

# **Handbook of CASS Forum 2010**

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## **I. Brief Introduction to the Chinese Academy of Social Sciences**

### **(CASS)**

The Chinese Academy of Social Sciences (CASS), the highest academic research organization in the fields of philosophy and social sciences, is a national center for comprehensive studies in the People's Republic of China.

CASS was established in May 1977, out of the Department of Philosophy and Social Sciences, Chinese Academy of Sciences. It has had four previous presidents, namely, Professor Hu Qiaomu, Professor Ma Hong, Professor Hu Sheng and Professor Li Tieying. The current president is Professor Chen Kuiyuan.

Before the founding of CASS, the Department of Philosophy and Social Sciences, Chinese Academy of Sciences consisted of the following 14 research units with more than 2,200 staff members: the Institute of Economics, Institute of Philosophy, Institute of World Religions, Institute of Archaeology, Institute of History, Institute of Modern History, Institute of World History, Institute of Literature, Institute of Foreign Literature, Institute of Linguistics, Institute of Law, Institute of Nationality Studies, Institute of World Economy and Research Division of Academic Information and Materials.

From 1977 to 1981, CASS expanded to include the following new research institutes: the Institute of Industrial Economics, Institute of Rural Development, Institute of Finance and Trade Economics, Institute of Journalism (now the Institute of Journalism and Communication), Institute of Marxism-Leninism and Mao Zedong Thought, Institute of Sociology, Institute of Population Studies, Institute of Ethnic Minority Literature, Institute of World Politics (later it was combined with the Institute of World Economy to form the Institute of World Economics and Politics), Institute of American Studies, Institute of Japanese Studies, Institute of West European Studies (now the Institute of European Studies), Editorial Office of *Social Sciences in China*, China Social Sciences Publishing House, Graduate School and Office of Committee for Compilation and Publication of Guo Moruo's Works. The Institute of Soviet Union and East European Studies (now the Institute of East European, Russian and Central Asian Studies), Institute of West Asian and African Studies and Institute of Latin-American Studies were also incorporated into CASS during this period.

Since 1981, CASS has established in succession the Institute of Quantitative and Technical Economics, Center for Documentation and Information, Research Center for Chinese Borderland History and Geography, Institute of Political Sciences, Institute of Taiwan Studies as well as the Institute of Asia-Pacific Studies.

Currently, CASS is made up of 31 research institutes and 45 research centers, with a total staff more than 4,200 personnel, among whom 3,200 are research fellows (1,676 with senior professional rank and more than 1,200 with intermediate professional rank).

Boasting complete disciplines, a great number of professionals and abundant data, CASS has been creatively conducting theoretical exploration and policy studies, with the mission to raise the overall level of the studies in social sciences and humanities in the course of China's reform, opening-up and socialist modernization.

**Address: 5, Jianguomennei Dajie, Beijing**

**Post code: 100732**

**Telephone: (010) 85195999 (operator)**

**<http://www.cass.net.cn>**

## **II.A Brief Introduction to the Institute of Economics of the Chinese Academy of Social Sciences (CASS)**

The Institute of Economics of the Chinese Academy of Social Sciences (CASS) grew out of the Institute of Social Survey of the Chinese Education and Culture Foundation established in 1929. In 1934, the Institute of Social Survey merged with the Institute of Social Sciences of the Academia Sinica, and the name of the Institute of Social Sciences remained unchanged. It was renamed the Institute of Social Studies of the Academia Sinica in 1945. After New China was founded in 1949, it was renamed the Institute of Social Studies of the Chinese Academy of Sciences (CAS). In 1953, it was renamed again the Institute of Economics of the Chinese Academy of Sciences (CAS). The current name of the Institute of Economics of the Chinese Academy of Social Sciences (CASS) has been used ever since 1977. So far, the Institute of Economics has developed into a comprehensive economic research institution, which combines the studies of theoretical economics, applied economics and historical economics (including economic history and history of economic thought) and gives priorities to basic theoretical studies.

### **I. Research Directions and Tasks**

The Institute of Economics studies both theoretical economics and applied economics. Currently, following Deng Xiaoping Theory, sticking to and practicing the important thought of Three Represents, comprehensively carrying out Scientific Development Concept, it focuses on studying socialist economic issues with Chinese characteristics. On one hand, against the background of transforming economic development mode, it studies important theoretical and practical issues, such as industrial structure adjustment, income distribution among urban and rural residents, macro-control and policy implementation. On the other hand, by bringing into play the advantage of its talent pool, it studies China's modern and contemporary economic history and the history of economic thought home and abroad. In particular, it closely follows the new trends in the development of economic thought in the world, extensively adopts and absorbs new methods and new theories of modern Western economics, and continuously makes new achievements in comprehensive studies on special subjects.

### **II. Staffs Structure and Main Research Activities**

At present, the Institute of Economics has a total of 135 staffs, including 46 senior researchers, 35 associate researchers, 24 intermediate researchers. These three types of researchers account for 78% of the total staffs.

The Institute of Economics currently comprises 8 departments. Their main research

fields are as follows:

(1) Department of Macroeconomics: It studies macroeconomics and institutional economics and international economics closed related to macroeconomic issues.

(2) Department of Microeconomics: It studies China's enterprises and their related system, policy and theory.

(3) Department of Political Economy/Department of Capital: It studies basic theories of political economy, explores major theoretical and practical issues arising in the course of China's economic system transition and economic development, and provides basic theoretical support for the development of applied economics and major national guiding principles and policies.

(4) Department of Economic Growth Theory: It studies theoretical and empirical issues concerning economic growth and fluctuation home and abroad.

(5) Department of China's Contemporary Economic History: It studies economic development history of the People's Republic of China, economic history of Hong Kong, Macao and Taiwan since the founding of the People's Republic of China and economic history of revolutionary base areas and liberated areas prior to the founding of the People's Republic of China (1927-1949).

(6) Department of China's economic history: It mainly studies China's modern economic history, in the meantime of studying China's ancient economic history.

(7) Department of Contemporary Western Economic Theory: It comprehensively follows the latest development of modern Western economic theory and the studies on the history of Western economic theory conducted by contemporary scholars, systematically summarizes the development path of Western economic thought and fully grasps the development trend of Western economic thought.

(8) Department of history of China's economic thought (Department of Development Economics): It studies the history of economic thought both in China and foreign countries (with an emphasis on studies on development economics).

### **III. Domestic and Foreign Academic Communications**

The Institute of Economics has established good cooperative relationships with international economic research institutions, relevant organizations and bodies, successfully held many important international academic activities and conferences and exerted an active influence. It has conducted researches on dozens of special topics and projects in collaboration with relevant government bodies and numerous

colleges and universities.

#### **IV. Graduate Training**

The Department of Economics of Graduate School of CASS is set in the Institute of economics. It offers 5 authorized PhD programs and Master programs of theoretical economics, with specialities of political economy, history of economic thought, economic history, Western economics and development economics, and 1 authorized Master programs of applied economics, with specialities of national economics. Presently it has 26 PhD tutors and 20 Master tutors.

#### **V. Library and Network Center**

The library of the Institute of Economics has a total collection of more than 700,000 volumes of books, among which there are 540,000 volumes of books in Chinese language (including 6,500 kinds, over 19,000 sets and more than 140,000 volumes of ancient books and local history archives (annals)), 150,000 volumes of books in foreign language and 50,00 kinds of newspapers and periodicals in Chinese and foreign languages. As far as the discipline structure is concerned, the books are mainly related to economics, as well as to relevant disciplines, such as philosophy, politics, law and history. The library has established a computer network system and uses an integrated library management system to perform operations. It employs the method of standardized cataloging and provides about 110,000 items of catalog data regarding its collected books in Chinese and foreign languages, available for inquiries made through the inner network of CASS. Since 1995, it has become the central library for Academy-wide researches on economics.

The main tasks and functions of the network center are to establish the outlet of computer local area network and microwave city area network covering Institute of Economics, Institute of Industrial economics and Institute of Finance and Trade Economics and to take charge of the construction, maintenance, operation, management and security monitoring and control of network equipments and functional softwares related to the local area network, under the unified planning and leadership of the network center of CASS.

#### **VI. Periodicals**

The Institute of Economics now sponsors three periodicals. They are as follows:

(1) *Economic Research Journal* (monthly publication). Current Editor-in-Chief: Pei Changhong. It was founded in 1955 and is publicly issued home and abroad. Adhering

to the characteristics of technical, up-to-date, innovative and forward-looking, basing itself on China's realities and facing the frontier of world-wide economic theoretical research, it is devoted to publishing high-level theoretical articles of principle significance on various economic issues arising in the course of reform and opening-up, economic development and system transition, so as to push forward the modernization of China's economy and economics.

(2) *Economic Perspectives* (monthly publication). Current Editor-in-Chief: Yang Chunxue. It was founded in 1960 and is publicly issued home and abroad. It actively reflects the development of domestic and foreign economic theory and economic thought, and with the characteristics of technical, policy-based, forward-looking, practical, informative and comprehensive, attracts numerous readers and becomes a favorite periodical for those conducting theoretic researches, teaching at universities and working in practical economic departments.

(3) *China's Economic History Research Journal* (quarterly publication). Current Editor-in-Chief: Liu Lanxi. It was founded in 1986 and is publicly issued home and abroad. It sticks to the guidelines of seeking truth from facts and letting a hundred schools of thought contend, accepts or rejects articles constantly based on the principles of new theory, new method, new material and new issue and has become a rather influential periodical in the circles of economic history studies.

Current Director of the Institute: Pei Changhong

Deputy Directors of the Institute: Zhu Ling, Zhang Ping, Liu Lanxi, Yang Chunxue

Address: No. 2, Yuetanbeixiaojie, Fuwai, Xicheng District, Beijing

Postcode: 100836

Tel: (010)68030264 (010)68034303

E-Mail: kyc-jjs@cass.org.cn



### **III.A Brief Introduction to ZEF**

The Center for Development Research (ZEF) was founded in 1995. ZEF's research aims at finding solutions to development-related issues. ZEF is an institute affiliated to the University of Bonn by being directly subordinated to the University's senate. The work of the Center is supported by an external, international Advisory Board.

#### Research

ZEF offers a broad and integrated perspective on development. Since development is rarely constrained by a single problem within a single discipline, ZEF works on crosscutting themes of central importance for the developing world. The research programs build on the methods and analytical styles of the disciplinary research areas and link and integrate knowledge and capacities from these different areas. ZEF's three research departments are:

- Political and Cultural Change
- Economic and Technological Change
- Ecology and Natural Resources Management

Results of ZEF's research are published in book series, in the ZEF Discussion Papers on Development Policy, and in renowned academic journals.

