Part I  An Anatomy of the China Model from the Perspective of Collusion

1  Introduction  3
  1.1  The China Model  3
  1.2  Cost of Economic Growth  8
  1.3  Main Arguments  10
  1.4  Key Concepts  16
  1.5  The Structure of This Book  19
Notes  20
References  22

  2.1  Three PX Projects  23
      2.1.1  Dalian XP Project: Relocation and Expansion  24
      2.1.2  Xiamen’s PX Project: Relocation  25
      2.1.3  Ningbo’s PX Project: Abortion  26
  2.2  The China Model Driven by Government–Firm Collusion  26
### 4 Collusion and House Prices

4.1 An Overview of Exorbitant House Prices in China  
4.2 Three Different Views About Exorbitant House Prices  
4.3 The Institutional Background of Housing Market Control  
  4.3.1 Fiscal Decentralization Between the Central Government and Local Governments  
  4.3.2 Housing and Land Reform  
4.4 High House Prices Driven up by Collusion  
4.5 Results of Econometric Tests  
  4.5.1 Model Specification  
  4.5.2 Data Description  
  4.5.3 An Analysis of Regression Results of Housing Variables  
  4.5.4 Robustness Test  
4.6 Summary  
Notes  
References

### 5 Pollution, Illegal Land Use, and Other Major Social Problems

5.1 Environment Pollution  
  5.1.1 An Overview of Pollution in China  
  5.1.2 Collusion and Pollution  
5.2 Illegal Use of Land  
5.3 Local Negative Externalities  
5.4 Smuggling  
5.5 Food Safety  
5.6 Other Major Problems  
5.7 Summary  
Notes  
References
Part II  The Impact of Collusion and Institutional Environment

6  The Impact of Collusion on Corporate Behaviors and Political Performance Assessment  125
   6.1  Collusion Hindering Technological Innovation  126
       6.1.1  The Facts of Technological Innovation in Chinese Enterprises  126
       6.1.2  Collusion Hindering Innovative Motivation  126
       6.1.3  Collusion and Corporate Development and Research: An Empirical Analysis  132
   6.2  Collusion Distorting Total Factor Productivity  136
       6.2.1  Collusion and Productivity: A Theoretical Analysis  136
       6.2.2  Collusion and Productivity: Evidence  138
   6.3  Collusion and Enterprises’ FDI  142
       6.3.1  An Overview China’s FDI Trend  142
       6.3.2  Obstruction of Overseas Acquisition and Merger  144
       6.3.3  Double-Edged Sword Effect of Collusion  145
   6.4  Summary  147
Notes  148
References  150

7  The Impact of Collusion on Government Behaviors  155
   7.1  The Relationship Between Collusion and Corruption  155
       7.1.1  Collusion and Corruption: A Theoretical Analysis  155
       7.1.2  Collusion and Corruption: An Empirical Analysis  158
   7.2  Collusion Aggravating Government Soft Budget Constraints  159
       7.2.1  Soft Budget Constraints  159
       7.2.2  A Case Study: A Tragedy of Photovoltaic Industry  161
   7.3  Summary  163
Notes  164
References  165
8 **The Impact of Collusion on Social Development** 167
8.1 Harm to Supervision by Public Opinion 167
  8.1.1 Supervision by Public Opinion and Collusion: Theory and Evidence 167
  8.1.2 Collusion Obstructing Supervision by Public Opinion 171
8.2 Collusion and Income Distribution 175
  8.2.1 Collusion Affecting Channels of Income Distribution Gap 175
  8.2.2 Collusion, Extensive Mode of Growth and Labor Income Shares (LIS) 177
8.3 Collusion Hindering the Development of Social Organizations 179
  8.3.1 The Value of Non-governmental Organization 179
  8.3.2 Collusion: A Hindrance to Nongovernmental Organizations 180
8.4 Collusion Increasing Cost of Reform 182
  8.4.1 Reasons for Early Reforms 182
  8.4.2 Obstructions of Further Reforms 183
8.5 Summary 185
Notes 185
References 187

9 **Institutional Environment of Collusion** 189
9.1 Centralization, Decentralization and Collusion 189
  9.1.1 Different Combinations of Political and Economic Systems 189
  9.1.2 Political Centralization: An Inevitable Contributor to Collusion 191
9.2 Cyclical Collusion 195
9.3 Policy Traps and Discretionary Power 198
9.4 Regional Competition and Collusion 199
9.5 Summary 200
Notes 201
References 202
## 10 Reform Prospects of the China Model

10.1 Demographic Dividend, Extensive Mode of Growth and Collusion

10.1.1 The China Model: Polyhedral Equilibrium
10.1.2 Unsustainability of Extensive Growth Model Driven by Demographic Dividend
10.1.3 A Theoretical Analysis: Transaction Cost Neutralizing Demographic Dividend
10.1.4 Way Out: Improving Institutional Quality Through Reforms

10.2 Out of Whipping Top Equilibrium: From Collusion to Cooperation

10.2.1 Trap of Whipping Top Equilibrium
10.2.2 From Collusion to Cooperation

10.3 Drawbacks of This Book and Future Research Topics

Notes References

Appendices

Further Reading

Index
Collusion, Local Governments and Development in China
A Reflection on the China Model
Nie, H.
2017, XIX, 249 p. 14 illus., Hardcover
ISBN: 978-981-10-5058-9