

George Zhibin Gu is a journalist/consultant based in Guangdong, China. A native of Xian, he obtained education at Nanjing University in China and Vanderbilt University and the University of Michigan in the United States. He holds two MS degrees and a Ph.D. from the University of Michigan.



For the past two decades, he has been an investment banker and business consultant with a focus on China. His work focuses on helping international businesses to invest in China and the Chinese companies to expand overseas. He has worked for Prudential Securities, Lazard, and State Street Bank, among others. He generally covers mergers and acquisitions, venture capital, business expansion and restructuring.

Also, he is a journalist on a changing China in relation to global development. His articles or columns have appeared in *Asia Times*, *Beijing Review*, *The Seoul Times*, *Financial Sense*, *Gurus Online*, *Money Week*, *Online Opinion*, *Asia Venture Capital Journal*, and *Sinomania*, among others. He is the author of three additional books, *China Beyond Deng: Reforms in the PRC* (McFarland, 1991), *China and New World Order: How Entrepreneurship, Globalization, and Borderless Business Reshape China and World* (Fultus, September 2006), and *Made in China: Players and Challenges in the 21st Century* (Portuguese edition, Centro Atlantico, 2005). He is a member of *World Association of International Studies* hosted at Stanford University.

James Borton, China Venture News

"Must read for all businessmen going to China."

William Ratliff, Hoover Fellow at Stanford University

"Five Stars."

Dr. Paul Close, University of Warwick, UK

"Very insightful... valuable information, analysis and argument of interest ... for readers of whatever kind ...should be on all bookshelves."

Ronald Hilton, Hoover Fellow at Stanford University

"It takes up history of globalization ... together with Afterword by Andre Gunder Frank ... fits our Learning History Project."

Contemporary History Association

"This book suggests that a new global power balance will emerge gradually and most likely indirectly."

Published by Fultus Corporation
www.fultus.com



China's Global Reach

•

Markets, Multinationals, and Globalization

•

George Zhibin Gu

China's Global Reach

Markets, Multinationals, and Globalization

Revised and Updated Edition



George Zhibin Gu

(author of *China and New World Order*)

Andre Gunder Frank

(afterword)



China's Global Reach

Markets, Multinationals, and Globalization

by

George Zhibin Gu

ISBN 1-59682-093-4

Copyright © 2006 by George Zhibin Gu
All rights reserved.



Published by Fultus Corporation

Corporate Web Site: *<http://www.fultus.com>*

Fultus eLibrary: *<http://elibrary.fultus.com>*

Online Book Superstore: *<http://store.fultus.com>*

Writer Web Site *<http://writers.fultus.com/gu/>*



No part of this book may be used or reproduced in any manner whatsoever without written permission except in the case of brief quotations embodied in reviews and critical articles.

The author and publisher have made every effort in the preparation of this book to ensure the accuracy of the information. However, the information contained in this book is offered without warranty, either express or implied. Neither the author nor the publisher nor any dealer or distributor will be held liable for any damages caused or alleged to be caused either directly or indirectly by this book.

Table of Contents

Acknowledgments	7
Introduction	8
Three New Lessons.....	8
Growing Up in China	9
Going International.....	10
Returning Home.....	11
This Small Book.....	11
The Big Picture	14
Part I. China as a New Global Theater.....	16
Chapter 1. Ambitions of Foreign Multinationals in China.....	18
Today's Versions of Columbus and Magellan.....	18
International Rush	19
Why Are They Here?.....	20
Why China?	20
One Big Factory-Market.....	24
More Sectors, More Players.....	28
Chapter 2. The Business of China Is Business!.....	34
“Empty Talk Destroys Prosperity!”.....	34
Foreign Bankers.....	35
Spouses and Children	36
Welcome!.....	37
Chapter 3. Creation of a Global Manufacturing Center.....	39
Unexpected Contributors.....	39
Arrival of Indian Companies	40
A Crowded Market.....	41
Galanz: the Manufacturer of the World.....	42
Convenient Settings.....	43
Future Trends	44
Chapter 4. The Ultimate Driving Force: Explosive Consumption.....	45
Unexpected Development	45
Impressive Outcome.....	46
Continued Consumption Surge	47
Chapter 5. The Sharp Rise of Private Sector	49
One U.S. Banker's Discovery.....	49
40 Million Private Businesspeople.....	50
Rural and Urban Entrepreneurs	50
Buttons Create a New Industrial Town	52
Jinjiang, Fujian: Biggest Exporting Center for Sport Shoes.....	53
Low-End Players.....	54

Chapter 6. All Players Are Important	57
Competing International Players	57
Auto Market	59
International Banks	59
International Listings	61
Consumer Views.....	62
Part II. Global Interactions, Business Experiences, and Job Transfers.....	63
Chapter 7. Learning - A Big Industry.....	65
Demand for Education.....	65
A Top School.....	67
International Involvement.....	68
Chapter 8. The Officials’ Global Reach	70
Officials Lead the Way.....	70
Guangdong versus Inland.....	72
Abolishing Bureaucratic Tricks	73
International First.....	76
New York versus Beijing.....	78
Chapter 9. “Capital Is Not Enough”	80
No Shortcuts.....	80
Two Lessons to Remember.....	81
Volkswagen versus Beijing Jeep.....	84
“Capital Is Not Enough”	86
Ericsson’s Seven Mistakes	87
Bashing Carrefour	89
Chapter 10. Global Job Transfers	91
One International Question.....	91
Hiring by Foreign Multinationals	92
New Era of Global Job Transfers	94
Job Worries Around the World	96
Hiring by Chinese Players.....	97
Global Job Transfers: China versus India.....	100
Part III. China’s New International Experiences	103
Chapter 11. Price, Price, Price.....	106
A Chinese Edge.....	106
GE in China	107
Japan’s Global Efforts.....	110
Cisco versus Huawei.....	112
Microsoft in China	114
Global Price Reductions.....	116
Chapter 12. When Can China’s Companies Become Global?.....	118
Weakness at Home	118
State Banks: “The Troublemakers”	120
A Long Way to Go.....	122

China's Global Reach: Markets, Multinationals, and Globalization

Chapter 13. Chinese Multinationals	125
Some Sizable Chinese Companies	125
Buying Into International Markets	127
Overseas Operations	128
Creating More Partnerships	129
Chapter 14. Bringing Foreigners In.....	131
Trade Fairs	131
Industrial Parks	134
Foreign Acquisitions.....	135
Part IV. China's Reform at Home: The Unfinished Task	137
Chapter 15. Problems Outpacing Solutions.....	140
The Ownership Issue.....	140
State Assets and Death on the Nile.....	141
“Two Pockets of the Same Jacket”	143
Lack of Weapons and True Owners.....	144
Chapter 16. How Can a Man Still Wear Baby Clothes?	147
Credit Crisis and Banking Problems	147
The Richest Man in Shanghai.....	148
Corruptive Partnerships	149
Chapter 17. Crises of State Sector	151
Rapid Changes in the Managerial Class.....	151
Hiring Foreign Managers	152
Long Live Competition!.....	153
Reform Difficulties	155
Painful Layoffs	157
Government Trimming	158
Chapter 18. When Can China Achieve Meaningful Restructuring?	160
A Saturated Market	160
Difficulties for a Rational Order	160
The CEO in China and Elsewhere	163
Who Is Responsible for Wealth Creation?.....	164
Buying Parties Ready?	165
Need for Greater Determination.....	166
Chapter 19. Employment Traps	168
Resident Permits	168
Lives of the Migrants.....	170
Employment Difficulties for Other Groups	174
Death of a College Graduate	175
Chapter 20. Bureaucratic Tails	177
Tails Everywhere	177
Lucky International Players	179
“The Red Building”	181