#### Capacity Building

Through its doctoral program - the interdisciplinary Graduate School for Development Research - ZEF contributes to strengthening the international development research community in Germany, Europe and the developing world. In its interdisciplinarity, size and concept the program is unique and has become an internationally renowned institution.

#### Policy Dialogue and Public Awareness

ZEF maintains an active dialogue with representatives from governmental and non-governmental bodies, as well as with national and international organizations for science and development cooperation and with the private and business sectors. The Center organizes international conferences and expert rounds on development issues and is involved in processes with a policy impact on topics such as Biodiversity and Land degradation. To reach out to a non-scientific audience, ZEF organizes Lecture Series, publishes Policy Briefs, a newsletter (ZEF news) as well as an Annual Report. The ZEF homepage provides up-to-date information on ZEF's activities and staff. ([www.zef.de](http://www.zef.de))

#### International Networking

Collaboration with outstanding academics and scientists from research centers in developing countries as well as other countries all over the world is an important part of the partnership effort. ZEF strives at involving both private sector and government organizations in development cooperation to benefit from its activities.

## **IV.A Brief Introduction to GTZ China**

### **GTZ China – German Partner for Sustainable Development**

The federally owned Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH is an international cooperation enterprise for sustainable development with worldwide operations that has been working in China for more than 25 years.

Today, GTZ fosters China's reform process as outlined in the 11<sup>th</sup> Five-Year-Plan, to build a harmonious, resource-saving society and strives for a balance between economic growth, social equality and environmental protection. The challenges surrounding resource efficiency and climate change issues feature highly on GTZ's agenda.

GTZ China works primarily for the German Federal Ministry for Economic Cooperation and Development (BMZ). It also operates on behalf of other German ministries in particular Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU). Besides, it has also international clients, such as the European Commission and private enterprises. GTZ works on a public-benefit basis.

Currently, GTZ provides policy advice in China to upper level decision-making institutions and holds international dialogues with national decision makers promoting the many aspects of sustainable development. It offers technical advisory services for pilot projects in both the public and private sectors.

At present about 31 seconded experts and 135 national personnel are involved in 43 projects and in 8 public-private partnership (PPP) initiatives in China.

#### **GTZ China focuses on:**

- Economic and Social Reform
- Legal Advisory Services
- Financial Sector Development
- Vocational Training and Labour Market Policy
- Environmental Policy
- Energy Management
- Natural Resources Management
- Sustainable Urban Development
- Corporate Social Responsibility
- Climate

In China GTZ operates in fields where German participants have solid experience and competitive advantages. By virtue of the longstanding nature of its cooperation and

the expertise of German specialists, GTZ has developed close ties with Chinese networks and is building upon this relationship to foster German-Chinese cooperation. This makes modern technical cooperation an effective and valuable component of German policy, which sustainably supports Germany's interests in China.

**Contact:**

Deutsche Gesellschaft für  
Technische Zusammenarbeit (GTZ) GmbH

Dr. Astrid Skala-Kuhmann  
Country Director GTZ China

GTZ Office Beijing  
Sunflower Tower 1100  
37 Maizidian Street, Chaoyang District  
100125 Beijing, PR China

T +86-10 -8527 5180  
F +86-10- 8527 5185  
E [gtz-china@gtz.de](mailto:gtz-china@gtz.de)  
I [www.gtz.de/china](http://www.gtz.de/china)

## V. Conference agenda

2010/10/22 ( Friday )

Venue : Hall 2, Floor 1, Convation Center of Beijing International Hotel

### Session 1 : Opening session                      Chaired by: Changhong Pei

9 : 00—9 : 10      Opening speech, Weiguang Wang, Executive Vice-President (Ministerial level) of Chinese Academy of Social Sciences

9 : 10—9 : 30      The situation and challenges of China's agriculture, rural economy and development

Xiwen Chen                      deputy team leader and office director of Central Rural Work Steering Team, as well as deputy director of the Central Financial and Economic Steering Team Office

9 : 30—9 : 50      Improve Investment Structure for Sustainable Economic Development

Yang Li                      Vice President of the Chinese Academy of Social Sciences (CASS) and member of the Leading Party Group of CASS

9 : 50—10 : 10      International Agricultural Policies and Food Security

Joachim von Braun              Applied and agricultural economist, professor, Director of the Center for Development Research (ZEF) ,the University of Bonn

10 : 10—10 : 20      Comment

Zhuoyuan Zhang              Senior Research Fellow of the Institute of Economics of CASS and academician of CASS.

10 : 20—10 : 45      Discussion

10 : 45—11 : 00      Break

### Session II: Poverty Alleviation and Social Protection                      Chaired by: Ping Zhang

11 : 00—11 : 20      Monitoring and Evaluating the Poverty Reduction and Social Protection: A Case Study of China

Shaohua Chen                      Senior Statistician in the Development Economics Research

Group of the World Bank

- 11 : 20—11 : 40 A Guaranteed Minimum Income? Theory and Evidence on China's Di Bao Program  
Martin Ravallion Director of the World Bank's Research Department
- 11 : 40—12 : 00 Improving Equity and Sustainability of Social Protection System in China  
Ling Zhu Professor, Deputy director of Institute of Economics, the Chinese Academy of Social Sciences (CASS)
- 12 : 00—12 : 10 Comment  
Wei Liu Section Chief of the Rural Old-age Insurance Section under Social Insurance Administration Center of the Ministry of Human Resources and Social Security
- 12 : 10—12 : 35 Discussion
- 12 : 35—14 : 00 Lunch
- venue : Room 5, Floor 1,  
Conference Center of Beijing  
International hotel

**Session III: Population, Healthcare and Education**      **Chaired by: Chunxue Yang**

- 14 : 00—14 : 20 The Crises of Finance, Food and Climate: Implications for Social Protection and Human Development  
Tony Addison Professor, Chief Economist and Deputy Director of the UN University's World Institute for Development Economics Research (UNU-WIDER) in Helsinki, Finland
- 14 : 20—14 : 40 Social Protection Policy – Issues Related to Concept with Experience from India  
Sukhadeo Thorat Economist, chairman of the University Grants Commission
- 14 : 40—15 : 00 Reform of the Social Sector in Ukraine: Achieving Effectiveness and Financial Balance  
Yevhen Prypik scientific researcher at the Department of demographic

potential reproduction of the Institute for Demography and Social Studies of the National Academy of sciences of Ukraine, expert of the trade and economic mission of the Embassy of Ukraine in the People's Republic of China

15 : 00—15 : 10

Comment

Xiaolin Wang

Chief of research section of the China International poverty alleviation

15 : 10—15 : 35

Discussion

15 : 35—15 : 50

Break

#### **Section IV. Employment and Income Distribution**

**Chaired by: Lanxi Liu**

15 : 50—16 : 10

Impact for income distribution from Financial crisis

François Bourguignon

Professor, Director of the Paris School of Economics ,  
Former Chief Economist and first Vice President of the  
World Bank in Washington

16 : 10—16 : 30

An analysis of the causes and policy implications of “migrant worker shortage”

Fang Cai

Professor, Director of Population and Labor Economics  
Research Institute, the Chinese Academy of Social Sciences  
(CASS)

16 : 30—16 : 50

China's Current Income Distribution Status and Countermeasures

Zhong Wei

Research fellow of Institute of Economics, the Chinese  
Academy of Social Sciences (CASS)

16 : 50—17 : 00

Comment

Shiji Gao

Senior Research Fellow and Deputy Director General,  
Department of Development Strategy and Regional  
Economy, Development Research Center of the State  
Council

17 : 00—17 : 25 Discussion  
17 : 25—17 : 35 Closing speech  
Joachim von Braun  
17 : 50 Dinner

**venue : Hall 5, Floor 1,  
Convention Center of Beijing  
International hotel**

**2010/10/23 ( Saturday )**

**Venue : Hall 2, Floor 1, Convetion Center of Beijing International Hotel**

**Informal seminar /Dialog : Research methodology of Income Distribution Chaired by:  
François Bourguignon**

9 : 00—9 : 30 **Research methodology of Income Distribution**  
Martin Ravallion Director of the World Bank's Research Department  
9 : 30—10 : 30 Discussion  
10 : 00—10 : 15 Break  
10 : 15—11 : 30 Discussion  
11 : 50 Lunch

**venue : Starlight Revolving Restaurant, Floor 28, Beijing International Hotel**



**2010/10/24 ( Sunday )**

Foreign specialist Visiting village : **Liuminying Village, Daxing District, Beijing**

Departure time : **8:30**

## VI. Files (Abstracts)

### **1. The situation and challenges of China's agriculture, rural economy and development**

Xiwen CHEN

The global financial crisis had a major impact on China's agriculture and rural economy. But the Chinese government took a series of measures to gain an upper hand in this battle against this crisis. As a result, the overall situation of rural reform and development is better than expected. It should also be noted that problems such as abnormal climate and long-term constraints to economic and social development are not fully eliminated, new problems keep emerging, and China's rural reform and development are still haunted by a series of challenges. In related to China's agricultural and rural economic situation and problems in reform and development, this paper elaborates the priorities of China's agriculture and rural economy in 2010, and discusses in depth the reform of basic operating system of agriculture, urbanization, development of the new countryside, and the relationship between urbanization and farmers' transition to citizens.

This paper concludes that China's agricultural and rural development in 2010 must ensure stable grain output, increasing income of farmers, and good momentum of rural development. Greater efforts should be made to coordinate urban and rural development, and further consolidate agricultural and rural development. This paper stresses that China's rural population accounts for the vast majority and will continue to be large in future. Therefore, basic rural operating system must be kept stable, and land system cannot be regarded simply as a matter of economic system. It should be regarded as a major issue concerning rural social structure and even political system. In the course of urbanization, priority should be put on small-and medium-sized cities, as well as small towns, so as to create conditions for farmers to work in nearby locations. Meanwhile, efforts should be made to promote agricultural modernization.

