## Contents

### Part I The China Model of Economic Reform and Opening-up

1 **A Theory of Transition Economics** ........................................ 3  
   1.1 Economic Transition and Issues Addressed by Transition Economics ........................................ 3  
   1.2 The Path of Economic Transition and Path Dependency .............. 7  
   1.3 Achieving Economic Transition Through Development .............. 11  
   1.4 Accomplishing Economic Transition Through Social Harmony ................. 13  
   1.5 Succeeding in Economic Transition Through Cooperation .............. 16  

2 **Economic Transition and Theoretical Innovations** ......... 21  
   2.1 Exploring a Socialist Development Path with Chinese Characteristics Based on China’s Economic Conditions ................. 21  
   2.2 The Basic Economic Institutional Framework for the Primary Stage of Socialism ......................... 24  
   2.3 The Ongoing Construction of a Socialist Economic System with Chinese Characteristics ......................... 28  

3 **Evolutionary Market-Oriented Reform in China** ........... 33  
   3.1 Initial Marketization: The Development of a Non-State-Owned Economy ........................................ 33  
   3.2 Development Amid Withdrawal: The Strategic Adjustment of the Layout of State Economy .............................. 39  
   3.3 Property Rights Reform of State-Owned Enterprises: Structural Realignment of Assets ......................... 45  

4 **Understanding the Establishment of Market Order** .......... 51  
   4.1 The Objectives for the Establishment of Market Order .............. 51  
   4.2 Constructing an Ordered Competitive Market .......................... 56  
   4.3 The Construction of a Unified Market .................................. 61  
   4.4 The Synergy Effect of Market Order .................................. 64
5 The Reform of the Public-Goods Supply System ......... 69
5.1 Expanding the Coverage of Public Goods Supply and the Solution to the Supply-Demand Contradiction ....... 69
5.2 Charges for Impure Public Goods and Principles for the Middle-and-Low-Income Groups .................. 72
5.3 The Entry of the Private Sector into the Supply of Public Goods with Public Finance in the Lead .......... 74

6 The Transformation of the Open-Economy Model .......... 79
6.1 The Contemporary Dilemma of Comparative Advantage ........ 79
6.2 The Implications of Transforming from Comparative Advantage to Competitive Advantage .............. 82
6.3 Building International Competitive Advantage with Scientific Innovation ........................... 86

Part II The China Path to Economic Development

7 Sustaining Factors for China’s Economic Growth ........ 95
7.1 Economic Engines of China’s Rapid and Continuous Growth in the Opening-up Era ...................... 95
7.2 Searching for New Growth Engines with New Development Concepts ................................... 99
7.3 Promoting Economic Growth on New Development Mode ..... 103
7.4 Conclusion ............................................. 106

8 Changing the Economic Development Model .......... 109
8.1 The Evolution of Economic-Growth Theory and Development of the Implications of the Growth Model ... 109
8.2 The Efficiency of Capital Input and Intensive-Growth Mode ... 112
8.3 Economies of Scale and Intensive Economic Growth .......... 115
8.4 Technological Progress and the Intensive-Growth Mode ...... 118
8.5 Supplementary Essay I: On the Transformation of Economic-Growth Mode ............................... 122
8.6 Supplementary Essay II: On the Transformation of the Economic Development Mode ................... 125

9 The New Economy and Its Influence .................. 129
9.1 A Revolutionary Transformation in the Mode of Production ... 129
9.2 Knowledge and Human Capital in the New Economy .... 131
9.3 Convergence of Knowledge and Technology Innovation .... 134
9.4 E-Commerce and Industrial Innovation ................ 136

10 Developing an Innovation-Driven Economy .......... 139
10.1 Scientific Discovery and an Innovation-Driven Economy ... 139
10.2 Transforming Two Major Innovation Mechanisms ........ 141
10.3 Linking Knowledge Creation and Technological Innovation .... 146
11 Integrated Urban-Rural Development .................................. 151
   11.1 Industrialization Goes Before Its Back Feeding
       of Agriculture .................................................. 152
   11.2 Asymmetry Between Feeding and Back Feeding Widens
       Urban-Rural Disparity .......................................... 155
   11.3 Comprehensive Back Feeding in Intermediate
       and Advanced Stages of Industrialization ...................... 160
   11.4 Local Governments as a Key Sponsor for the Back Feeding
       of Agriculture and Rural Areas .............................. 164

12 Modernization in Terms of China’s “Three Rural Issues” .... 171
   12.1 A Basic Assessment of the “Three Rural Issues” ........ 172
   12.2 Modernizing Agriculture by Introducing Modern
       Factors of Production ......................................... 174
   12.3 Promoting Rural Modernization by Integrating Urban
       and Rural Areas ................................................. 177
   12.4 Urbanizing Farmers to Promote Rural Modernization ........ 180

13 The Consumption-Driven Economic Growth Model ............. 185
   13.1 Driving Economic Growth with Consumer Demand .......... 185
   13.2 Strengthening Consuming Power and Expanding
       Consumer Demand .............................................. 188
   13.3 Developing a Consumer Economy to Expand the Supply
       of Consumer Demand .......................................... 191

14 The Evolving Economic Thinking of the Communist Party
   of China .............................................................. 195
   14.1 New Democratic Economic Thought .......................... 196
   14.2 Economic Thoughts During the Transition Period
       to Socialism ...................................................... 199
   14.3 Exploration of Socialist Economic Construction ............ 201
   14.4 Socialist Economic Thoughts with Chinese Characteristics .. 204

15 Innovation in China’s Economic Development Theory ......... 213
   15.1 Innovating Development Economics: A Fresh Start ........ 213
   15.2 Driving Consumption and Adjusting Objectives
       of Economic Development ...................................... 215
   15.3 Driving Innovation and Adjusting the Path to Economic
       Growth .......................................................... 218
   15.4 Driving Domestic Demand and Changing the Engine
       of Development .................................................. 220
   15.5 Modernization and Changing the Development Pivot Point ... 224
The China Path to Economic Transition and Development
Hong, Y.
2016, XXIII, 234 p. 1 illus. in color., Hardcover
ISBN: 978-981-287-842-7