Part V. Globalization in Light of History.....	185
Chapter 21. An Unbroken Circle?.....	188
The British Isles as a Global Center.....	188
China's Missed Opportunities.....	190
The U.S. Way: Dumping Losers.....	191
Expansion and Wealth Creation, Past and Present.....	191
Chapter 22. Universal Companies and Global Expansion.....	198
Bigger and Bigger Multinationals.....	198
First Strategy: A Strong Home Base.....	199
Second Strategy: Creating a New Form of Dominance.....	201
Third Strategy: A True Global Reach.....	202
China's Participation in the World Economy.....	203
Chapter 23. More on the Circle.....	205
Who Has Affected Globalization the Most?.....	205
First Factor: Japan's Global Reach and Retreat.....	205
What Is Going On in Tokyo?.....	206
South Korea: Glories and Bubbles.....	211
Second Factor: Asia's Financial Crisis.....	214
Third Factor: The World Trade Organization.....	215
Unexpected Developments.....	216
Global Development Orbit.....	217
Chapter 24. How Does China Achieve Sustained Growth?.....	218
A Great Paradox.....	218
Effective Government, Different Role.....	219
The Big Picture.....	220
A New Model.....	222
Getting Out of the Box.....	225
A New World Order.....	226
A Great Convergence.....	227
Afterword. China, United States and Global Development.....	230
Global Interdependence.....	230
Inequality.....	232
China's Challenges.....	234
Notes.....	236
About the Author.....	249

Acknowledgments

Many friends have assisted my work. I am most grateful to all, especially Dr. Li Weiwei of Shenzhen and Chengdu, Mr. Li Le of Ningxia, the late Dr. Li Weimin of Beijing, Professor Tony Quan of Shenzhen, and Professor Qi Dongzhi of Nanjing.

I am most grateful for the Afterword by the late Professor Andre Gunder Frank (who passed away in April 2005). I thank Professor Chen Ping of Peking University and University of Texas at Austin for reading one draft manuscript and offering insightful comments. I am also grateful to Mr. Jorge Nascimento Rodrigues of Group Adventus for his encouragement. I thank Professor Joyce Sexton of University of Wisconsin at Madison for editorial help.

Chen Liang, the better half of my family, has gone through all the sacrifices. Without her, this project could have never been attempted.

I have also greatly benefited from giving lectures at various universities, companies, and government institutions in China. Here I wish to express my thanks to all, especially Beijing Air & Aerospace University, Peking University, Tsinghua University, University of International Business and Economics, Renmin University, Shanghai Jiaotong University, China Securities Daily, the State Center for Information of China, and Guoxin Securities.

I am alone responsible for any faults in this book.

Introduction

This is an exciting time to be alive. The world has finally become a small place—a “global village” indeed. New York and Beijing are only 16-odd hours apart. A man steps onto the airplane for breakfast and lands on the ground just in time for dinner. How could any nation avoid globalization?

China is moving, finally! Dramatic changes have swept over Chinese life. Today the average Chinese lives in an environment dominated by openness, competition, and challenge. Engagement with the outside world has become a national passion. China has finally landed on a right path.

All in a sudden, China has emerged to become a global theater. Its new growth has directly involved the entire world. Furthermore, its fast-expanding pie is becoming a “growth engine” for the world development. All this was unimaginable only a short time ago.

Three New Lessons

How could this myth-filled, isolated land have become open and dynamic within a short period? Why has the outside world taken huge interests in its new life? Up to now, China remains a myth not only to foreigners, but also to the Chinese. To me, three new lessons are relevant.

The first lesson is that true progress must rely upon individual private initiative and entrepreneurial work, not government officialdom at all. China's people suffered massively under government domination in the Mao era. Today, the nation has some 40 million entrepreneurs. Their rise is one most dramatic event, which is directly behind the new growth.

The second lesson is that an open society is a necessity for any meaningful development. In an increasingly open environment, upward mobility has gradually become possible. In the Mao era, life was completely frozen: all lives were arranged by the government according to its own needs. Even travel was banned. Today, people have much more freedom. They are more productive, happier, and more forward-looking. Above all, they are eager to gain a better life quickly, relying on their own efforts. This new Chinese passion may

surprise the world.

The third lesson is that no nation can truly develop without making itself open to the world. By now, more than 560,000 overseas businesses are established. They have become part of a new China. Now China is integrated into the global development. Its quick growth can only happen in an increasingly globalized world.

China has paid a massive price to learn these lessons. Above all, an open and liberal environment fosters human flourishing. It is under this new environment that China has become a land of opportunities for the entire world.

Much beyond, there is a new convergent movement of global civilizations. This new movement involves both developed and developing nations, which happens for the very first time in man's history. Despite all the new worries and conflicts, this movement will continue, for it brings benefits to all nations.

Growing Up in China

This fast developing China is deeply felt by the entire world. For too long, China lived in isolation, which produced vast problems. Especially in between 1949 and 1978, the nation and people were deeply stuck in the mud. Getting out of the mud has been as difficult as moving a mountain.

I was born into the era that is now remembered as the *Era of Vegetables*. That time is still a painful memory. It involved the disastrous Great Leap Forward and the people's commune. From around 1959 to 1961, starvation occurred nationwide. Urban residents had insufficient food. Vegetables became a major element of their diet. The rural people suffered from famine. Youth today have trouble believing such stories.

Man-made disasters did not stop there. When I entered elementary school in 1968, the Cultural Revolution was already in its third year. It involved everyone, including 90-year-olds. My school had lots of damaged furniture and broken windows. Many of our teachers suffered both mentally and physically.

My age group could not have a normal growing environment. Looking back, I think what I missed the most was books. Great books can open many worlds. But those books that interested me often had torn or missing pages.

Luck was smiling on me nonetheless. I happened to belong to a fortunate age group. By the time of my graduation from high school,

in 1978, the reform had started.

Since then, dramatic changes have swept over this ancient land—Chinese youth live in an increasingly creative environment. When I was growing up, life was so limited. I entered college in 1978. Before then, colleges had been closed for some 11 years. As if overnight, they reopened. Immediately schoolteachers became important again. Whereas only a few months earlier, urban high school graduates had been sent to rural regions to work, we could enter college.

In the first two classes that were enrolled, the students had huge gaps in age. Our oldest classmates had children who were just about the same age as our youngest classmates. We studied with an intensity that would surprise all students today. Our professors were impressed, naming us “the best group of students in a long time.” At that time, applicants faced a cutthroat entrance exam. Much less than 1% of youth were admitted. Some kids who failed the entrance exam committed suicide. Today China has a much wider educational program than ever before with some 23 million students studying in college.

It was an era of dreaming and hoping. We were terribly interested in the outside world, in anything and everything. Nothing could stop us from dreaming of a new life. We quickly developed a mentality that everything in the West was great and everything at home was bad. The mood was very intense. That was the very starting point of China’s opening to the outside world. In our high-intensity mind-set, we vaguely felt that bigger things would emerge. Yet nobody knew exactly what they might be.