The global financial crisis that broke out in 2008 had a profound impact on China's agriculture and rural economy. The year 2009 is the most difficult year for China's development since the dawn of the new century. However, China's rural reform and development still made much headway thanks to the leadership of the Party Central Committee and the State Council and with the concerted efforts of cadres and people in the countryside: first, annual grain output reached 530.8 billion kilograms, which marks an output growth of six consecutive years since reform in 1978. Second, per capita income of farmers had a rapid growth of six successive years, up by 5,153 yuan. Third, employment of migrant workers greatly improved. It returned to the level

before the global financial crisis in September 2009. Fourth, rural welfare programs made rapid progress in terms of rural utilities, roads, housing, education, culture, health and social security. Basic public services in the countryside improved. Fifth, rural reform made rapid progress. Collective forest rights reform is carried out, which greatly stimulated rural productivity. There was rapid development in the specialized cooperatives of farmers, reform and development of supply and distribution cooperatives, solution to the debts of rural compulsory education, reform of township institutions, and institutional reform of county and township financial administration.

Difficulties facing 2010 cannot be underestimated. Agricultural and rural development of 2010 must ensure that there is no decline in grain output, steady increase of farmers' income, and good momentum of countryside development. The central countryside working conference held at the end of last December described the theme of agricultural and rural work of 2010 as balancing of urban and township development and further consolidation. It clarified the basic requirements for rural reform and development for current and future periods, which include: first, balance urban and rural development. This is the fundamental requirement in building a well-off society in all ways. Second, improve rural welfare. This is a major task in adjusting national income distribution. Third, expand rural demand. This is a key measure in expanding domestic consumption. Fourth, develop modern agriculture. It is the key to transforming the pattern of economic development. Fifth, develop socialist new countryside and urbanization. This is a lasting force in maintaining steady and fast economic development.

*Challenge I: ensure the supply of farm goods* Currently and in a long period to come, China's countryside, agriculture and farmers are facing three challenges: ensure the supply of farm produce, stabilize basic countryside operating system, and balance urbanization with the development of new countryside. Key factors affecting the supply of farm produce include farmers' enthusiasm, arable land area, infrastructure and technology progress. Due to population, resource and environmental pressures, the pressures of farm produce supply will exist on a long-term basis. In 2009, China's arable land area was 1.826 billion *mu* and sown area 2.35 billion *mu*. Of which, sown area of grain is no less than 1.6 billion *mu*. Various measures are taken to increase grain planting to 1.6 billion *mu* using economic leverage. Otherwise, if output cannot reach 500 billion kg, it cannot meet market demand. Other priorities include water conservancy infrastructures, high standard farmland, agricultural technology innovation and promotion, improvement of market systems for farm produce, as well as creation of a solid eco-safety screen. Development of seed industry is a weakness and should be enhanced as a strategic priority.

*Challenge II: stabilize basic operating system of agriculture* Currently,

rural population still accounts for the majority and will continue to be large. Rural basic operating system should be kept stable. Land system should be seen not simply as a matter of economic system. It should be seen as a major issue concerning rural social structure and even political system. In recent years, some local governments have carried out reform, pilot programs and innovation to lease land to companies and turned agricultural land into construction land. This had an obvious impact on the stability of this system. Reform of rural land administration should accommodate three basic matters: 1. Protect agricultural land from being used for non-agricultural purposes. 2. Improve rural community collective organizations to stabilize rural social structure and political system. Third, protect the status of agricultural households as primary agricultural operators, enhance organization, and improve rural services run by private operators.

*Challenge III: how to promote urbanization* Currently, there is much controversy over how to advance urbanization. But the following questions must be made clear:

First, the relationship between urbanization and new countryside development. For a long time in history, China will still have a large population living in the countryside. Hence, China must give equal importance to urbanization and countryside development. Urbanization alone is not the answer to questions of rural development.

Second, urbanization and the transition of farmers to citizens. Urbanization is primarily the spatial expansion of cities, which do not actually provide opportunities and conditions for citizens. The Central Economic Working Conference of 2009 explicitly put urbanization at an important position, and identified the important task to turn qualified agricultural population into urban population. This priority is consistent with China's reality.

Third, urbanization layout. In recent years, urbanization primarily takes place in China's coastal regions and big cities. Facts have proven that due to high cost of living, it is difficult for farmers to become normal citizens there. The Central Economic Working Conference of 2009 explicitly required that the development of small-and mid-cities and small towns should be priorities. This requires that in industrialization and urbanization, China should continually improve economic structure and industrial layout, so as to give more opportunities to small-and mid-sized cities, small towns and especially counties and central towns, and create conditions for the relocation of farmers. On the basis of relocating farmers to cities, China should expand the operating scale of farmers and develop professional cooperatives and agricultural productions run by private operators. These efforts will pave the way for China's agriculture to embark on a path of modernization.

## II. Improve Investment Structure for Sustainable Growth

Yang LI

Old problems coupled with new ones in the “post-crisis era”

The key word for “post-crisis” is still crisis, and it will take a long time for the economy to recover. The old problems are still there - problems that caused this once-in-a-century global financial crisis. On the other side, extraordinary rescue measures in various countries are showing their negative effects, and this has become a new concern.

“Old problems”: we still have the old problems in the real economy and financial sector during the post-crisis era. In the real economy, global economic imbalances and consequent economic imbalances of various countries have worsened instead of being resolved. Second, uneven development between the South and North has worsened, as seen in the uneven access to resources, information and say in international affairs.

Problems in the financial sector are still there during this financial crisis: first, financial development has “detached” from the real economy. Instead of serving the real economy, financial development may bring side effects to it. Second, the effect of monetary policies is diminishing. Third, financial regulation is too lax, and increasing over-the-counter and off-balance-sheet activities have made regulation more difficult. Fourth, governance mechanisms of the financial sector are distorted. Fifth, international currency system is still far from reasonable.

New problems: various countries took vigorous extraordinary measures during the crisis. They helped stop economic decline but also caused new troubles: economic structure becomes distorted, and countries of production, consumption and resources are in greater conflicts with each other. Globalization is disrupted by trade protectionism. Second, astronomical supply of money and credit may cause inflation, particularly asset price inflation, which is a problem that there is yet no effective ways to resolve. Third, fiscal deficits have seriously worsened and made economic adjustment more difficult. Fourth, economic operation is in disorder.

“China riddle”

Three engines: China’s consumption to GDP ratio declined, investment ratio stable, and export ratio increased. Financial crisis and export protectionism have created barriers to China’s export, which worsened in 2009. In 2010, China’s export will recover, and it is expected that net export will have a positive contribution to economic growth. But export can no longer drive China’s economic growth as much as before. China urgently needs to reduce its dependence on external demand as a growth engine.

Consumption will not become a primary growth engine in the short term. Consumption growth is subject to income growth and redistribution, particularly primary distribution. Primary income distribution must be adjusted if it is to increase domestic consumption. More income should go to the people and less income should go to enterprises and the government. But it is easier said than done.

“China riddle” of high savings and investment. Since reform and opening-up, China’s savings

rate has been high and has the tendency to increase. High savings and low consumption are the two sides of the same coin. Whenever there are savings, there should be an outlet to absorb such savings. But savings can only be absorbed by either investment or export. This has caused the “China riddle” of high savings, investment, foreign exchange reserve, and economic growth rate.

High investment may reflect unknown potential factors. Sustained high investment persists despite public decries and restrictive policies. It means that there are still potential factors in China’s economic operation that we need to examine closely. Furthermore, it is possible that the economic theories supporting high investment may be incorrect and inapplicable. We need to first look at the current stage of economic development when we discuss the “China riddle”. Once China’s industrialization and urbanization are complete and “demographic dividend” disappears, China’s savings rate will decline and domestic consumption will become the pillar of economic growth. This new situation that we will be facing will be no less complex.

How to transform the economy? High savings, investment, export and growth with low domestic consumption have persisted in China for almost twenty years and are still deeply rooted in China’s economy. We can expect to achieve this transition in the long term, rather than in a short period of time. Simply compressing investment will not work and may even endanger economic growth.

Improve investment structure to transform growth model

The question should be raised based on the above analysis: how to transform economic growth pattern by optimizing investment structure for sustainable development? Measures include: first, investment should give priority to employment. Different investment areas and projects will have different effects on employment. Investment must give priority to employment. In this sense, developing small and medium-sized enterprises (SMEs) and private economy is of strategic importance. Financial sector must adapt to and promote this transition. Second, adjust the regional structure of investment. Third, improve the industrial structure of investment.

(4) Improve equity/debt structure of investment capital. Indirect financing holds sway in China, while equity investment is in serious undersupply. Cash held sway in the financial crisis, but in future equity investment will play a greater role in China in the long time to come. China should develop its capital market to create mechanisms conducive to the formation of equity capital.

(5) Change investment entities. China’s private investment is not growing as fast as government investment. Monopoly should be reduced to promote investment liberalization. In particular, restrictions on private and foreign capital should be loosened.

(6) Make investment projects more commercially sustainable. China should reform the pricing mechanism of welfare and social infrastructure to transform investment incentives and economic growth pattern.

(7) Investment should focus on urbanization. China’s industrialization is in the mid and late period and should advance hand in hand with urbanization. There should be more investment on social infrastructure instead of economic infrastructure.

(8) Application of technologies is the key. Innovation and technology development are China’s national strategies towards the future. Support of the financial system, especially the capital market, plays a crucial role in this process.

### III. **International Agricultural Policies and Food Security** **Joachim von Braun**

Regarding the food crisis, we are not yet in a “post-crisis” phase. Food and nutrition insecurity have increased in the context of the inter-linked food and economic crises of 2007-2010. The food crisis actually came first while overlapping with the onset of the economic recession, and may actually have had some role in the onset of the latter due to the inflationary forces of food and energy prices to which macro policies reacted. Not only food and energy markets but also food and financial markets have become closely linked and these links pose new and added risks and uncertainties for the poor especially in least developed countries. Volatile food prices continue to undermine the food and nutrition security of the poor.

The food price crisis of 2007-08 was the consequence of neglected investment in agriculture in many developing countries, inappropriate agriculture energy subsidization policies in industrialized countries and then triggered by adverse weather events and exasperated further by export restrictions, lack of appropriate regulation of commodity trade and speculation. On top of these factors and triggers are the deficiency in the governance of food, nutrition and agriculture, especially at global level.

