
Contents

Preface	v
Part 1 Economic Development	1
1. Entrepreneurship Propelling Economic Changes in China	3
2. China's Economic Reform: Retrospect and Prospect	21
3. Review of China's Economic Development in the 20 years Since 1989	25
4. How has the Chinese Government Changed Since the 1980s?	41
5. Why China's Economy has Grown so Rapidly	43
6. China's History and its Human Capital	47
7. China's GDP to Exceed the US GDP in 2020: A Re-estimation of the Forecast	53
8. From Receiving Foreign Investment to Investing Abroad	57

9.	From Learning to Innovating in Science, Technology and Education	61
10.	How will the Chinese Society Continue to Improve?	65
Part 2 Economic Analysis		69
11.	A First Lesson in Microeconomics: Demand for Education in China	71
12.	Supply and Demand for Healthcare in China	75
13.	Is the Price of Urban Housing in China Determined by Market Forces?	79
14.	A Lesson in Macroeconomics: The Determination of Consumption and Investment	85
15.	Exchange Rate, Money Supply and the Overheating of the Chinese Macroeconomy	89
16.	Using Friedman's Theory to Explain Inflation and the Overheating of the Chinese Macroeconomy	93
17.	Should China Revalue its RMB: Email Exchanges Between Gregory Chow and Ronald McKinnon	97
18.	How are Prices of Stocks in China Determined?	107
19.	How are Stock Price Movements in the Shanghai and New York Stock Exchanges Related?	109
20.	Misunderstanding of China in the Western Press	113
21.	Are Chinese Official Statistics Reliable?	119
22.	Will China Experience Serious Inflation?	141
23.	How to Put "Seek Truth from Facts" into Practice	149
Part 3 Economic Policy		153
24.	From Economic Research to Social Change	155

25. Has China Solved its Population Problem?	171
26. The Problem of Rural Poverty in China	177
27. Why is Healthcare in China So Expensive?	205
28. How to Solve the Problem of Income Inequality	211
29. Can we Understand Corruption Using Tools of Economics?	215
30. How to Improve the Regulation of Industrial Pollution in China	219
31. China's Successful Experiences in Solving Energy and Environmental Problems	223
32. A Proposal to Regulate CO ₂ Emissions Through the United Nations	227
Part 4 Thoughts About the American Economy	231
33. Milton Friedman – as a Scholar, as a Person – and China	233
34. How are American Universities Different from the Chinese?	237
35. What you Need To Know to Apply to Elite American Universities	243
36. The Financial Crisis and the World Economy	247
37. What are the Shortcomings of the American Financial System?	253
38. What is the Nature of the American Financial Crisis?	257
39. Why was Obama Elected President of the United States?	261
40. How will Obama Set his Policies for Economic Recovery?	267
41. Should the American Government Bailout the Automobile Industry?	273
42. The Excitement of Obama's Inauguration	277
43. Are Obama's Economic Policies Essentially Correct?	281
44. The Serious Problems Facing Obama	285
About the Author	289