Going International

Over time, changes in China have gone wider and deeper. China has greatly expanded its sphere of activities as well as openness. As for me, I went to study in the United States.

Today, all Chinese are eager to discover the world. Every Chinese student desires to study abroad. In 1981, the U.S. universities, among others, were eager to get Chinese students. That year I joined the first group of students to head for the outside.

When I landed in the United States, it was engulfed in its own problems. That era belonged to a rising Japan. Japan Inc. rolled over the entire globe, like thunder. Many U.S. businesses failed. This turn of fortune hit the United States hard.

The people of the United States had a moment of despair. They

China's Global Reach: Markets, Multinationals, and Globalization

were forced into a painful restructuring. Self-determination paved the way. Very significantly, high-tech has suddenly emerged. High-tech has created a new turn of fortune in the United States, among other things.

I was there to witness all the changes. Since then, the waves of globalization have been wider and deeper. Globalization has swept over more and more nations. Willingly and proudly, China has become a new participant.

Returning Home

In 1994, I returned to my homeland for business, representing an international investment bank. Since then, I have focused on business dealings between international multinationals and China Inc. I have gained firsthand experience with this new era.

Especially since the mid-1990s, China's development has been picking up speed. More foreign multinationals and more Chinese entrepreneurs have emerged. They have promoted a high-speed growth.

Interestingly, this fast-developing land has become a magnet to the entire world. Countless foreign businesses want to share in its progress. They have added new fuel to the growth.

On various occasions, my international media friends and I went together to visit Chinese businesses. Such visits surprised many Chinese executives. Some said, "We thought that only international businessmen were interested in our work. Are people in general interested?"

As it seems to foreign reporters, outside observers are certainly interested in a rising China. In a way, watching China now is like reading the paths they themselves once traveled.

China has become a global theater—a theater of international ideas, dreams, and activities. A grand lesson from China is that no nation can truly develop without making itself open to the world. This massive international involvement is turning China into a nation called *Global China*. A new world history is being written.

This Small Book

This small book aims to examine China's participation in the global economy today and possibly tomorrow. It focuses on those factors that are shaping the future course of global development. Integrating China into the global development has required huge efforts. Nevertheless, its progress is so impressive and it has taken place in a

short time. All this must be a marvel in the world history.

In particular, we will examine the foreign business involvement: the motivations and expectations, successes and failures, and possible future courses. This foreign group has hugely impacted on China. In particular, it has played a key role in connecting China's economy to the global market.

A Great Paradox

So far, China has experienced quick growth—a mystery to all people. A great paradox is this: Despite vast changes, China does not have a new political-economic system in place. That is, the old bureaucratic power remains troublesome, which continues to cause enormous pains. In many ways, it is like an old man who is still wearing baby clothes. But walking out the old trap is still easier said than done.

Despite all the imperfections, China's economy has achieved rapid growth. The nation has produced some 40 million entrepreneurs as now. They cover all sorts of business sectors unless banned for entrance. They have become the most significant group in promoting changes. So far, this entrepreneurial work has China transformed in countless ways.

The next driving force comes from the foreign investors and multinationals. Foreign businesspeople are widening the channels for China's global engagement in particular. All such foreign involvement has greatly affected global development, not just China.

Interestingly enough, the private sector and foreign businesses have coexisted with the state sector. This state sector is also moving forward, though slowly and painstakingly. Together these entities have created vast business chains, thus a booming economy. For now, these three groups each take about one third of market share inside. In particular, the foreign share grows the fastest today.

Behind the economic surge is an exploding consumption. Shocking to the outside world perhaps, all Chinese are in a hurry to improve lives. People want to get ahead with their own initiatives. This popular desire for a fast-improving life is the biggest driving force for all the positive changes. Without it, little foreign capital would have come, to say the least.

True, today's China remains a poor nation and its GDP per person is only around \$1,700 as of 2005, but as incomes grow further, more opportunities will emerge. Indeed, China of the Mao era had a pov-

erty-stricken life. For long, most people did not have any personal savings. Even getting enough to eat took huge struggles. But in this era, living standards have been going up steadily. For example, total personal savings had reached over \$2 trillion by mid-2006. This rising consumption has changed the nation in big ways.

What could become the next level of development? China's ultimate goal is a modern nation based on law. There are still enormous obstacles in the way. The old political-economic framework is already broken, but a new one has yet to be created. China is going through a very painful transition. It turns out that building a new society goes beyond constructing factories, roads, and towers. It demands a complete package.

The West took the modern path a few hundred years ahead of China. The various Western nations have resolved such issues as modern property ownership and a modern market order. But China remains to adopt all such modern things. .

Having that said, the pace of change is extremely fast. True, China's development is only just beginning, but huge progress has been made already. It took thousands of years for the West to land on the modern path that it is traveling now. Why should anyone expect China to do so overnight? Even so, China is fast reinventing itself.

The history of this ancient civilization is one of immense achievement. For ages, China was the most advanced society in technology, the arts of life, and social harmony. Its contributions to global development have been huge. When the Dark Age dominated old Europe for thousands of years, China enjoyed prosperity for long. Yet in the last few hundred years, especially in the Mao era, China has not been able to move ahead as before. In fact, the nation was struck in the mud deeply in a tightly closed society.

But the tide of fortunes is being turned around as now. The most crucial thing is that the nation is becoming increasingly open. Behind a fast-changing nation, China has a new lesson for the world: A burdensome large population can become a powerful and productive force if a fair environment is present. Today, 40 millions of entrepreneurs are charging ahead like bulls. This massive entrepreneurship is opening a completely new world for China and beyond.

A Comment

When I had a draft manuscript of this book done, I ran into the following situation. One Chinese professor, with the best of inten-

tions, told me that I should not write too much about things like corruption. I asked myself: Why not? The Chinese people are diligent and bright, and they deserve a much better life. What is holding them back from a more prosperous way of living?

But the real task for China is a mighty one. The old China was built around government. The government has always tried to arrange all things in order to make the population and the society to serve its own needs. Now China is fast moving away from the old government domination. This new life is still full of difficulties, like those of an aquatic animal trying to resettle on the land. It just can't be that easy. Even so, China has taken one step, the most significant one, in this new direction.

Some people view China's new growth as the restoration of old wealth, but the truth goes much beyond that. Indeed, it is not for China to return to the past at all. China is on its way to becoming a modern nation. In particular, it will become an equal and full partner in the global community. China can only and deeply wish to share its progress with the world. The 21st century belongs to the world, not just Asia or China.

The Big Picture

What is happening inside China today opens a completely new history for the nation. The ever-increasing openness and vast entrepreneurial work is pushing China into a completely new direction, firmly departing from the old orbit. Above all, China's people desire to get rid of the bureaucratic obstructions completely and create a truly open society.

China's big picture spans more than two millennia. For at least 2,200 years, from the Qin dynasty to the Mao era, bureaucratic power only increased. This traditional government power has been nothing but a self-server and squeezer. Above all, this bureaucratic power has limited a healthy development of the Chinese civilization in all sorts of ways. The biggest destruction emerged in the Mao era.

By the 1950s, the entire private sector had been eliminated. Much beyond, for the very first time, bureaucratic power penetrated into the grassroots, which led to a perfect bureaucratic society. The key bureaucratic creations included the people's commune, the state sector, and an elaborate system against a free flow of goods, ideas, and humans. No citizens were left independent, not even artists and monks. This bureaucratic crusade suffocated people completely.