Actions in four areas are called for:

#### ***1: Agricultural technology for the poor, services, and investment***

Technological breakthroughs, and their adoption on a large scale as in the Green Revolution in Asia in the 1960s and 1970s, have been critical in preventing food insecurity. Numerous studies have shown that spending on agricultural research and development (R&D) is among the most effective types of investment for promoting growth and reducing poverty. Advances in plant breeding and biotechnology have increased crops’ nutritional value, their suitability to subtropical and tropical weather conditions, and their resistance to diseases and pests. Genetic modification (GM) has been successful in creating beneficial traits such as disease resistance, environmental improvement, higher nutritional value and increased yields – traits which can be difficult to achieve through traditional breeding techniques. If investments in public agricultural research were doubled, agricultural output would increase significantly and millions of people would emerge from poverty. If these investments were targeted at the poor regions of the world—Sub-Saharan Africa and South Asia—overall agricultural output growth would increase by 1.1 percentage points a year and lift about 282 million people out of poverty by 2020.

The increased complexity of agricultural production and food supply chains has introduced new risks of food contamination; millions of adults and children suffer from the ill-health effects of food-borne diseases. Capacity for prevention and control is limited, but options for an integrated water management approach for agricultural and domestic needs are substantial. Effective, equitable, inter-sectoral collaboration on action to prevent and control animal borne/food borne microbial zoonotic diseases should be prioritized.

The food security crisis triggered concerns about access to food even in richer countries. This was part of the reasons for growing transnational acquisition of land by financially strong countries to serve their national food security in view of increased scarcity of resources, especially land and water. Internationally coordinated policy action is now needed to make sure that these investments are sound and sustainable, which currently they often are not, as also the World Bank reports. An appropriate code of conduct for host governments and foreign investors intending to acquire land in developing countries should be developed. FDI in agriculture is an opportunity, but it must not marginalize the poor or add environmental damage.

### ***2: Trade policy and reduction of extreme price volatility.***

Extreme price volatility is an international issue that requires international action. The two sets of measures proposed here, are:

1) Better regulation: Excessive speculation opportunities in food commodities should be curbed by regulations, i.e. costs of speculation should be increased (e.g. through capital deposit regulations), and transparency of futures trading needs to increase.

2) Innovative grain reserves policies: global collective action for food security enhancing grain reserves is needed, composed of three elements: a small, independent physical reserve should be established exclusively for emergency response; a modest reserve shared by nations at regional or global level; a virtual reserve intervention mechanism – a World Food Reserve Bank - to help avoid price spikes.

### ***3: Expand social protection and nutrition policies***

Agriculture production and trade related action is necessary but not sufficient for achieving food and nutrition security. In addition, a set of public service policies is required to address the health and nutrition risks through social transfers, insurances, and health services. Interventions need to be developed and include the following options: Cash transfers to the poor, innovative insurances, and nutritional health actions.

### ***4: redesign the global governance system of agriculture, food and nutrition***

Achieving results effectively for food and nutrition security requires sound organizational arrangements and governance. But the world food and agricultural governance system is in disarray. A re-design should aim for changing that under a new architecture for governance of the global public goods related to agriculture and food. An independent strategic body is needed to overcome the global governance vacuum related to food security. The independence must be assured by positioning this body above any of the agriculture, food and nutrition related UN agencies. This body needs to have the authority to make existing organizations take evidence-based action and to mobilize the necessary resources.

## ***Conclusions***



Prioritization, sequencing, transparency, and accountability are crucial for successful implementation of agriculture, food and nutrition policy. More and better investment is needed, but will only make its full contribution when the governance of agriculture, food and nutrition is being strengthened at international and in many countries also at national levels. Trying to counter institutional failures mainly with investments in technical domains will not work. Especially for reducing global food price volatility appropriate regulation and investments in institutions is needed. Food and nutrition security need to be given high priority among the development issues on the agenda of the upcoming G20 summits and the UN follow up to the Millennium Goals.

## **IV. Monitoring and Evaluating the Poverty Reduction and Social Protection: A Case Study of China**

Shaohua Chen

During last few years, high food prices worldwide and the global financial crisis have slowed down progress of global poverty reduction. The *China Poverty Monitoring Report* by the National Bureau of Statistics shows that the share of food consumption expenditure increases at 2007-2008 first time, after continually decline over last two decades.

This presentation focuses on the data and methodological requirements for effective monitoring and evaluation ranging from the country-level down to the project level. It is impossible to monitor and evaluate any poverty alleviation or social protection program without a proper household survey. Collecting new survey data is very costly. Using existing household surveys and adding some extra questions; linking the different surveys or census together can allow more cost effective monitoring and evaluation. The presentation shares some lessons on these issues based on experience in China.

The presentation begins by outlining a recent update of poverty and inequality measures for China. The data and methodological issues are briefly reviewed. The results indicate that the number of people in China consuming less than \$1.25 per day (the international poverty line now in use by the World Bank) fell and the poverty rate continue to decline across a wide range of poverty lines during 2005-2008. However, because of the high inflation on food items and the high food share among the poor, the poverty rates are

decreasing at a slower speed.

Turning to the project/program level, the presentation discusses the data requirements, illustrated by our evaluative research on the Southwest China Poverty Reduction Program and China's Dibao program. The methodological and data tools needed for evaluation will be described and illustrated by these programs. Policy makers have many questions about such programs. How much impact are China's Poor Area Programs really having on poverty? Is their impact short-lived or lasting? What determines the impact? How does it vary by types of beneficiaries, and what does this imply for the design of future programs. How do we know whether a social protection programs such as Dibao reduces household vulnerability to poverty? How can we assess whether Dibao payments reach poor households? How can we assess their behavioral responses? Do such programs enable poor households to engage in more productive activities, accumulate assets, and attain dynamic benefits? The presentation will illustrate the data and methodological requirements for addressing such questions using the various surveys designed and implements by the World Bank's research team in collaboration with China's NBS.

## V. A Guaranteed Minimum Income? Theory and Evidence on China's Di Bao Program

Martin Ravallion

Theoretical concerns about incentives, targeting and fiscal decentralization arise when cash transfers are used to fight poverty. This presentation will examine how the theory matches up to the reality for what is possibly the largest and most ambitious cash transfer program for poverty relief in the world, China's *Di Bao* program. This program uses means-tested transfers to try to assure that no registered urban resident has an income below a stipulated "poverty line." (The program has recently been extended to rural China, in a modified form.)

All the classic concerns from the public finance literature on transfer programs arise

in the context of the *Di Bao* program. In theory the program creates a poverty trap, by imposing a 100% marginal tax rate (benefit withdrawal rate) on the poor; if income rises by 100 Yuan then DB payments should fall by 100 Yuan. Clearly this would discourage efforts by the poor to escape poverty by their own means.

In practice, however, *Di Bao* does not appear to work this way. Our research using both large cross-sectional surveys by the National Bureau of Statistics and a specially designed panel survey over two years (2007 and 2009) reveals little sign of poverty traps due to high marginal tax rates. The main reason appears to lie with how *Di Bao* is implemented in practice at local level, whereby local agents help “smooth” the rate of benefit withdrawal. Indeed, this may well happen too much; our research suggests that, rather than being too high, the benefit withdrawal rate (or marginal tax rate) is too low in practice to be considered optimal.

So does the program have a large impact on poverty? Our research suggests that targeting performance is excellent by various measures; indeed, *Di Bao* appears to be better targeted than any other program in the developing world. However, most measures of targeting found in the literature turn out to be uninformative, or even deceptive, about the program’s impacts on poverty. We find that the majority of the poor are not receiving help, even with a generous allowance for measurement errors. While on paper, *Di Bao* would eliminate urban poverty, it falls well short of that ideal in practice.

We also find that the program generates considerable horizontal inequality. In theory, the informational advantage of decentralizing the eligibility criteria for a federal antipoverty program such as *Di Bao* could come at a large cost to the program’s performance in reaching the poor nationally. Whether this happens in practice depends on the size of the local income effect on the eligibility cut-offs.

Our research indicates that poorer municipalities adopt systematically lower *Di Bao* thresholds—roughly negating inter-city differences in need for the program and generating considerable horizontal inequity, whereby poor families in rich cities fare better. The income effect is not strong enough to undermine the program’s overall poverty impact; other factors, including incomplete coverage of those eligible, appear

to matter more.

The main conclusion from this research is that the *Di Bao* program does not work in practice the way it was designed, though (on balance) that is a good thing, given the risks of creating poverty traps. To have a greater impact on poverty, and come closer to attaining its goal, the *Di Bao* program needs to increase its level of disbursements, mainly by increasing coverage, especially in the cities with high *Di Bao* lines.

#### **Further reading:**

Shaohua Chen , Martin Ravallion and Youjuan Wang, “Does the *Di Bao* Program Guarantee a Minimum Income in China’s Cities?” in *Public Finance in China: Reform and Growth for a Harmonious Society*, edited by Jiwei Lou and Shuilin Wang, Washington DC: World Bank, 2009.

Martin Ravallion, “Decentralizing Eligibility for a Federal Antipoverty Program: A Case Study for China,” *World Bank Economic Review*, Vol. 23, 2009, No. 1, pp. 1-30.

## **VI. Improving Equity and Sustainability of the Social Security System in China**

ZHU Ling

Over the past 30 years a rapid economic growth and substantial poverty reduction have been achieved in China. However, income inequality has increased remarkably during the same period. In 1981, the Gini Coefficient was estimated at 0.280, which escalated to 0.468 in 2006. Urban-rural disparity is the most decisive factor influencing the income distribution and it contributed 42.2% to the income inequality. Urban-rural disparity is also one of the significant factors accounting for income gaps across regions and industries, as well as unequal access to education and healthcare.

The existing social security system in China is in itself inequitable, therefore tends to broaden the urban-rural gap rather than narrowing it. In 2002, the monetary value of per capita social security that urban residents received was equivalent to 53% of their disposable income. If this were added to the income of urban residents, the urban-rural income gap would have increased from the range of 3.1 to 3.3 times to more than 4.5 times, with the Gini coefficient further pushed up by 10%. While this only reflects the urban-rural gap concerning entitlement to social security, in fact, an investigation of the overall social security coverage reveals that the disparities are also particularly significant across regions, industries, residents with urban and rural permanent residential registrations (“Hukou” in Chinese), gender, occupations and social strata.

Segmentation of the social security system in China compromises both its equity and efficiency. Employees in the public sector, particularly civil servants, are “overprotected”, while employees in the non-public sector, especially farmers and rural migrant workers, are “under-protected”. Most notably, the segmented pension insurance system not only impedes labor mobility but also raises administrative costs. Policies of developing the New Rural Cooperative Medical System and New Rural Pension Insurance Program, as well as policies of facilitating migrant workers’ participation in the social security system for urban workers, help promote the equity of social security. However, competition among local governments to win a “welfare championship” and the heavy burden caused by welfare overspending on local finance put a big question mark over the sustainability of social security programs.

