

Preface

China is now in the process of two transitions: The first is the domestic transition initiated by the passing of Deng Xiaoping, the designer of the reform and opening-up policies, in February 1997. The leadership of the Communist Party of China (CPC) led by General Secretary Jiang Zemin has been solidifying the post-Deng hierarchy through the smooth July reversion of Hong Kong, the successful September Party Congress, and the much publicized October visit of General Secretary Jiang to the United States. The second transition is more of an international nature. The currency crisis in Southeast Asia which began with the collapse of the Thai baht in July 1997 had spread to ASEAN countries and South Korea by the end of the year. Much hope was pinned on the defense of the Chinese renminbi and the Hong Kong dollar to stem the Asian currency crisis. The failure of the Asian economies is a major change in the environment surrounding China – in which the steadily rising curve of economic growth is predicated on political stability.

What direction will China take in view of this situation? The Party Congress, held once every five years, represents a valuable opportunity for obtaining a grasp of the political and economic trends in China. It is there that the leadership of the CPC is ratified and where the framework of the policies for the next five years – the “roadmap” – is laid out.

A “roadmap” is inseparable from actual geographic conditions. The route to be taken and the maximum speed differ depending on where the mountains and rivers are located. It is necessary to change the time anticipated for reaching the destination depending on the road conditions. Sometimes, even the destination itself is altered. The Chinese leaders have to continue driving the nation forward in a fast changing environment while carrying a huge 1.3 billion passengers.

This report is aimed at showing this “roadmap” of China. It attempts to objectively analyze whether the giant “bus” known as China will manage to reach a “stable, medium level stage of development” by the beginning of the 21st century and what kind of obstacles await it there. Our map does include basic features of the Chinese terrain such as its politics, foreign relations, military, economy, and society, but is rough in details. Many other features such as the Taiwan question and the problem of the ethnic minorities were not covered. We look forward to constructive criticism from our readers and to our next opportunity for analysis.

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The Editor

The views expressed in this paper are those of the authors and do not necessarily coincide with those of the Institute of Developing Economies.