China's Global Reach: Markets, Multinationals, and Globalization

In this bureaucratic environment, the people, the society, and the economy were made to serve the government completely and exclusively. But immediately, the economy was at a dead end. Vast bureaucratic abuses took place and the whole nation was helplessly drawn into man-made tragedies. They include the Great Leap Forward, the nationwide famine, and the Cultural Revolution.

Only upon these great failures, the nation and people began to search urgently for ways to escape the deadly trap. Since 1978, this bureaucratic power has been on the decline, finally. This has led to a sharply rising creative private sector and hugely expanded personal freedom, which has produced a booming economy. In particular, China has become a global theater with countless foreign businesses.

To contain this untamed bureaucratic power is the continuing goal for the Chinese civilization, as well as the most formidable. In the past two centuries, China has not really had any opportunity to resolve this issue with respect to its root causes. Instead, the tail has grown so big that it weighs down the body. Curtailing the bureaucratic power means nothing short of a true revolution. That is what is beginning to happen inside China right now, though quietly.

Even bigger things are emerging around the globe. There is nothing less than a great convergence of civilizations. India, Brazil, Egypt, Russia, and China, among other developing nations, have reversed their historical paths. They have rushed to join in global development, bravely and whole-heartedly. At the same time, the rest of the world has had a direct involvement in these emerging nations.

Because of all this, we are entering a new era in spite of all the new worries and conflicts. Though still in its very infancy, the convergence can only increase. Achievement of this great convergence of global civilizations is another true revolution in the making. Furthermore, if it is a true global revolution, it must resolve all the pressing issues that confront our world. The bombings of New York and London are powerful reminders of some of these problems.

This book has 24 chapters that are organized into five parts. Part I focuses especially on foreign involvement in this new theater and China's emergence as the world's biggest factory. Part II studies global human interactions, job transfers, and socioeconomic development. Part III examines China's new international experiences. Part IV explores many aspects of China's unfinished business of reform, focusing especially on key political-economic and institutional issues. Part V looks at future world prospects from the angle of history.

Notes

Chapter 1

1. Wang Zhile (ed), *Report of Foreign Multinationals in China, 2005*, Beijing: China Economics Publisher, 2005.
2. Alain Peyrefitte, *L'empire Immobile ou LE Choc' des Mondes*, Fayard, 1989.
3. *China's Foreign Trade*, July 2003.
4. For discussions see, for example, Gurcharan Das, *India Unbound: The Social and Economic Revolution from Independence to the Global Information Age*, Anchor, 2002; T. N. Srinivasan and Suresh D. Tendulkar, *Reintegrating India with the World Economy*, Institute for International Economics, 2003.
5. For more information see, for example, Hal Hill (ed), *The Economic Development of Southeast Asia*, Edward Elgar, 2002; Chi Lo, *When Asia Meets China in the New Millennium: China's Role in Shaping Asia's Post Crisis Economic Transformation*, Pearson Education Asia Pte, 2003.
6. For more information see Mark Eric Williams, *Market Reform in Mexico: Coalitions, Institutions, and Politics of Policy Change*, Roman & Littlefield, 2001; Robert J. Griffiths (ed), *Developing World 02/03*, McGraw-Hill/Dushkin, 2002.
7. For more information see Brigitte Granville and Peter Oppenheimer (ed), *Russia's Post-Communist Economy*, Oxford University Press, 2001; Vadim Volkov, *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism*, Cornell University Press, 2002.
8. *Beijing Daily*, May 16-18, 2003.
9. CEO & CIO in *Information Times*, #125, June 5, 2003, pp44-47.
10. The company's report.
11. *Beijing Youth Daily*, May 16-19, 2003.
12. See company's Web site: www.konka.com.cn.
13. Luo Qingqi, www.emkt.com.cn, July 12, 2002.
14. Wang Zhile (ed), *Report of Foreign Multinationals in China, 2003-2004*, Beijing: China Economics Publisher, 2004.
15. For various views on China's interactions with foreign retailers, see Editor, Noise in Festivity—the Changing Chinese Commerce, *Economic Outlook*, March 2004, p77.
16. Top Retailers of 2005 in China, Xinhua News, August 4, 2005; also one chapter on retail industry of China is in, Zhibin Gu, *Made in China*, Centro Atlantico, 2005 (English edition will be published in 2007).
17. Nan Chen, BMW's Price Cut Shakes Up the Market, January 13, 2005, *Special Zone Daily*, C1; various reports in *Auto Weekly*; *Shenzhen Special Zone Daily*, D3-5, November 16, 2004.

China's Global Reach: Markets, Multinationals, and Globalization

18. *Financial Times* Web site, August 4, 2003.
19. *Business Watch*, #14, July 2003.
20. A Reader's Letter on China's 50th Year of Auto Industry, *Business Watch*, #15, August 1, 2003.
21. *www.qiche.com.cn*, July 24, 2003.
22. Hao Lan, Doing Better Than Number One: An Interview with Pfizer's China CEO, *China Drug Store*, #33, December 2003, pp70-73.
23. Ling Zhijun, *Change: China 1990-2002*, Beijing: China Social Science Publisher, 2003, p49.
24. Ling Zhijun, *Change: China 1990-2002*, Beijing: China Social Science Publisher, 2003, p49.
25. Two good sources on venture capital are *China Venture News*, *www.ChinaVentureNews.com*, and *Asia Venture Capital Journal*; one chapter on venture capital in China is contained in, Zhibin Gu, *Made in China*, Centro Atlantico, 2005 (English edition will be out in 2007).
26. *International Finance News*, September 3, 2003.

Chapter 2

1. George Zhibin Gu, Japan's Unfinished Business in China, *Asia Times*, April 22, 2005.
2. *Orient Today*, #1105, May 2003.
3. *Global Times*, July 25, 2003.
4. Huang Weihong et al., *Foreign Advisors' Ideas*, Southern Daily Publisher, 2000.

Chapter 3

1. *Global Times*, June 2, 2003.
2. Ibid.
3. Galanz's international expansion, *The Economic Observer*, July 18, 2003.
4. *Shenzhen Special Zone Daily*, pA12, November 13, 2003.
5. China Statistics.
6. George Zhibin Gu, China's Competitiveness in a Strong-Yuan World, *Asia Times*, August 1, 2005; George Zhibin Gu, *China and New World Order: How Entrepreneurship, Globalization, and Borderless Business Reshape China and World*, Fultus, 2006.

Chapter 4

1. *Economic Daily*, August 15, 2002; and China Statistics.
2. China Statistics.
3. *The Economic Observer*, pA4, September 8, 2003.

Chapter 5

1. China News Agency, July 12, 2003.

2. Wenzhou Government Web site: www.wznw.gov.cn.
3. www.zj.xinhuanet.com/wenzhou_2002040101.html.
4. www.wznw.gov.cn
5. *Xinhua News*, June 26, 2002; Hao Jinzai, *80 Million Migrants*, Beijing: China Social Publisher, 1995, pp186-190; for background information, see for examples, Lian Yuming (ed), *Urban China Report 2004*, Beijing: China Finance Publisher, 2004; Zhibin Gu, *Made in China*, Centro Atlantico, 2005; Pan Wei, *Farmers and Market: China's Grass-Roots Government and Rural Enterprises*, Beijing: Commerce Publisher, 2003.
6. www.wznw.gov.cn/jsdd/wnnc1.html
7. The Biggest Sports Shoe Export Center, *China Foreign Trade*, #7, 2003.
8. CEO & CIO in *Information Times*, #132, September 20, 2003, pp30-39.
9. *New Fortune*, July 2003.
10. www.qiche.com.cn, August 5, 2003.
11. *International Finance News*, Section 9, September 12, 2003.