Given such situation, the mid- and long- term goal of social security system development should be “to provide social security access to everyone”. It implies that any citizen will be able to fall back on social security in his/her predicament, despite his/her life-cycle stage. In the coming five to six years, the objective should be based on the principle of providing basic social security and expanding its coverage, thereby establish more equitable access to social security and adjust the initial distribution of income and wealth. The policy implication of “providing basic social security” is that the living standard guaranteed by the state must not fall below the respective urban and rural poverty lines defined by income or consumption. The gradual extension of such social security measures to the whole society then forms the process of “expanding coverage”. Moreover, tax incentives can be offered to enterprises, institutions and individuals to buy commercial insurance or make saving arrangements to meet their additional security needs above the basic level. The following measures are suggested to address the Equity and Sustainability issues of improving the social protection system:

1. To steer the development process of the social security system clear of a “regional welfare championship” or even a nationwide “Great Leap Forward” type of expansion, it is on the one hand necessary to stop using social insurance coverage as a performance indicator for government officials, on the other hand, the central government needs to issue guidance on improving the old-age allowance and assistance system in regions not yet ready for implementation of the social security program, especially the poorer regions. It can be anticipated that the urban-rural inequalities in social security will be steadily reduced through expansion of social insurance coverage, enhancement of social assistance and merit goods provision.

2. While recognizing urban and rural differences, the classification of formal and informal employment can be used as a criterion for categorizing insurants to be covered by different segments (schemes) of the same type of insurance programs (e.g. pension program, healthcare program). The various segments (schemes) can then be integrated or reorganized into one entity under each insurance program, with the purpose of eventually eliminating the segmentation problem in China’s social security system. Meanwhile, social security programs should also be designed appropriately to match the various employment patterns and income levels of rural migrant workers, so as to entitle them to the same level of basic social security as urban employees.

3. Lower the contribution rates to the Old-age Insurance Schemes in order to enhance its appeal to low-income groups. Participants of pension schemes for urban workers should be allowed to entrust their personal accounts to commercial insurance companies, while low-income earners such as migrant workers should be allowed not to set up personal accounts. A minimum pension level should be guaranteed to augment payments to the low-income recipients, so as to make sure the pension they receive is not lower than the poverty line. Since women constitute the majority of the aged low-income groups, the minimum pension guarantee system will help promote gender equality in distribution of the retired income.

4. Civil servants and staff of government-affiliated institutions should be equally included in the Urban Medical Insurance and Old-age Insurance Schemes, so as to alleviate the resistance to the social security reforms in the public sector and reduce social security inequalities between the public and non-public sectors. Meanwhile, tax cuts should be leveraged to incentivize enterprises and institutions to voluntarily provide employees with complementary commercial pension and medical insurance.

5. The use of public funds for poverty reduction should be restructured in such a way that the share of expenditures on production projects is lower while that of social programs is higher. At the same time, coverage of the subsistence allowance system should be extended to all poor.

6. Fiscal reform must be furthered. The central government should take more responsibility in social security provision to ensure that the revenues of local governments match their increasing public expenditures. With an aim of narrowing regional disparities in social security, public transfers to less developed regions should be augmented to endow local governments with adequate resources to fulfill their responsibilities in social expenditure.

## **VII. The Crises of Finance, Food and Climate: Implications for Social Protection and Human Development**

Tony Addison

The global economy is passing through a period of profound change, as it responds to three crises in the areas of finance, food and climate change. Each has serious implications for poverty and human development within the context of the Millennium Development Goals (MDGs) that the world hopes to achieve by 2015. Social protection to cope with the impact of the three crises is essential to preserve recent reductions in poverty and achieve progress in countries where poverty remains deep-rooted (the so-called 'fragile states', many of which are in Africa).

The immediate concern is with the financial crisis of 2008-09 and its aftermath. This is the first of the three major crises. But the crisis of food and hunger is returning with a vengeance: the era of 'cheap' global food appears to be over (it was never in any case cheap enough for the chronically poor) and the 2010 spike in the prices of wheat and corn is an ill-omen. In part the price upsurge is partly caused by the return of financial liquidity to commodity markets (a side-effect of the unprecedented monetary easing) but is largely driven by more fundamental forces: rising urbanization and the associated increased demand for food globally. The food crisis is also

interacting with the most important crisis of all, that of climate change. This is not only through the increased demand for biofuel crops, and the consequent reallocation of land towards their production, but also the pernicious and longer-term impact of climate change in reducing agricultural productivity and raising the number of food-vulnerable people. When we focus on the first crisis, that of finance, we should not neglect the other two factors: food and climate.

The global financial shock of 2008-09 originated in the world's most advanced financial systems, and is very much a crisis of the *developed* world. The emerging and developing economies were affected initially, via reduced demand and lower prices for their exports, reduced private financial flows (as global capital markets locked up), and falling remittances. While the emerging and developing economies have rebounded, and in many cases maintained strong growth (notably China, India and Brazil), the dangers are evident. The US economic recovery has been anemic and the UK and Eurozone economies remain weak due to high levels of public and/or private debt.

The resulting pressure on the budgets of OECD-DAC donors is likely to limit, or even reduce, Official Development Assistance (ODA). This will impact on the MDGs and human development, since ODA remains a hugely important source of finance, via budget support, for investments in social protection and pro-poor public services in the very poorest countries. Financial crises have long-lasting effects on GDP and this will reduce the ability of OECD-DAC countries to meet the UN target of raising ODA to 0.7 per cent of national income. Africa in particular will be affected by any weakening in ODA flows. However, most African countries faced the 2008-09 recession in far better macro-economic shape than was the case in previous global economic downturns. There is also some scope to increase their level of sovereign borrowing and thereby finance at least part of their social protection and human development investments via borrowing—therefore reducing their dependence on grant aid.

Provided that the finance, by whatever means, becomes available, what should countries implement in the area of social protection? There are at least three key priorities. First, social protection must become more systematic and less ad hoc. Shocks such as the financial crisis of 2008-09 are almost bound to reoccur (financial crises have become more frequent over the last 20 years). Systematic social protection will reduce the costs of provision that are high when social protection is a temporary response to crisis. Moreover, social protection must also deal with the two other major crises we face: food and climate change. Second, social protection must be used to construct growth strategies around the needs of the poor. In this regard, social protection can help to build (or rebuild) the social contract between states and peoples, which is evidently weak in what have come to be known as the 'fragile states'. Third, social protection is necessary to help countries adjust to further global trade liberalization, offsetting any negative impact on the poor, and helping to rebuild the domestic political support that is needed to restart multilateral trade liberalization under the Doha round (which has largely stalled). None of this will be easy: it requires political commitment at both national and international levels, finance, and a willingness to address the global threats of food insecurity interlinked with climate change.

To conclude: the three crises—of finance, climate change, and food—interact to endanger the prosperity of current and future generations. Each has implications for international aid and underline the need for concerted action if recent progress in social protection and human development is to be sustained up to the MDG target date of 2015 and beyond.

## **VIII. Social Protection Policy – Issues Related to Concept with Experience from India**

Sukhadeo Thorat

The concept of Social Protection has gone through changes from its original purpose of safeguards against risk and vulnerability. While the concept of ‘social protection’ continue to include the major attributes of formal “social security measures for vulnerability” but it also now encompasses the measures to overcome the deprivation and provide income support on long term basis so that vulnerability and risk are minimised. In developing countries, social protection policy has been developed to address the country specific problems. For instance in India, in addition to the social protection measures against vulnerability and deprivation, the measures are also undertaken to provide protection against social exclusion and discrimination for the communities facing discriminatory access to economic and social rights.

This development in regard to the meaning of social protection also raises interrelated issues. In so far as expanded concept of social protection recognised that safeguards against risk and vulnerability are as necessary as against deprivation, it also recognised both are closely interconnected. High deprivations of the persons make them more vulnerable for risk and fluctuation in the assured income and employment. The casual worker without assets and skill are more vulnerable than those who possess some assets and skill and human capabilities. This also means that there is a link between level of human development (which include access to income earning assets, employment and social needs like education, housing and health), vulnerability and risk. Those who are deprived of resources, physical and human are more suitable to risk than others. In other words, there are interrelations between the vulnerability and deprivation on the one hand and “inequality in access to resources – physical and human. The societies characterised with greater degree of inequalities which results into large section in society without necessary resources, will have high demand on the social protection measures to provide not only safeguards against vulnerability but also the measure for providing necessary resources and reduce deprivation. Therefore it is possibly necessary to study the cross country experiences of social protection policies in different inequality scenario. This will provide insights and lessons for mutual learning.



## **IX. Reform of the Social Sector in Ukraine: Achieving Effectiveness and Financial Balance**

Yevhen Prypik

In the beginning of 1990s, with the collapse of the Soviet economic system, it became clear that the social protection system lacked justice and objectivity. As a result the amount of money allocated to the social programs was considerably increased during 1990s when Ukraine began to finance its social protection programs. By the end of 1990s the total amount allocated to social protection made up almost 40% of the GDP or almost two third of the total expenses of the country. During that period, about 60 programs of allowances of different kinds were introduced. In fact, 40% of Ukrainians were provided with some kind of allowance from the central government.

According to the constitution of Ukraine, it defines the right of citizens to social protection including the right to receive benefits in case of full, partial or temporary loss of working capacity, loss of the bread-winner, unemployment, as well as for old age and in other cases defined by law. This right is guaranteed first of all by obligatory state social insurance covered from the insurance contributions of the citizens, enterprises, institutions and organizations as well as from the budget.

In order to implement the norms of the Constitution and to develop the concept of social provision of the population of Ukraine, the parliament of Ukraine adopted the a framework law as a means of introducing obligatory state social insurance in Ukraine alongside with the basic principles of the Ukrainian legislation on obligatory state social insurance. These basic principles determine the general legal, organizational and financial principles of social insurance for Ukrainian citizens and aim at:

- determining the categories of the population to be covered by social insurance;
- determining the state guarantees with regard to protecting the rights and interests of citizens entitled to a pension as well as to social services and cash allowances in case of permanent or temporary inability to work, unemployment, birth of a child, necessity to look after a small child, disease of a family member, death of a citizen and members of their family etc.

The financial costs of these programs are to be covered by the contributions of employers and employees (the exception is industrial accident and occupational disease insurance). The rate of contributions will be determined annually by the Parliament along with the national budget. Every insurance fund will have an independent institutional framework. Parliament and the government determine all the key issues such as the amount of benefits and contributions. Each of the funds will be managed on a three-party basis (equal number of delegated representatives of the trade unions, the employers and the state). Hence, state does not manage insurance funds centrally, it delegates the management functions to the social partners.

