

# Preface

During the last 5 or 6 years, I expanded my academic interest into the area of law and development. Initially, I devoted my attention to the role of law in China's economic development. This appears to be fruitful. China's economic reform policy initiated at the end of the 1970s has significantly changed the nature of China's economy. It has gradually moved away from a rigid planned economy with the public ownership of the means of production toward a socialist market economy. The reform has considerably expanded the Pareto frontier of exchanges or market transactions and resulted greatly in the improvement of human welfare. The past 30 years or so have also provided fertile ground and adequate evidence for scholars to analyze or assess the relationship between the formal law and China's economic development. While the literature in general tends to emphasize the formal legal institutions in economic development, the specific body of literature on China, however, usually favors the view that formal law does not play important roles in China's economic development. This puzzling issue occupied my mind and most of my time from 2008 to 2011. Four chapters in this book focus on this issue, and my positions are fully explained in these chapters.

Since 2010, I started to pay attention to the role of politics in China's economic development. There are two major reasons. First, I edited two books published by Routledge on development in China during my directorship of the Center for Chinese Law at the Faculty of Law of the University of Hong Kong. While I have tried to solicit writings on law, politics and development for the edited books, writings on how politics affect China's economic development are much more limited than writings on how the formal law influences China's economic development. Secondly, my interest in offering a course entitled "Comparative Constitutional Law Theory" led me to consider the issue of the role of politics in economic development. I am a lawyer by trade and received formal training at the University of Toronto Law School. The Toronto Law School, however, is reputable for its theoretical approaches to law from different perspectives, particularly famous for its approaches from economics and philosophy. My earlier experience with law and economics under the influence of Prof. Michael Trebilcock proves to be useful not only in my research on corporate governance but also beneficial on my

studies on law and economic development. While my expertise on economics is at the level of an amateur, I understand the fundamental approach of economics to real-world issues. This economics method of analyzing issues is basically the same as the approach of political science to real-world issues. Naturally, it did not take too much time for me to understand issues on the relationship between political regimes and economic development. Three chapters in this book are devoted to the relationship between politics in China and economic development and far beyond. I am particularly fascinated by the relationship between democracy and the mechanisms on property rights protection, financial market, rule of law, and human capital accumulation. This relationship, to a large extent, is able to explain different paths to civilization.

My intended readers are mainly three groups: (1) legal scholars, students, and lawyers requiring an understanding of the impact of the Chinese legal system on China's economic and political development; (2) scholars and students in political science and economics engaging in the study of China's institutional change; and (3) policy makers and administrators having the need of knowledge of policy and law making in China. The book assumes that readers possess some knowledge of the Chinese legal system, economy, and political institutions.

Portions of this book have been presented at workshops and conferences at the law or business schools of University Abad Oliba CEU, Charles University, Georgetown University, University of Athens, University of Pennsylvania, Cornell University, Shandong University, Zhongshan University, Renmin University, and Beijing University. I thank the participants at these workshops and conferences for their comments and suggestions.

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