Chapter 6

1. *South Metro Daily*, December 31, 2003, A42.
2. *Asia Times*, April 23, 2005.
3. *Financial Times* Web site, September 26, 2003.
4. China statistics.
5. *Financial Times* Web site, September 26, 2003.
6. *Shenzhen Special Zone Daily*, November 16, 2003, D4.
7. *Orient Today*, March 2003.
8. *The company annual report; Sunshine Daily*, January 11, 2005, B16; George Zhibin Gu, Clearer Path ahead for China's Banks, *Asia Times*, July 1, 2005
9. Wang Zaiman, *Destiny of Chinese Brands*, Beijing: Guangming Daily Publisher, 1999, pp8-10.

Chapter 7

1. *Zhongguancun*, #4, July 2003.
2. Ibid.
3. *Cankao Xiaoxi*, July 24, 2003.
4. *Zhongguancun*, #2, May 2003.
5. Foreign Education in China, *International Finance News*, August 29, 2003.

Chapter 8

1. *Beijing Daily*, August 20, 2003.
2. Ni Jianzhong et al. (ed), *A Study on the Balance between East and West in China*, Beijing: China Social Publisher, 1996.
3. Le Zheng (ed), *Blue Book of Shenzhen*, Beijing: China Social Science Document Publisher, 2003.
4. *Nanfeng*, September 15, 2003, pp18-21.

China's Global Reach: Markets, Multinationals, and Globalization

5. *Nanfeng*, September 15, 2003, pp18-21 and pp34-40.
6. *Guangdong-Hong Kong Info Daily*, July 2, 2003.
7. Le Zhen (ed), *Blue Book of Shenzhen*, Beijing: China Social Science Document Publisher, 2003.
8. *Yue Gang Info Daily*, July 2, 2003.
9. *Caijing*, #68, September 20, 2002, pp58-63.
10. Le Zhen (ed), *Blue Book of Shenzhen*, Beijing: China Social Science Document Publisher, 2003.
11. *Shenzhen Special Zone Daily*, July 13, 2003.
12. *New York Times* Web site, July 1, 2003.
13. *Economist*, June 7-13, 2003, p31.

Chapter 9

1. *Beijing Business Daily*, June 2, 2003.
2. *Global Entrepreneur*, August 2003.
3. Jim Mann, *Beijing Jeep: A Case Study of Western Business in China*, Westview Press, 1997.
4. *Global Times*, August 20, 2003.
5. He Li et al. (ed), *Talking with 100 Bosses*, pp207-222, Volume 4, Beijing: Economic Management Publisher, 1999.
6. Ye Weirang, *Stories behind China's WTO Entry*, Sichuan People's Publisher, 1999, pp301-350.
7. George Z. Gu, Capital Is Not Enough, *Asian Venture Capital Journal*, January 2001, pp3-4.
8. Bill Emmott, *Japan's Global Reach*, Century Business, 1991.
9. Li Guangdo, Seven Mistakes of Ericsson in China, *China Marketing*, June 2003, #136.
10. One Consumer's Tough Fight with Ericsson, *Beijing Star Daily*, March 14, 2003.
11. Ibid.
12. The company's annual report 2005.
13. Correfour's Troubles, *Global Times*, August 5, 2003.
14. The Correfour's Disputes, *The Economic Observer*, May 23, 2003.
15. Correfour's Troubles, *Global Times*, August 5, 2003.

Chapter 10

1. Shi Guangseng, *www.china.com.cn*, November 13, 2002.
2. *Global Entrepreneur*, #88, July 2003.
3. *Business Week/China*, monthly issue, #3, 2003.
4. *Global Entrepreneur*, #88, July 2003.
5. Li Cheng et al., *Analysis of Frontier Problems After China's WTO Entry*, Beijing: China Commerce Publisher, pp216-264.
6. *Guangzhou Daily*, February 17, 2004.
7. *Business Watch*, #12, June 15, 2003.

8. Wang Zhile (ed), *Report of Foreign Multinationals in China, 2003-2004*, Beijing: China Economics Publisher, 2004; China's Singapore Diplomatic Mission, *Business Section*, January 9, 2002; www.bizcn-sg.org.sg; www.999.com.cn
9. China's Singapore Diplomatic Mission, *Business Section*, January 9, 2002.
10. *Orient Today*, #1105, May 2003.
11. Guo Wanda and Zhu Wenhui, *Made in China: World Factory is Turning to China*, Jiangsu People's Publisher, 2003; Zhibin Gu, *Made in China: Players and Challengers in the 21st Century*, Centro Atlantico, 2005.
12. Guang Zhixiong, *International Finance News*, May 6, 2003; also www.people.com.cn/GB/paper66/9100/846563.html.
13. *New Capital*, September 2003, pp28-31.
14. *Business Week*, Chinese edition, March 2003; Pete Engardio and Dexter Roberts, China Factor, www.businessweek.com, December 6, 2004.
15. *New York Times*, May 11, 2003.
16. *Asian Wall Street Journal*, September 10, 2003.
17. Henry C.K. Liu, The Wages of Neo-Liberalism, I & II, *Asia Times*, March 22 and April 1, 2006; Jagdish Bhagwati, *In Defence of Globalization*, Oxford University Press, 2005
18. George Zhibin Gu, *China and New World Order: How Entrepreneurship, Globalization, and Borderless Business Reshape China and World*, Fultus, 2006
19. *Fortune*, June 23, 2003, pp39-44.
20. Ling Zhijun and Ma Licheng, *Five Voices in Present China*, Guangzhou Publisher, 1999; pp250-251.
21. CEO & CIO in *Information Times*, #125, June 5, 2003, pp44-47.
22. *Global Entrepreneur*, #88, July 2003.
23. *Star Daily*, February 20, 2003.
24. *Brains*, August 2003.
25. On Multinationals Practices, *The Economic Observer*, September 15, 2003, pA3.
26. *Business Week*, Chinese edition, March 2003.
27. *Economic Monthly*, September 2003, pp18-21.
28. One good source is the Indian Industry Association: www.nasscom.org; also see, Rohit Verma, China's rise: IT's not a Problem for India, *Asia Times*, June 17, 2005.
29. Reinie Booysen (ed), India Should Catch Up with China in Energy Security, Singh Says, *Bloomberg*, January 16, 2005; also see, Chietigj Bajpae, India, China Locked in Energy Game, *Asia Times*, March 17, 2005.
30. *World Bank*, Working Paper #3084, June 2003; China Statistics.
31. *Business Week*, Chinese edition, #4, 2002.
32. See, for example, Gurcharan Das, *India Unbound: The Social and Economic Revolution from Independence to the Global Information Age*, Anchor, 2002; T. N. Srinivasan and Suresh D. Tendulkar, *Reintegrating India with the World Economy*, Institute for International Economics, 2003.

China's Global Reach: Markets, Multinationals, and Globalization

33. Ramtanu Maitra, The Energy Ties that Bind India, China, *Asia Times*, April 12, 2005; George Zhibin Gu, It takes Two to Tango, *Asia Times*, February 17, 2005, and, The Late Developers' Trek, *Asia Times*, May 4, 2005.
34. George Zhibin Gu, The Late Developers' Trek, *Asia Times*, May 4, 2005.