For various reasons most of the legislative standards (particularly those that refer to the

amounts of the allowances) have not been realized and the more radical reforms have to be implemented. Thus, the result of the first changes carried out by the Ukrainian government in order to meet the increasing demand to reform the social protection system, was the policy that had heightened, rather than relieved, the problems specific to the social provision system of the former Soviet Union. Also, the social insurance system does not ensure the basic existential security of the Ukrainian citizens.

## **X. Shortage of Migrant Workers: Cause and Policy Implications**

Fang CAI

Around the Spring Festival of 2010, the shortage of migrant workers once again culminated in the coastal regions. This phenomenon boils down to changing economic cycles and long-term demographic structure in the labor market. Tight supply of migrant workers is related to improved macroeconomic situation, but is more a continuation of the labor shortage since 2004. The root cause is a decline in the growth rate of working age population.

### **Demographic transition: root cause of labor shortage**

Working age population is the premise of labor supply. With China's demographic transition to low birth-rate, growth of rural working age population has slowed down. The number of migrant workers kept declining before the financial crisis. Surplus agricultural labor has been almost exhausted. By 2015, supply of working age population from countryside (7.3 million) will be insufficient to meet urban demand (6.96 million). On the other hand, aggregate urban employment excluding rural migrant workers continues to grow steadily. If we take urban employment growth tendency as an indicator of labor demand, it means that the increasing labor shortage has its root cause in supply and demand relations and foretells that labor supply will no longer be unlimited. In this sense, transformation in long-term labor supply and demand is the fundamental cause of labor shortage.

### **Growing pains: changing labor market**

Migrant workers are originally rural surplus labor. With China's unique social system of urban and rural divide, there has been an abundant surplus labor in the countryside. Long pent-up labor market failed to tap this potential resource. With labor migration after reform and mitigations in rural surplus labor, market mechanisms began to play an increasingly effective role in allocating labor resources. Most migrant workers have received junior intermediary education and do not have special skills. They do not have social security, cannot afford losing jobs, and therefore tend to accept low wage. Although this group is less likely to face structural and frictional unemployment, they are disrupted by periodical unemployment.

### **Warmth after the chills: fluctuations in the labor market**

China's stimulus package and resultant economic recovery during the financial crisis from 2008 to 2009 are the direct cause of labor shortage after the Spring Festival of 2010. Different from the past, the stimulus package only had 7% in manufacturing, down from 45% of previous versions, 76% in construction, up from 46%, and 17% in services, up from 9%. This investment mix increased job opportunities to migrant workers, and its contribution to non-agricultural jobs went up by 16.4%.

Job opportunities increased in central and western regions thanks to policy shift of the stimulus package and industrial rejuvenation plan, together with the relocation of labor-intensive industries starting well before the financial crisis. When the counter-crisis measures were taken and export began to restore, there emerged a massive labor demand. But changes on the supply side makes shortage have made shortage inevitable.

**Policy implications: opportunities for all-round improvement in labor income**

Shortage of migrant workers marks a turning point in economic development: Lewis turning point. If properly managed, it will help bring about major changes in China's economic and social landscape: (1) labor shortage reflects the shortage of ordinary workers. When employers raise salary, ordinary workers like rural residents are the first to benefit. This will improve income distribution and social harmony; (2) labor shortage will be an opportunity to upgrade industries in the coastal regions and relocate old industries to the central and western regions. This will improve industrial mix and economic sustainability; (3) labor shortage will challenge local authorities to attract and retain labor force by improving working and living environment, increasing social security coverage, raising minimum wage standard, and lowering threshold for migrant workers to acquire urban residence certificates.

The key to creating these opportunities lies in the creation of policy conditions to raise wage levels, improve public service, upgrade and relocate industries in the eastern, central and western regions, and build labor market systems. Specifically, government roles are in the following areas: (1) expand social security for migrant workers; (2) develop income growth mechanisms using legal and labor market systems; (3) relocate labor-intensive industries to central and western regions using market mechanisms; (4) Enhance education and training to train skilled labor.

## **XI. China's Current Income Distribution Status and Countermeasures**

Zhong Wei

**Abstract:** The reform and opening-up have paved a way of rapid economic growth for China, but meanwhile it aggravated inequality of income distribution. Chinese residential income gap has kept expanding, accompanied by the widening gap among regions and industries. The wide income gap has already become a focus of attention of the society. During the past ten odd years, the proportion of labor remuneration and the household sector's income in the national income have been declining as well, further complicating China's income distribution situation.

In this paper, the author analyzed how the residential income gap and the macro distribution pattern take shape, mainly from the following aspects: technical advance and improvement in the return on assets, local governments' strategic priority on economic growth, the rising proportion of migrant workers and their weak bargaining power; decline in the formal sector's employment and rapid wage increase in monopolized industries, the huge income gap between management and ordinary staff and the income distribution during the rapid urbanization process. For better income distribution, the author thought that we should seek for measures that can increase the labor remuneration proportion and bridge the residential income gap, and we should

orientate the reform towards progress in these two areas.

Based on reason analysis, the author put forward some policy suggestions regarding adjustment of the income distribution from the perspective of income-distributing guidelines, government appraisal, reduction in indirect tax, the wage negotiation mechanism, trade unions and increase in farmer's income, etc.

## XII. Bio-bibliography

### **Weiguang Wang**

Wang Weiguang, Doctor of Philosophy, Tutor of doctoral candidates and Professor, currently serving as the Deputy Secretary of Party Committee and Executive Vice-President (Ministerial level) of Chinese Academy of Social Sciences. Mr. Wang Weiguang is the alternate member of the 17<sup>th</sup> CPC Central Committee, representative of the 16<sup>th</sup> and 17<sup>th</sup> National Congress of CPC, representative of the 10<sup>th</sup> National People's Congress, Member of the Law Committee of the National People's Congress, Director-General of China Marxism Research Foundation, President of the Deng Xiaoping Theory Research Society, Member and Principal Expert of the Consultative Committee for Promoting the Research on Marxism Theory and Construction Project. Mr. Wang was awarded with the honor of "Ph.D with Outstanding Contributions" issued by the State Council in 1987, and enjoys special government allowances.

Mr. Wang has long engaged in researches on Marxism theories and philosophies as well as major theories and issues in China's socialist reform, opening up and modernization drive. In recent years, he has focused on researching the system of socialist theory with Chinese characteristics. He has made some innovations in his studies of the scientific thought of development, construction of a harmonious society, socialist contradictions and growth momentum as well as contradictions among the people. He has managed several National Philosophy and Social Sciences Fund Projects and published more than 30 academic books, including *Socialist Contradictions, Momentum and Reform, On the Way of Life of a Society, On Political System Reform, Control Theory, Information Theory, System Science and Philosophy, Economic Interests, Political Order and Social Stability, Theory of Interest, Theory of Innovation, Research on the Important Thought of Three Represents, Research and Practice of the Scientific Thought of Development, Research and Practice of the Harmonious Socialist Society, Efficiency, Equity and Harmony—on Contradictions among the People in New Periods and the Socialist Harmonious Society, Basic Issues about the Scientific Thought of Development, Basic Issues about Theory of the Socialist Harmonious Society, Wang Weiguang's Personal Anthology, Wang Weiguang's Lectures and Research on the Work in Party School*. He has compiled several works including *Basic Issues about Marxism, A Survey of the Important Thought of Three Represents, Research and Practice of Building a New Socialist Countryside, A Survey of the Scientific Thought of Development and General History of Socialism* (Eight volumes). He has translated *History and Class Consciousness* and *Survey of Western Political Thought*, and has published more than 300 papers in national newspapers and magazines such as *People's Daily, Guangming Daily* and

*Seeking Truth.* Several papers have been reprinted by *New China Digest.*

## **Xiwen Chen**

Xiwen Chen, famous economist in China, native of Danyang, Jiangsu province. Born on July 10, 1950. September 1968: Sent to Heilongjiang Production and Construction Corps. 1978: Admitted to the Department of Agricultural Economy of Renmin University. 1982: Institute of Agricultural Economics, CASS after graduation in the same year. 1985: deputy director and director of Development Research Institute, Agricultural Development Research Center, the State Council. July 1990: deputy director and director of Rural Economic Research Division of the Development Research Center of the State Council. From 1994 to 1998: seconded to the Central Financial and Economic Steering Team Office. 2000: deputy director of the Development Research Center of the State Council. 2003: deputy director of the Central Financial and Economic Steering Team Office, director of Central Rural Work Steering Team Office. 2009: deputy team leader and office director of Central Rural Work Steering Team, as well as deputy director of the Central Financial and Economic Steering Team Office.

## **Yang Li**

*Li Yang* is the Vice President of the Chinese Academy of Social Sciences (CASS) and member of the Leading Party Group of CASS. Prof. Li currently serves as a member of the Academic Division of CASS; Research fellow and Ph. D supervisor; and Adjunct Professor at Renmin University of China, Fudan University in Shanghai, Nanjing University, and China University of Science and Technology in Anhui. He also serves as Vice President of the China Society for Finance & Banking; Vice President of the China Public Finance Society; Vice President of the China Society for International Finance & Banking; Former member of Monetary Policy Committee, People's Bank of China; and a member of the Research Center for Interdisciplinary Study in the Natural and Social Sciences at the Chinese Academy of Sciences. He was awarded the Honorary Title of "National Outstanding Specialists with Remarkable Contributions to the Country" by the State Council in 1992. Professor Li has published 23 monographs and over 400 articles and working papers, and has organized or participated in around 40 State-Level Research Projects and International Cooperative Studies. He has been awarded the Sun Yefang Economics Prize, the most distinguished prize for economics in China, no less than five times. Professor Li graduated with a BA in political economy from Anhui University in 1981, obtained a Master's degree in money and banking at Fudan University in 1989, and completed his Ph.D in public finance at Renmin University of China in 1989. He was a visiting professor at Columbia University in 1998-1999.



