

Preface

Since the end of the 1980's, the transformation from planned to market economies has characterized economic development both in Eastern Europe and China. Not only have political developments contributed to this trend, but also the disadvantages of the planned economy become more and more apparent for the development of these countries. The disadvantages of the planned system like high information cost, lack of motivation, inefficient allocation of resources and low productivity are constituted as negative factors for economic development. Reform is the common way to identify and solve these problems and challenges. Because of the different social, political and economic conditions, the East European countries, Russia and China have chosen different development strategies which economists refer to as "Shock Therapy" and "Gradualism" (Wu Jinglian:2004).

For more than 20 years, the gradual or incremental way of the Chinese reform has produced tremendous changes in the political, social and economic conditions in the country as well as the image of the country to the world. The most important change both for China and the world is reflected in that China moved out from the shadows of its political isolation by the Western countries and was integrated into the world market. In the context of globalization is China strongly linked to the world. The further development of China needs the cooperation of the world and the world is not complete without China.

The success of the economic opening and reform policy, reflected in the high economic growth rate (8% on average) has made China one of the most interesting countries for foreign direct investment in the world. In 2003 China, with 53 billion dollars of foreign direct investment, has attracted the most foreign direct investment in the world (Spiegel Special 5/2004:9). The establishment of numerous joint ventures, wholly-owned foreign enterprises, the increasing number of international mergers and acquisitions and especially the localization of research institutions of foreign investors in China proves that China is more than a "world factory" with only cheap human resources, but also an integral part of the global strategy of many corporations.

China acts not only as the “world production bank” as the statistical data indicate in producing textiles, digital cameras and dvd players. It is also one of the most important and interesting markets for the products of other countries. Imports and exports increased in 2004 by about 35% and reached a total of 1154 billion dollars. Imports from other countries increased by about 36% (Mofcom). International trade is another important engine for economic growth.

Economic growth in China attracted not only foreign direct investment but also attracted the political interest of the world. China has enjoyed perennially more attention in world politics. China is regarded as “sleeping lion who woke up in the East”. For this reason, not only economic and technical cooperation and exchange are of great importance, but also improving the intercultural exchange between China and the rest of the world is a high priority. The world is very interested to know what has happened in China and why. Since the beginning of political reform in China, economic development has been the major topic in the research literature in the Western countries. Authors of various national origins have tried to make a survey about economic and social development in China and to forecast the further trends and challenges of Chinese development. The results of the researches in the Western countries have made a great contribution to interpret the “secret” of the development dynamic in China. They have also improved the mutual understanding between China and the world.

The data in terms of economic growth indicate euphoria on the one hand. On the other hand, as the results of sociological and economic research both in China and Western countries indicate, China confronts many problems such as the discrepancy between rich and poor, high unemployment, reconstruction of the old industrial structure, environmental problems as well as problems with the energy resources. In the West, a common interesting question both in public and scientific discussions is: how will the government and “Lao Baixing” (citizens) handle these problems and what will be the consequences?

In the literature in English and other Western languages, the publications about the problems in China from the view of Chinese researchers are still relatively few in number. As a Chinese saying expresses, one can understand the problem better when he listens to opinions from both sides. In this connection, it is of great importance to know how the “Insiders” explain and understand their own problems and

challenges which they have to face. This is also the approach that the International Center for Energy and Environmental Policy (ICEEP) discussed with Beijing Institute of Technology more than one year ago. As result of the cooperation we have motivated some researchers to contribute to this book which focuses on the historical developments, problems and perspectives. Based on different scientific disciplines, the authors have tried to provide an integrated survey about political, social and economic development and their context from the macro-political level to the micro-operational level.

Development in China changes the world in the sense of increased mutual exchange in economics, politics and culture. Exchange or cooperation are most effective on the basis of constructive dialogue. The most important purpose of this book is to conduct such a dialogue with people who are interested in the globalization process and development for whatever reasons.

The Beijing Institute of Technology (BIT) and The International Center for Energy and Environmental Policy (ICEEP) have provided not only functional help but also financial support for this book. We give our thanks to the both institutions. During the editing we have got a lot of help and support from colleagues and friends who deserve our best thanks as well. In particular we would like to distinguish our friends Evelina Skurski, Thomas Keagy who have spend a lot time reading and reworking some contributions.