Chapter 11

1. Global Entrepreneur, #88, July 2003.
2. The First Lesson for GE in China, *Business Watch*, #12, June 15, 2003, pp36-43.
3. Fu Dingwei et al. (ed), *The Strategies of Foreign Multinationals in China*, Beijing: China Machinery Publisher, 2002, pp206-209.
4. *Business Watch*, #12, June 15, 2003, p38.
5. *Business Watch*, #12, June 15, 2003, p38.
6. Fu Dingwei et al. (ed), *The Strategies of Foreign Multinationals in China*, Beijing: China Machinery Publisher, 2002, pp206-209.
7. *Business Watch*, #12, June 15, 2003, p39.
8. *Business Watch*, #12, June 15, 2003, pp36-43.
9. *The Economic Observer*, A4, October 27, 2003.
10. Henny Sender, Japan Inc, *Far East Economic Review*, November 2003.
11. *Global Entrepreneur*, #89, August 2003.
12. *New Capital*, #135, 2003, pp10-36.
13. *New Capital*, #135, 2003, pp23-27.
14. *New Capital*, #135, 2003, pp10-33; *The Economic Observer*, A2, September 8, 2003; George Zhibin Gu, Japan's Unfinished Business in China, *Asia Times*, April 22, 2005.
15. *New Fortune*, #31, November 2003, pp88-89.
16. *ChinaByte*, February 12, 2003.
17. *Business Week*, May 19, 2003; Pete Engardio and Dexter Roberts, China Factor, www.businessweek.com, December 6, 2004.
18. www.huawei.com
19. *Forbes*, February 17, 2003.
20. *Beijing Youth Daily*, April 2, 2002.
21. How Microsoft Warded Off Rival, *New York Times* Web site, May 15, 2003, <http://www.nytimes.com/2003/05/15/technology/15SOFT.html>.

Chapter 12

1. China Statistics.
2. China's International Business Expansion, *International Finance News*, September 5, 2003.
3. *International Finance News*, September 12, 2003.
4. China's Weakness in Technology, CEO & CIO in *Information Times*, #129, August 5, 2003.
5. *The Economic Observer*, January 19, 2004, p11.
6. *Global Entrepreneur*, #89, August 2003;

7. George Zhibin Gu, Clearer Path Ahead for China's Banks, *Asia Times*, July 1, 2005.

Chapter 13

1. *Zhongguancun*, June 2003, pp54-60; *New Fortune*, #31, November 2003, pp88-108.
2. *Financial Digest*, August 2003; *China Business*, July 7, 2003; *Global Entrepreneur*, July 2003; *Redian Yanjiu*, #122, March 2003; *The Economic Observer*, January 5, 2004, p10.
3. *Redian Yanjiu*, #122, March 2003.
4. *Global Entrepreneur*, July and September 2003.
5. *Business Watch*, #15, August 1, 2003.
6. *Business Watch*, #15, August 1, 2003.
7. CEO & CIO in *Information Times*, #125, June 5, 2003, p32.
8. *Caijing*, #97, December 5, 2003, pp110-114.

Chapter 14

1. *Redian Yanjiu*, #122, 2003.
2. *Global Entrepreneur*, July 2003.
3. CEO & CIO in *Information Times*, September 20, 2003, #132, pp54-56; George Zhibin Gu, China's Competitiveness in a Strong-yuan World, *Asia Times*, August 1, 2005.
4. Wang Zhile (ed), *Report of Foreign Multinationals in China, 2002-2003*, Beijing: China Economics Publisher, 2003, pp189-196.
5. Wang Zhile (ed), *Report of Foreign Multinationals in China, 2005*, Beijing: China Economics Publisher, 2005.
6. *Xinhua News*, September 6, 2003.

Chapter 15

1. Ling Zhijun, *The Change: China 1990-2002*, Beijing: China Social Science Publisher, 2003, p378.
2. Zhang Zhuoyuan, On China's Future Reform, *Economic Monthly*, #57, September 2003, pp52-55.
3. Government report, March 2005.
4. Qiushi, On Needs of Controlling Corruption, *Qiushi*, #365, August 16, 2003, p24.
5. Minute Recording of National Political Consultancy Conference, www.gb18.com/China/news/economy/2003/03/03/20030303175017.html.
6. Why Are Courts Difficult to Carry Out Orders? www.people.com.cn, May 15, 2003.
7. Xinhua News Agency, February 27, 2003.
8. *Caijing* Editor, Reform or Stagnating Is the Issue: A Dialogue Between Wu Jinglian and Gee Wedong, *World & China*, special edition of *Caijing*, January 2005, pp38-47.

Chapter 16

1. *Beijing Business Daily*, May 16, 2003.
2. Yi Xianrong, On the Need of Further Reform, *China Economic Daily*, February 19, 2003.
3. *Caijing*, #86, June 20, 2003.
4. *Brains*, August 2003.
5. A Reader's Response to Corruption, *The Economic Observer*, Section A8, June 16, 2003.
6. *Brains*, August 2003.
7. *The Economic Observer*, Section A8, June 16, 2003; Gu Zhibin, *China Beyond Deng: Reform in the PRC*, McFarland, 1991.
8. Controlling Corruption, *Qiushi*, #365, August 16, 2003.

Chapter 17

1. For more discussion see, for example, Gu Zhibin, *China Beyond Deng: Reform in the PRC*, McFarland, 1991.
2. *Economic Monthly*, August 2003, p24.
3. *Market Daily*, November 1, 2002.
4. Zhang Shuguang, *The Natural Roads to Prosperity*, Guangdong Economic Publisher, 1999, p329.
5. *South Daily Weekend*, April 11, 2002.
6. *21 Century Finance*, October 14, 2002.
7. Ling Zhijun, *The Change: China in 1990-2002*, Beijing: China Social Science Publisher, 2003, pp219-220.
8. See note 7 above.
9. See discussions in Lin Zhijun, *The Change: China in 1990-2002*, Beijing: China Social Science Publisher, 2003; Gu Zhibin, *China Beyond Deng: Reform in the PRC*, McFarland, 1991.
10. *Xinhua News*, January 15, 2005.

Chapter 18

1. China News Agency, June 23, 2003. Also see *Shenzhen Special Zone Daily*, January 12, 2005, C2.
2. Jorge Nascimento Radrigues (ed), *The China Factor and the Overstretch of the US Hegemony*, January 2005, GurusOnline.tv, http://www.gurusonline.tv/uk/conteudos/gu_report.asp.
3. *Business Week*, March 2003, Chinese edition; Chintoz Investment Consulting, *Home-Appliances Sector Analysis*, March 2003.
4. Xinhua News Agency, January 9, 2002.
5. He Li, *Talking with 100 Bosses*, Volume 2, p44, Beijing: Economic Management Publisher, 1999; Zhang Shuguang, *Why Does China Lack Qualified Entrepreneurs*, Zhengzhou University Press, 2004.
6. *International Finance News*, p9, September 12, 2003.