## **Joachim von Braun**

Joachim von Braun is an applied and agricultural economist, with a Doctoral degree from University of Goettingen, Germany. He joined ZEF in December 2009. He was also a Director at ZEF during its foundation phase 1997-2002. Before returning to ZEF, von Braun was Director General of the International Food Policy Research Institute (IFPRI) based in Washington, DC, U.S.A. 2002 to 2009. IFPRI provides research based solutions for ending hunger and malnutrition, and while being the primary global institute in the field of agricultural economics and food policy research it is also among the top 1% of institutes engaging in development economics. Under von Braun's leadership IFPRI more than doubled to more than 300 staff members with teams based in Africa, Asia and Latin America. von Braun also has been Professor for Food Economics and Policy at Kiel University, Germany. His published research addresses international development economics topics, incl. science and technology; policy issues of trade and aid; poverty and famine; health, and nutrition, and a range of agricultural economics research issues. von Braun serves on boards of publishers of journals, as well as international advisory bodies of research and policy organizations. 2000-03 he was President of the International Association of Agricultural Economists (IAAE), is member of Academies in Germany and China, Fellow of the American Association for the Advancement of Sciences; among awards received by von Braun are a honorary Doctoral degree from University of Hohenheim, and the Bertebos Prize of the Swedish Academy of Agricultural Sciences.

## Shaohua Chen

Shaohua Chen is a Senior Statistician in the Development Economics Research Group of the World Bank. She manages the Global Poverty database and all developing countries' poverty, inequality estimations at the World Bank since 1991. Her research has focused on poverty and inequality measurement, and program/policy impacts evaluation.

Before joining the World Bank, she was the lecturer of business school of Huazhong University of Science and Technology in China. She received her Master's Degree in Statistical Computing from American University.

## Martin Ravallion

Martin Ravallion is Director of the World Bank's Research Department. His main research interests over the last 25 years have concerned poverty and policies for fighting it. He has advised numerous governments and international agencies on this topic, and he has written extensively on this and other subjects in economics, including three books and over 170 papers in scholarly journals and edited volumes. He currently serves on the Editorial Boards of ten economics journals, is a Senior Fellow of the Bureau for Research in Economic Analysis of Development, a Founding Council Member of the Society for the Study of Economic Inequality and he serves on the International Advisory Board of the International Poverty Reduction Center China.

## **Ling Zhu**

Prof. Ling Zhu is the Deputy Director, Institute of Economics, Chinese Academy of Social Sciences. She acquired her PhD of Agro-economics from University of Hohenheim, Stuttgart, Federal Republic of Germany in 1988 and M.A. of Economics from Wuhan University, Wuhan, China in 1981. Now she is a deputy director in charge of international cooperation in Institute of Economics, Chinese Academy of Social Sciences; and has been a professorial fellow since 1992. Her main research interests are poverty reduction, social protection and rural development issues. Currently she leads a few research teams to conduct the following studies: (1) Health Care and Old-age Security Schemes for Rural Migrant Workers and Rural Residents; (2) Income Distribution Studies; (3) Socioeconomic Development Strategies in Ethnic Minorities Areas.

Prof. Zhu is a member of Advisory Committee for Poverty Reduction Office under the State Council (2010 - ). She is also a member of the Board of Trustee for International Food Policy Research Institute (IFPRI) and a member of Advisory Committee for the Government of the Tibetan Autonomous Region (2006 - ). During the period of 2002-2007, Prof. Zhu served as a Board Member for Asian Scholarship Foundation and she also served as a member of Executive Committee for International Association of Agriculture Economists (IAAE, 2000-2003). Moreover, she joined with the UN task force for poverty reduction served for millennium goal studies during end 1990s.

## **Tony Addison**

Professor Tony Addison is Chief Economist and Deputy Director of the UN University's World Institute for Development Economics Research (UNU-WIDER) in Helsinki, Finland. He was previously Professor of Development Studies, University of Manchester; Executive Director of the Brooks World Poverty Institute (BWPI), University of Manchester (from 2006-2009); Associate Director of the Chronic Poverty Research Centre (CPRC); and Deputy Director of UNU-WIDER. His books include: *From Conflict to Recovery in Africa* (Oxford University Press), *Making Peace Work: The Challenges of Economic and Social Reconstruction* (Palgrave Macmillan), and *Poverty Dynamics: A Cross-Disciplinary Perspective* (Oxford University Press). He was a lead author for *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*.

## **Sukhadeo Thorat**

Prof. Sukhadeo Thorat (Maharashtra) (born ) is an Indian economist and chairman of the University Grants Commission. Sukhadeo Thorat was born in village Mahimapur, Amravati district, Maharashtra, India. He did B.A from Milind College of Arts, Aurangabad (Maharashtra), M.A. in Economics from Dr. Babasaheb Ambedkar Marathwada University, M.Phil/Ph.D in Economics from Jawaharlal Nehru University, and Diploma in Economic Planning, Main School of Planning Warsaw, Poland. The University of Kalyani and Avinashilingam University honoured him by conferring D.Litt on 26.04.2007 and 01.09.2007 respectively.

## **Yevhen Prypik**

Yevhen Prypik, native of Ukraine, city of Kiev. Born on November 11, 1973. 1990: Admitted to the economic and engineering faculty of the Ukrainian state university of food technologies. 1995: Admitted to the Department of demography and labor force reproduction of the Institute of Economics of the National Academy of sciences of Ukraine for post-graduate studies. 1996-1997: post-graduate studies at the Cairo Demographic Center (Egypt). Studied at the program sponsored by the United Nations Population Fund and received a diploma in “Population and Sustainable Development”. 1999-2003: scientific researcher at the Department of labor economics and employment of the Institute of Economics of the National Academy of sciences of Ukraine. 2004-2007: scientific researcher at the Department of demographic potential reproduction of the Institute for Demography and Social Studies of the National Academy of sciences of Ukraine. 2007-2010: expert of the trade and economic mission of the Embassy of Ukraine in the People’s Republic of China.

## **François Bourguignon**

François Bourguignon is back in France, following four years as the Chief Economist and first Vice President of the World Bank in Washington. He has returned to his former position of Professor of Economics at the EHESS (advanced school in Social Sciences) and has been appointed as Director of the recently created Paris School of Economics. Initially trained as a statistician, he obtained a Ph D. in Economics at the University of Western Ontario, followed by a State Doctorate at the University of Orleans in France. His work is both theoretical and empirical and principally aims at the distribution and the redistribution of revenue in developing and developed countries. He is the author of a great number of books and articles in specialized national and international economic journals. He has taught throughout Universities worldwide. He has received, during the course of his career, a number of scientific distinctions/decorations/has been decorated. Through his experience, he is often sought for counsel to Governments and international organisations throughout the world. He has also been a member of the « *Conseil d'Analyse Economique* » to the French Prime Minister.

Recent Publications include: Handbook of Income Distribution (with Anthony Atkinson), The Impact of Economic Policies on Poverty and Income Distribution: Evaluation Techniques and Tools (with Luiz Pereira da Silva), The Microeconomics of Income Distribution Dynamics in East Asia and Latin America. (with Francisco Ferreira and Nora Lustig). At the World Bank, he notably managed the World Development Report for 2006, devoted to “Equality and development”.



## **Fang Cai**

CAI Fang: male, director of Population and Labor Economics Research Institute, the Chinese Academy of Social Sciences (CASS). Graduated from Agricultural Economics, Renmin University in 1982 with a bachelor degree in economics. Graduated from CASS with master and doctoral degree in economics in 1985 and 1989 respectively. Member of National People's Congress and Agricultural and Countryside Commission.

Awarded a Chinese PhD with Outstanding Contributions jointly by National Commission of Education and State Council Degree Commission in 1991. Awarded Middle-aged and Young Expert with Outstanding Contributions by CASS in 1995. Received national honor of Middle-aged and Young Expert with Outstanding Contributions in 1998. Received Distinction Award for Scholars Returned from Overseas Study awarded jointly by seven ministries and commissions in 2003. Received the Second ZHANG Peigang Development Economics Achievement Award in 2008. Received the Fourth China Development 100 Persons Award.

CAI Fang has been closely following the problem of poverty and means of alleviation. He personally conducted in-depth research and survey at the grassroots level and took part in the consultation of economic policy making and subject study. The range of his research includes agricultural development policies, regional economy, economic development strategies and reform strategies, economic growth, migrant population and employment. March 28, 2003, he gave a lecture at a learning session of the Communist Party of China Politburo on world employment trends and China's employment policy research.

## **Zhong Wei**

Wei Zhong, Professor and Director of the Research Department under the Institute of Economics, Chinese Academy of Social Sciences (CASS). He obtained Master's Degree in Economics from School of Economics, *Peking University* in 1991 and Ph.D in Economics from Department of Economics, CASS in 2003. He joined the Institute of Economics, CASS in 1991; Since 1996, he has been with the Income Distribution Research Group of the Institute, focusing on income distribution and related topics. Dr. Wei's researches cover income distribution, health economics, the labor market and regional economic development. Dr. Wei has managed and participated in several research projects that involve cooperation with overseas scholars. He also provides policy consultation services to many central government agencies.

## **Zhuoyuan Zhang**

Zhuoyuan Zhang, a native of Mei County, Guangdong Province, was born in July 1933. He studied in Meizhou Middle School (located in Mei County, Guangdong Province) from September 1944 to July 1950 and in Department of Economics, Zhongshan University (located in Guangzhou City) from September 1950 to July 1953. He graduated from Department of Economics, Zhongnan College of Finance and Economics in July 1954 and was assigned to the Institute of Economics of the Chinese Academy of Sciences (later named Chinese Academy of Social Sciences, CASS) in September 1954. Then he worked as, successively, Learner-Researcher, Assistant Researcher, Associate Researcher and Senior Research Fellow. He also worked as, successively, an editor, Vice Editor-in-Chief and Editor-in-Chief for “Economic Research Journal”. In July 1983, he was transferred to the Institute of Finance and Trade Economics of CASS and worked as Director, Senior Research Fellow, Editor-in-Chief of the Journal of Finance and Trade Economics and PhD Tutor. In December 1993, he was transferred to the Institute of Industrial Economics of CASS and worked as Director, Senior Research Fellow and PhD Tutor. From September 1995 to October 1998, he reworked in the Institute of Economics of CASS, working as Director, Senior Research Fellow, PhD Tutor and Editor-in-Chief for “Economic Research Journal”. He is currently Senior Research Fellow of the Institute of Economics of CASS and academician of CASS.

He is mainly specialized in Political Economy, economics of price and economics of market.

He has so far held part-time social positions mainly as: Member of 9th and 10<sup>th</sup> CPPCC, Advisor to China’s Association of Studies on Price, Vice Chairman of China’s Association of Studies on Urban Economy and China’s Association of Studies on Urban Development, Chairman of China’s Association of Studies on Cost and President of Sun Yefang Foundations for Science of Economics.

