



The decades that transformed China

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The decades that transformed China-Forty years ago, Deng Xiaoping began 'reform and opening up'. Now China may be at another crossroads

- The December 1978 Third Plenary Session of the Eleventh Central Committee of the Communist Party of China (CPC) might sound obscure, but its global repercussions were of seismic proportions.
- Deng Xiaoping's series of economic policies, termed "reform and opening up", went on to catapult China from an agricultural backwater into a manufacturing powerhouse that shapes the world's economic architecture.
- As China celebrates the 40th anniversary of "reform and opening up", it holds the world's largest foreign reserves (\$3.05 trillion in October), and boasts the second-largest economy (with a GDP of \$12.2 trillion in 2017).

A country of contradictions

- Contemporary China is rife with contradictions.
- The special economic zones (SEZs) promoted along China's coast in the 1980s, for example, were not brought into existence based on a priori assumptions about their theoretical utility.
- Consequently, the CPC swapped the kind of abrupt, ideologically based upheavals that characterised Mao Zedong's mass movements from the 1950s to the 1970s, for pragmatic solutions that worked.
- Critically, what was found to work best for preserving power was delivering on promises of economic growth.
- Far from sclerotic, post-reform-and-opening-up China has developed a problem-solving approach that makes its leaders more responsive to socio-economic challenges than is generally believed of autocratic governments.
- Reforms have extended beyond the economic realm into governance and administration.

- This emphasis on outcome rather than ideology has its corollary in performance over process, which helps explain why a country like India continues to lag behind China on most parameters of development.
- The legitimacy of democracy absolves Indian governments from the necessity of performing.

The Xi Jinping era

- The legacy of “reform and opening up” is crucial in explaining how China got to where it is today.
- However, its continued relevance in the new era under President Xi Jinping’s leadership has become the million yuan question.
- Moreover, the CPC has still not resolved the contradiction between state control of the economy and the embrace of free markets, what in China is called “socialism with Chinese characteristics”.
- The focus on peaceful economic integration is being supplanted by a trade war that some fear could degenerate into a new cold war.

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