7. *Market Outlook*, May-June, 2003; *Business Match*, August 15, 2003, pp20-21, 68-70, and 78-81; *Global Views*, August 2003, pp110-115; Chintoz Investment Consulting, *Home-Appliances Sector Analysis*, March 2003; *Business Focus*, #16, June 2003, pp23-27; Xinhua News Agency, January 9, 2002.
8. John G. Glove and William B. Cornell, *The Development of American Industries*, New York: Prentice Hall, 1951, p820.
9. *China Economic News Weekly*, #9, 2003.
10. *Caijing*, #91, September 5, 2003, pp112-116.
11. Lin Cha, *China After Reform*, Beijing: Red Flag Publisher, 1998, p45.
12. *Beijing Youth Daily*, July 18, 2003.
13. *Economic Monthly*, July-August 2003; *Global Views*, August 2003, pp110-115; *Business Watch*, September 1, 2003, pp52-59; *China Money*, March 2003.
14. *Economic Monthly*, July 2003.
15. The End of the Myth of Kelon Management, *Shenzhen Special Zone Daily*, pC1, August 6, 2005.
16. George Zhibin Gu, China's Competitiveness in a Strong-yuan World, *Asia Times*, August 1, 2005; *Business Match*, July 15, 2003; Gao Liang, *Be Firm: Globalization Forces and China's Strategic Industries*, Beijing: Petro Industry Publisher, 2001, pp152-183.
17. Yuan Zhengming et al. (ed), *Picture Stories of Focus Investigations*, Beijing: Beijing Encyclopedia Publisher, 1999, pp682-683; George Zhibin Gu, China's Competitiveness in a Strong-yuan World, *Asia Times*, August 1, 2005.

Chapter 19

1. Li Qiang, *Urban Migrant Workers and Social Stratification in China*, Beijing: Social Science Academic Press, 2004; Liu Huailian, *The Issues of China's Rural Migrant Workers*, Beijing: People's Publisher, 2005; and, China's State Council Special Research Team (editor), *Investigation Reports of China's Migrant Workers*, Beijing, China Yanshi Publisher, 2006.
2. He Qinglian, *Traps of Modernization*, Beijing: Today's China Publisher, 1998; Gu Zhibin, *China Beyond Deng: Reform in the PRC*, McFarland, 1991.
3. Hao Zaijin, *80 Million Migrants*, Beijing: China Social Publisher, 1996.
4. David S. Landes, *The Wealth of Nations: Why Some Are So Rich and Some So Poor*, New York: Norton, 1998, Chapter 16.
5. Hao Zaijin, *80 Million Migrants*, Beijing: China Social Publisher, 1996; Chen Guidi and Chun Tao, *An Investigation on China's Farmers*, Beijing: People's Literature Publisher, 2004; Liu Huailian, *The Issues of China's Rural Migrant Workers*, Beijing: People's Publisher, 2005; and, China's State Council Special Research Team (editor), *Investigation Reports of China's Migrant Workers*, Beijing, China Yanshi Publisher, 2006.
6. *The World of Survey and Research*, #118, July 2003, pp20-22.

7. See note 5.
8. See note 5; also, 1996; Zhang Xiaoshan, *A Report on Property Ownership Changes in China's Rural Enterprises*, Beijing: Social Science Documents Publisher, 2003.
9. *Caijing*, #73, December 7, 2000.
10. Wu Si, *Bloody Payment Law: Survival Game of China's History*, Beijing: China Workers' Publisher, 2003.
11. *Economic Monthly*, July 2003.
12. *Shenzhen Special Zone Daily*, December 10, 2003, A10.
13. *Guangzhou Daily*, May 28, 2003.
14. The Tragic Event of Sun Ligan, *Sanlian Shenghuo Zhoukan*, #244, June 16, 2003.
15. Commenting on Sun Ligan's Death, *Zhongguancun*, #3, June, 2003, p26.
16. Ibid.

Chapter 20

1. Deng Xiaoping, *Selected Works of Deng Xiaoping: 1975-1982*, pp287-292, Beijing: People's Publisher, 1983.
2. Editor, Fast News, *Transition*, Chinese version, China Institute for Reform and Development (Hainan) and World Bank, #24, July 1, 2003.
3. For information see, for example, Zhang Shuguang, *The Natural Roads to Prosperity*, Guangdong Economic Publisher, 1999; Chen Guidi and Chun Tao, *An Investigation on China's Farmers*, Beijing: People's Literature Publisher, 2004; and Li Bin, *Overdrafted Power: A Deeper Observation of Misinvestment by the Local Governments*, Hubei People's Publisher, 2003.
4. *Yue Gang Info Daily*, July 2, 2003.
5. *China Business Time*, April 2003, pp24-26.
6. Yang Fan, in *Economic Blue Book: China in 2001: Economic Trends and Predictions*, Beijing: Social Sciences Documentation Publisher, p162, 2001.
7. Wang Feng, On WTO Issues, *Legal Daily*, November 12, 2001.
8. Shi Guangsen, www.china.com, November 13, 2002.
9. *Global Entrepreneur*, July 2003, p28.
10. For various discussions see, for example, Wu Si, *Bloody Payment Law: Survival Game of China's History*, Beijing: China Workers' Publisher, 2003; Liu Jiseng and Shi Yongjiang, *Strategy of Transnational Corporations for Chinese Enterprises*, Beijing: Xinhua Publisher, 2003, pp74-83; Gu Zhibin, *China Beyond Deng: Reform in the PRC*, McFarland, 1991.
11. Need a Better Framework and Government Conduct, *Caijing*, #91, September 5, 2003, p113.
12. Can Guangmin, Issues on Building a Corruption-Free System, *Qiushi*, #357, April 16, 2003.
13. Lai's Troublesome End, Liu Zhiwu, Everyday News, *Tianjin Daily*, serial reports, July 1-30, 2002.
14. The Lessons of the Red Building, *CAAC Journal*, June 18, 2001.

15. *www.eastday.com*, August 26, 2001.
16. The Lessons of the Red Building, *CAAC Journal*, June 18, 2001.
17. *Ibid.*
18. Shao Daosheng, *The Diseases of the Nation: Reflections on China's Ongoing Corruption*, Beijing: Hualing Publisher, 2000, p3.
19. Lai's Troublesome End, Liu Zhiwu, *Everyday News*, *Tianjin Daily*, serial reports, July 1-30, 2002.
20. China News Agency, October 15, 2002.
21. Shao Daosheng, *The Diseases of the Nation: Reflections on China's Ongoing Corruption*, Beijing: Hualing Publisher, 2000, p3.

Chapter 21

1. For more information see, for example, Angus Maddison et al., *The World Economy: A Millennial Perspective*, OECD, 2001.
2. For more information see, for example, the above book and Niall Ferguson, *Empire: The Rise and Demise of the British World Order and the Lessons for Global Power*, Basic Books, 2003; Gao Yingtong, *The Sunset of an Empire: Declining Britain*, Jilin People's Publisher, 1998.
3. For more information see, for example, Andre Gunder Frank, *ReOrient: Global Economy in the Asian Age*, University of California Press, 1998; David S. Landes, *The Wealth of Nations: Why Some Are So Rich and Some So Poor*, New York: Norton, 1998.
4. For more information see, for example, John A. Byrne, *Chainsaw: The Notorious Career of Al Dunlap in the Era of Profit-at-Any-Price*, HarperBusiness, 2003.
5. For more information see, for example, Sarah Kaplan and Richard Foster, *Creative Destruction: Why Companies That Are Built to Last Underperform the Market and How to Successfully Transform Them*, Currency/Doubleday, 2001.
6. For more information see, for example, Ni Jianzhong et al. (ed), *Goodbye to Hong Kong's British: Two Destinies and Two Centuries*, Beijing: China Social Publisher, 1996; Alain Peyrefitte, *L'empire Immobile ou LE Choc des Mondes*, Fayard, 1989. Chinese translation by Wang Guangqing et al., Beijing: Sanlian Books, 1995.
7. Eric Foner, *The Story of American Freedom*, New York: Norton, 1998.
8. Douglas Brinkley, *Wheels for the World: Henry Ford, His Company and a Century of Progress, 1903-2003*, Viking Press, 2003.
9. Martin and Susan J. Tolchin, *Selling Our Security*, Knopf, 1991.
10. For information see, for example, Frank Partnoy, *Infectious Greed: How Deceit and Risk Corrupted the Financial Markets*, Times Books, 2003.