He was titled the National Distinguished Middle-Aged and Young Specialist with Outstanding Contributions in 1990 was chosen as the State Special Allowance Grantee in July 1991. He was awarded Sun Yefang Article Prize and Sun Yefang Book Prize on Science of Economics and won CASS Award for Outstanding Research.

His main publications include *Value, Price, Cost and Profit in Socialist Economy* (China Social Sciences Press, 1983), *Socialist Price Theory and Price Reform* (China Social Sciences Press, 1987), *Selected Works of Zhang Zhuoyuan* (Shan’xi People’s Press, 1987), *On China’s Mode of Socialist Planned Commodity Economy* (Jiangsu People’s Press, 1988), *On China’s Price Reform and the Issue of Price* (Economic Management Press, 1995), *On Moderate Macroeconomic Policy and Market-oriented Reform* (Economic Management Press, 1995), *The Relationship between the Establishment of New Price Mode and the Development of Market* (Economic Management Press, 1996), *Facing the Spring of Development* (China Development Press, 1999), *Dictionary of Political Economy* (Editor-in-Chief) (Economic Science Press, 1999), *Economic Thinking about China’s Experience of Reform and Opening-up* (Editor-in-Chief) (Economic Management Press, 2000), *Dispute and Development: Fifty Years of China’s Economic Theory* (Editor-in-Chief) (Yunnan People’s Press, 2000), *On China’s Ownership Reform* (Co-author with Hu Jiayong and

Liu Xuemin) (Jiangsu People's Press, 2001), *China's Economic Reform in the New Century and the New Phase* (Economic Management Press, 2004), *A Collection of Zhang Zhuoyuan's Works* (Shanghai Dictionary Press, 2005).

## Wei Liu

Liu Wei, Bachelor's degree, currently serving as the Section Chief of the Rural Old-age Insurance Section under Social Insurance Administration Center of the Ministry of Human Resources and Social Security. Mr.Liu is fond of learning, observant and proficient in both policy theories and practice. From 2001, Liu Wei has been engaging in organizing the audit of social insurance, and has participated in the formulation of *Measures for the Audit of Social Insurance* as well as related rules and regulations. As the rural old-age insurance gained an importance place on the agenda, the Rural Old-age Insurance Section was established under the Social Insurance Center of the Ministry of Labor and Social Security in early 2007. Mr. Liu was appointed the Section Chief, dealing with researches on policies, handling and administration of the rural old-age insurance, supervising nation-wide pilot of the new type of rural old-age insurance and carrying out innovative social security work for farmers whose land is expropriated and for migrant workers. Liu Wei has compiled some books that are popular among social insurance staff, including *Manual for the Audit of Social Insurance* and *Practice Manual for the Handling of the New Type of Rural Old-age Insurance*.

## **Wang Xiaolin**

Dr. Wang Xiaolin, Chief of research section of the China International Poverty alleviation. He is also a professor in Institute of Social Development and public policy in Beijing Normal University. The main research field is poverty alleviation and human development, public services, public finance policy. Major academic achievements: "structural transformation of rural public services and public finance policy" and "child welfare issues in China", "China's budget system and financing children's education and health services." Main article: "China's multi-dimensional poverty measurement: Estimation and Policy Implications", "Subjective Well-being Poverty of the Elderly Population in China". He was the public finance consultant for World Bank, Asian Development Bank, UNICEF and other international organizations.

## **Shiji Gao**

Shiji Gao, currently a Senior Research Fellow and Deputy Director General, Department of Development Strategy and Regional Economy, Development Research Center of the State Council. He earned a B.Sc in Mathematics from National University of Defense Technologies (China) in 1986 and a Ph.D in Systems Management from City University (UK) in 1992. He worked as a post-doctoral research fellow at Sussex University (UK) between 1992-1995. He joined the Research Institute of China's State Commission for Restructuring Economic Systems (renamed the Institute of Economic Systems and Management, National Development Reform Commission (NDRC) after 2003) in 1996, and served as deputy Division Director, Division Director and then Deputy Director General of the Institute. He has been with Department of Development Strategy and Regional Economy, Development Research Center of the State Council since December 2004. His current interests of research include mainly institutional building for China's economic and social development , regulatory reform in network utilities, and public policies for the information and communications technology (ICT) sector. He has been a member of the Advisory Committee for State Informatization since 2002.

## **Changhong Pei**

Dr. Changhong Pei is the director and party secretary of CASS Institute of Economics. Mr. Pei has long experience on the research of international trade, investment, finance, and service economy. His doctoral dissertation entitled Utilization of Foreign Capital and Industrial Competitiveness was awarded the prize of top 100 outstanding doctoral dissertation issued by the Academic Degrees Committee of the State Council and the Ministry of Education. Since 2003, he has published scores of papers on important publications such as China Social Sciences, Seeking Truth, People's Daily, Economic Research, China Industrial Economics, Financial and Trade Economics and International Trade. He also published more than ten English papers in national and international periodicals, of which two of his research outcomes received awards by the former Ministry of Foreign Trade and Economic Cooperation (now the Ministry of Commerce), and one of his research outcomes received AN Zijie International Trade Research Award of 2008. In 1996, he received special allowance award from the State Council, and in 2005, he was selected in an influential talent development program of the Central Publicity Department for theoretical researchers, writers, journalists, artists and anchorpersons.

Mr. Pei has diverse working experiences. He used to be the Director of Foreign Affairs Bureau of CASS for five years and Director of Institute of Finance and Trade Economy for six years. He received three international exchange titles of honor: October 2000, he received the title of honorary doctorate by the Far East Research Institute of Russian Academy of Sciences; April 2001, he received the title of honorary foreign academician by the Russian Academy of Natural Sciences; July 2001, he was awarded by US Kentucky State Governor Mr. Paule Patton the honorary title of Kentucky Colonel. From February 2003 to September 2004, he was Vice Mayor of Hangzhou municipal government of Zhejiang province in charge of the city's economic reform, government rule of law, foreign affairs, and public finance.

He actively provided theoretical support to the executive research of the Party and the country. On May 31, 2005, he gave a lecture on New Characteristics of Economic Globalization and International Trade Development at the 22nd collective learning session of the Sixteenth Central Politburo; February 6, 2006, upon invitation, he attended an expert workshop chaired by Premier WEN Jiabao to discuss the revision of the government work report; Since 2004, he attended many expert workshops on policy matters of relevant topics chaired by Vice Premier WU Yi and officials with National Development and Reform Commission, the Ministry of Commerce and State Administration of Foreign Exchanges; He also gave lectures on economic matters for the theoretical party commissions of local party theoretical study centers of Hunan province, Jiangsu province, Jilin province, Zhejiang province, Qinghai province, Guangzhou city, Hangzhou city, Shanghai municipality, etc.





## **Ping Zhang**

Dr. Ping Zhang is the deputy director of Institute of Economics, CASS. In 1988, he joined the Institute of Economics, CASS as a research fellow and professor (Ph.D tutor) of Postgraduate School, CASS. Since working in the field of economic research, he participated in and chaired major bidding programs of Social Sciences Fund, national research programs and key research programs of CASS. He took part in and chaired many international academic cooperation programs, and wrote dozens of papers on the basis of theoretical research and survey. His cooperation programs won the SUN Yefang Prize of Economic Science Award for three times and CASS Second Award for Academic Treatises. Most of his theoretical research is on China's economic growth and household livelihood behaviors. He currently works at the Office of Economic Growth Theory, CASS Institute of Economics.

Research programs: he chaired and took part in major bidding programs of Social Sciences Fund, key programs of CASS and many international cooperation programs.

Publication record: he published two books of academic treatise and is editor-in-chief of and took part in the publication of more than ten books. He is the author and co-author of scores of papers (more than a million Chinese characters) published on Economic Research and other key publications. He received Sun Yefang Prize of Economic Science in 1995, 2005 and 2007.

## **Chunxue Yang**

Chunxue Yang, Deputy Director of Institute of Economics, CASS Research fellow at the Institute of Economics, CASS, professor and Ph.D tutor.

From 1979 to 1986, he studied at the Economics Department of Yunnan University and graduated with bachelor and master degrees in economics. From 1986 to 1992, he taught Western Economics, Development Economics and International Finance at Yunnan University of Finance and Economics (formerly Yunnan Finance and Trade College). In 1992, he was admitted to the Postgraduate School of CASS and obtained a Ph.D degree in 1995. Since then, he has been doing research at the Institute of Economics, CASS and began to teach intermediate-level economics course at the Postgraduate School of CASS since 1998. During the this period, he took a concurrent position at Yunnan Economic and Trade Commission from September 2001 to September 2002 as assistant director.

Research field: history of economic thoughts, contemporary Western economics, political economics on actual economic matters. His representative works are Economic Persons and Social Order Analysis, Pursuit of Altruistic Economics, Political Economics Basis for Creating a Harmonious Society, etc.

Main academic achievements:

Economic Persons and Social Order Analysis (Shanghai People's Press and Shanghai Sanlian Bookstore, 1998); Keynes (Hong Kong Chung Hwa Book Co., 2001); Journey of Endogenous Development of Economic Growth Theory (co-author: China Economics Press, 2007)

Translation works:

Natural System of Political Economics (Freidrich Liszt), (Commercial Press, 1997); Public Choice Theory (co-translated with others, China Social Sciences Press, 1999)

## **Lanxi Liu**

Lanxi Liu is the Deputy Director of Institute of Economics, CASS Research fellow at the Institute of Economics. In 1982, she graduated from Yunnan University with a bachelor's degree in history; In 1985, she graduated from the Postgraduate College of CASS with a master's degree in economics. In the same year, she worked at the Institute of Economics of CASS and took the positions of editor and editor-in-chief of China Economic History Research and director of China Economic History Research Office. She also takes a part-time position of external research fellow at the Research Center of Ming and Qing Dynasties of Peking University. Research area: China's trade history and China's modern corporation history.

Research programs she currently chairs or participates in: CASS major research program: China's Recent Corporation History; CASS major research program: China's Modern Economic History 1937-1949; and social science fund program Research on the Long-term Development of China's Urban and Rural Markets.

Main academic achievements: second volume of A General History of China Business (published by China Finance and Economics Press in 2006), co-author. Received the 13th SUN Yefang Prize of Economic Science; China's Modern Economic History 1927-1937 (to be published by People's Press in 2010), co-author; Corporation Development in the Process of China's Modernization (published by Fujian People's Press in 2006), editor-in-chief.