

# The Heart of Economic Reform

China's banking reform and state enterprise restructuring

DONALD D. TONG

**C**

ASHGATE

<i>Figures</i>	<i>vii</i>
<i>Tables</i>	<i>ix</i>
<i>Foreword</i>	<i>xii</i>
<i>Preface</i>	<i>xiii</i>
<i>Acknowledgments</i>	<i>xiv</i>
<i>Glossary of Abbreviations</i>	<i>xv</i>
1 Introduction	1
2 Theories of Financial and Economic Development	8
3 Evolution of China's Financial System	18
4 Financial Institutions and Investment in China: A Heuristic Model	29
5- Financing Investment: Sources of Funds	38
6 Channeling Savings to Investment: The Banks	51
7 Channeling Savings to Investment: The Non-Bank Financial Institutions	66
8 Channeling Savings to Investment: The Capital Markets	77
9 Efficiency of Investment and Growth of Output	91

10	Financial Sector Reform and Social Roles of State Enterprises	127
11	Recent Developments in Banking Reform and Enterprise Restructuring	14 5
12	Conclusions and Implications	174
	<i>Bibliography</i>	183
	<i>Index</i>	194