Chapter 22

1. For more information see, for example, Bruce Wasserstein, *Big Deal: The Battle for Control of America's Leading Corporations*, Warner Books, 1998.

2. For more information, besides those books above, see also Gary A. Dym-ski, *The Bank Merger Wave: The Economic Causes and Social Consequences of Financial Consolidation*, M.E. Sharpe, 1999; Charles R. Geisst, *Deals of the Century: Wall Street, Mergers, and the Making of Modern America*, Wiley, 2003.

Chapter 23

1. For more information see, for example, Tim Callen and Jonathan D. Ostry (ed), *Japan's Lost Decade: Policies for Economic Revival*, International Monetary Fund; Wang Lingao and Gao Yintong, *Challenges of Economic Islands: The Emotions of Japan's Political Feelings*, Jilin People's Publisher, 1998.
2. For more information see, for example, *Caijing*, #52, January 20, 2002, pp56-60; Wang Lingao and Gao Yintong, *Challenges of Economic Islands: The Emotions of Japan's Political Feelings*, Jilin People's Publisher, 1998; Chen Baoseng, *Global Competition of American Multinationals*, Beijing: China Social Science Publisher, 1999.
3. For more information see, for example, Tang Gang and Chu Yuanyi, *A History of Ming Dynasty*, a volume in the series of *China's History*, Shang-hai Ancient Books Publisher, 1998, pp159-167. In a way, here is the large picture: No matter how ambitious these warriors were, the invaders failed in the end. They loaded their boats with wounded warriors and peddled away back to their islands. This historical attack turned out to be a prelude to the modern invasion by Japan in the 20th century. This time, Japan carried not just some tribes of invaders; it carried entire empire of invaders. Not only China was invaded; America and many other nations were as well. Ni Jianzhong et al. (ed), *China and Japan: One Century Conflicts and Exchange*, Beijing: China Social Publisher, 1996; Ray Huang, *1587: A Year of No Significance*, Yale University Press, 1981.
4. For various discussions see, for example, Francis Fukuyama, *Trust: Human Nature and the Reconstitution of Social Order*, Free Press, 1996; R. H. P. Mason and J. G. Caiger, *History of Japan*, Charles E. Tuttle Co, 1988; Yoshio Sugimoto, *An Introduction to Japanese Society*, Cambridge University Press, 2003; and Curtis Andressen and Milton Osborne, *A Short History of Japan: From Samurai to Sony*, Allen & Unwin, 2003; Chen Baoseng, *Global Competition of American Multinationals*, Beijing: China Social Science Publisher, 1999.
5. An interesting discussion appears in Francis Fukuyama, *Trust: Human Nature and the Reconstitution of Social Order*, Free Press, 1996; also see Ma Ping, *After Meiji Restoration: Japan's Economic Jump after World War Two*, Nanchang: Baihuazhou Publisher, 1997; Chen Baoseng, *Global Competition of American Multinationals*, Beijing: China Social Science Publisher, 1999.
6. Francis Fukuyama, *Trust: Human Nature and the Reconstitution of Social*

Order, Free Press, 1996.

7. *Beijing Business Daily*, February 12, 2003.
8. For more information see, for example, Eisuke Sakakibara, *Structural Reform in Japan: Breaking the Iron Triangle*, Brookings Institution Press, 2003.
9. For more information see, for example, Tat Yan Kong, *The Politics of Economic Reform in South Korea: A Fragile Miracle*, Routledge, 2000; and Kenneth L. Judd and Young Ki Lee (ed), *An Agenda for Economic Reform in Korea: International Perspectives*, Hoover Institute Press, 2000.
10. For more information see, for example, Eun Mee Kim, *Big Business, Strong State: Collusion and Conflict in South Korean Development, 1960-1990*, State University of New York Press, 1997.
11. *Financial Times* Web site, November 27, 2003.
12. China Statistics.

Chapter 24

1. The number of at least 45 million government officials is given by Ren Yuling, in, Two National Conferences Pay Attention to Civil Servants: Member of Political Consultancy Conference Demands Government Reductions, *Xinhua News*, March 8, 2005, http://news.xinhuanet.com/newscenter/2005-03/08/content_2666994.htm; but another number, over 70 million government officials, is given by Zhou Tianyong, in, Experts Claiming the Ratio of Civil Servants over Citizens 1:18 and Demanding Reductions, *Legal Daily* (via *Southern Daily*), June 14, 2005, <http://southcn.com.cn/law/fzxw/200506140007.htm>. This discrepancy itself shows that the government power is much more extensive so that the it is not aware of its exact employee body today. For more information, see for example, George Zhibin Gu, *China and New World Order: How Entrepreneurship, Globalization, and Borderless Business Reshape China and World*, Fultus, Sept 2006.
2. Government report, March 2005.
3. 3. For various discussions see, for example, Zhang Shuguang, *The Natural Roads to Prosperity*, Guangdong Economic Publisher, 1999; Chen Guidi and Chun Tao, *An Investigation on China's Farmers*, Beijing: People's Literature Publisher, 2004; Ma Qingyu, *Farewell Sisyphus: An Analysis & Prospects of Chinese Political Culture*, Beijing: China Social Science Publisher, 2002; and Li Bin, *Overdrafted Power: A Deeper Observation of Misinvestment by the Local Governments*, Hubei People's Publisher, 2003.

About the Author

George Zhibin Gu is a journalist/consultant based in Guangdong, China. A native of Xian, he obtained education at Nanjing University in China and Vanderbilt University and the University of Michigan in the United States. He holds two MS degrees and a Ph.D. from the University of Michigan.

For the past two decades, he has been an investment banker and business consultant with a focus on China. His work focuses on helping international businesses to invest in China and the Chinese companies to expand overseas. He has worked for Prudential Securities, Lazard, and State Street Bank, among others. He generally covers mergers and acquisitions, joint ventures, venture capital, business expansion, and restructuring.

Also, he is a journalist focusing on China in relation to global development. His articles or columns have appeared in *Asia Times*, *Beijing Review*, *The Seoul Times*, *Financial Sense*, *Gurus Online*, *Money Week*, *Online Opinion*, *Asia Venture Capital Journal*, and *Sinomania*, among others. He is the author of three additional books, *China Beyond Deng: Reforms in the PRC* (McFarland, 1991), *China and New World Order: How Entrepreneurship, Globalization, and Borderless Business Reshape China and World* (Fultus, September 2006), and *Made in China: Players and Challengers in the 21st Century* (Portuguese edition, Centro Atlantico, 2005). He is a member of *World Association of International Studies* hosted at Stanford University.