market mechanism introduced to China's political hierarchy and lead to *race to the top* by Chinese local cadres

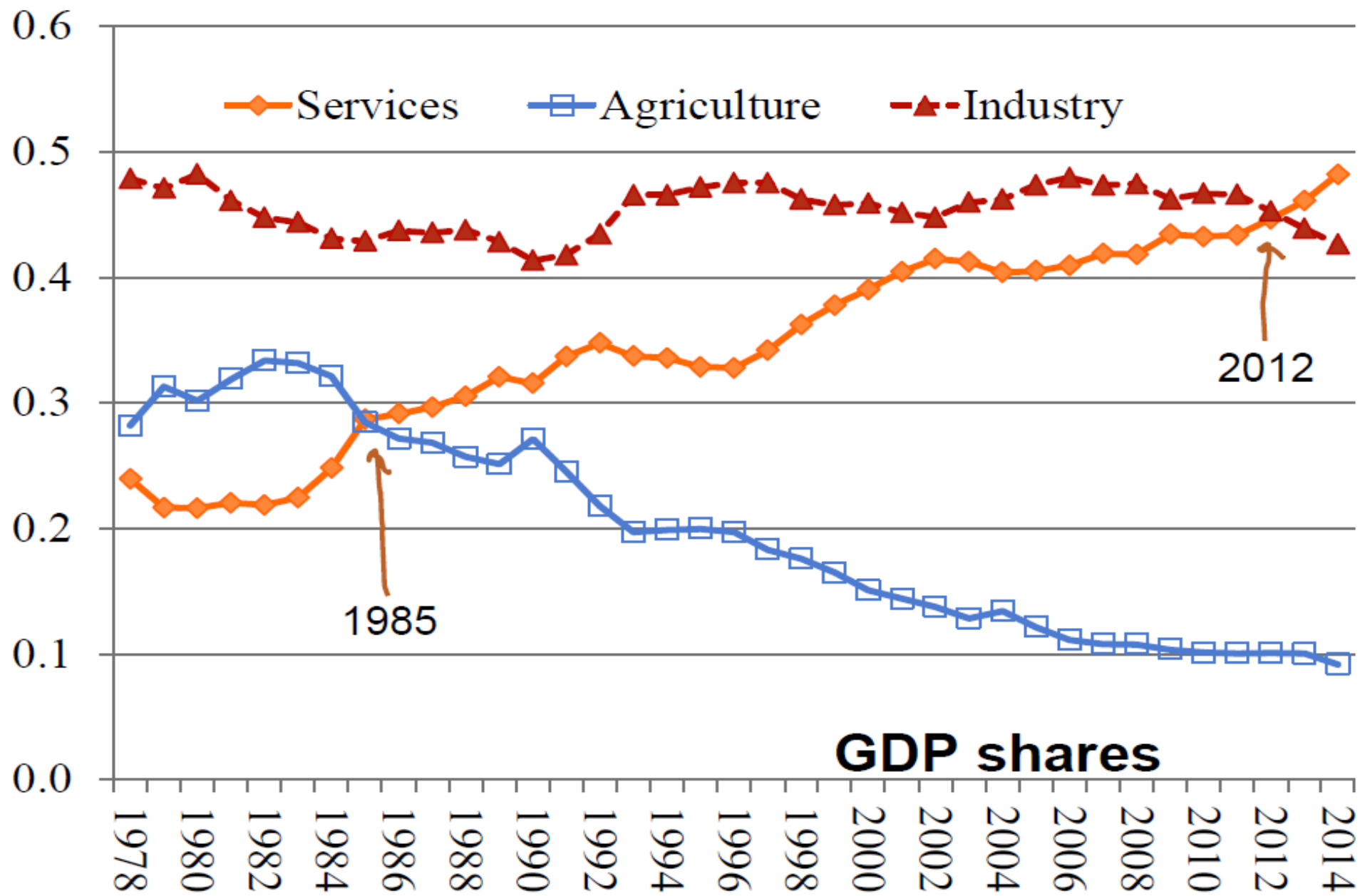
# Social impacts

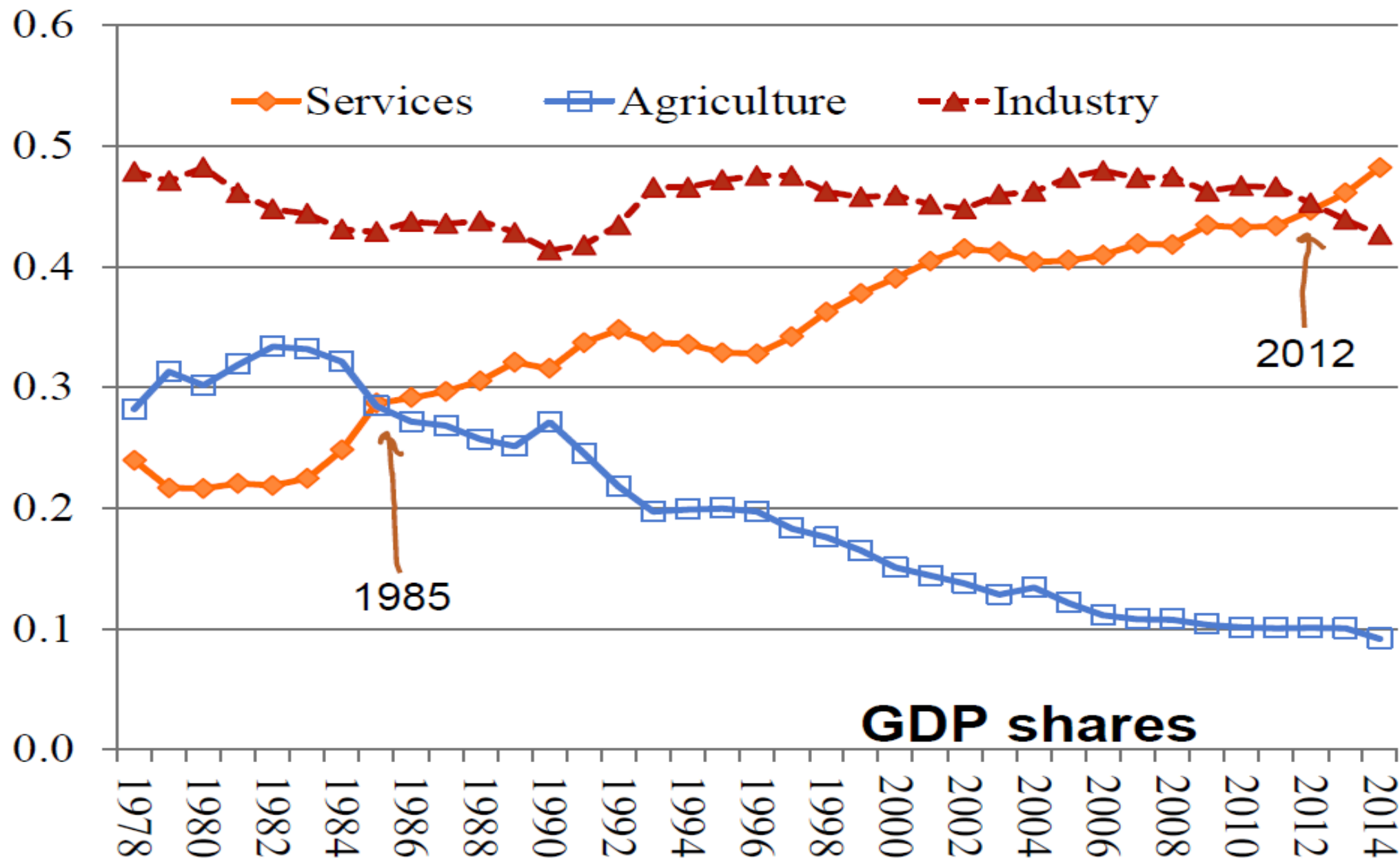
- Demographic transition
- Urbanization
- Social protection net
- Rising regional disparity

❖ GDP shares in selected economies (\$3,000-20,000pc









**GDP shares**



Thanks