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Growing a Private Sector: Economic Development in China

Imagine a country of 1.3 billion people, over a quarter of them living in cities with guaranteed employment, operating under a central authority. Now imagine transforming that country into a free market economy, and shifting workers into a new private sector. That country is China and the transformation has taken, so far, more than 20 years.

Professor Xiao-Yuan Dong studies the policy and social changes that are accompanying China's economic development and its transition from a central planning economy to a market economy.

"Each year a new policy comes out," says Dong. "For example in 1997 about 30 million of China's public sector workers were laid off. How does that affect workers? Does downsizing hurt women more than men?"

Dong compares the experiences of China with those of eastern European countries that moved very quickly to a market economy. She analyzes which strategies allow economic growth, minimize the cost, and make the transition less painful for workers.

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- Xiao-Yuan Dong

"A private sector can't come into being overnight," says Dong. "When a transition country eliminates its public sector overnight, the whole economy takes a free fall. It takes about five to six years to recover. So, for the first five or six years, life was very hard in the Central and Eastern European countries."

China had already developed a large private sector when it laid off its public workers in 1997. For Chinese workers the transition from guaranteed government job to private employment was relatively easier. However, Dong has found that policy changes aren't affecting all workers equally.

"One of the direct consequences of change is that the status of women is deteriorating, particularly with increased gender gap in wages and unemployment," says Dong. "Chinese economists need to pay more attention to these issues, but they have not." So, Dong is organizing a training program for Chinese women economists to learn how to apply modern research techniques to studying the impacts of new economic policies on women. She also supports the economists with mentoring.

A dedicated teacher as well as an inquisitive scholar, Dong says her research has classroom benefits for her University of Winnipeg students. "It has made my lectures more interesting to the students," she reports. In addition to keeping her classes on top of China's changing economy, Dong also gives public lectures about China and other Asian Pacific countries, bringing her global perspective to the community beyond the University.

*To learn more about her research on Economic Development in China, contact University of Winnipeg faculty member Xiao-Yuan Dong at **Xiao-Yuan.Dong@ds1.uwinnipeg.ca***