

HOW FAR ACROSS  
THE RIVER?

...

Chinese Policy Reform  
at the Millennium

•!•

Edited by

*Nicholas C. Hope, Dennis Tao Yang,  
and Mu Yang Li*

Stanford University Press  
Stanford, California 2003

# CONTENTS

Figures IX

Tables xi

Acknowledgments xv

About the Contributors xvii

## 1 Economic Policy Reform in China 1

*Nicholas C. Hope, Dennis Tao Yang, and Mu Yang Li*

### PART I: POLICY REFORM IN CHINA:

#### WHAT IS NEEDED NEXT? 29

## 2 China's Transition to a Market Economy:

How Far Across the River? 31.

*Yingyi Qian and Jinglian Wu*

### PART II: BUILDING MARKET-SUPPORTING

#### INSTITUTIONS 65

## 3 When Will China's Financial System Meet China's Needs? 67

*Nicholas R. Lardy*

## 4 Thriving on a Tilted Playing Field: China's Nonstate

Enterprises in the Reform Era 97

*Chong-En Bai, David D. Li' and Yijiang Wang*

## X 5 The More Law, the More . . . ? Measuring Legal Reform in the People's Republic of China 122

*William P. Alford*

### PART III: TOWARD GREATER ECONOMIC

#### INTEGRATION 151

## Sv/"6 Trade Policy, Structural Change, and China's Trade Growth 153

*William Martin, Betina Dimaranan, Thomas W. Hertel,*

*and Elena Ianchovichina*

## 1 Sizing Up Foreign Direct Investment in China and India 178

*Shang-jin Wei*

8	How Much Can Regional Integration Do to Unify China's Markets? 204	
	<i>Barry Naughton</i>	
PART IV: SHARING RISING INCOMES		233
9	China's War on Poverty 235	
	<i>Scott Rozelle, Linxiu Zhang, and Jikim Huang</i>	
10	Social Welfare in China in the Context of Three Transitions 273	
	<i>Athar Hussain</i>	
11	Housing Reform in Urban China 313	
	<i>Jeffrey S. Zax</i>	
PART V: SUSTAINING POLICY REFORM		351
12	Can China Grow and Safeguard Its Environment? The Case of Industrial Pollution 353	
	<i>David Wlieweler, Hua Wang, and Susmita Dasgupta</i>	
13	The Political Economy of China's Rural-Urban Divide 389	
	<i>Dennis Tao Yang and Cai Fang</i>	
14	What Will Make Chinese Agriculture More Productive? 417	
	<i>Jikun Huang, Justin Y. Lin, and Scott Rozelle</i>	
15	Bending Without Breaking: The Adaptability of Chinese Political Institutions 450	
	<i>Jean C. Oi</i>	
PART VI: FURTHER RESEARCH		469
16	Agenda for Future Research 471	
	<i>Nicholas C. Hope, Dennis Tao Yang, and Mu Yang Li</i>	
	Index	483