

Secondly, outside explanations are important with China's integration into the global economic order following the Sino-US rapprochement, China's trade links with Japan grew, generating massive trade surpluses for China. Additionally, the US helped an China's transition into GATT and ~~IMF~~ by 1991 and by 2000, China was a member of the World Trade Organisation (WTO). Overall, this gave China access to the international trading economic community with which it can now extensively trade with and garner more profits and revenue as a result. This proved particularly beneficial markets? for the Special Economic Zones (SEZs), and its expansion, which rely upon foreign currencies and machines to spur China's economic growth and export trade. Hence outside explanations are important as China's integration into the global economic order can explain its economic growth after 1978.

Elaborate on the factors SEZs further.

Thirdly, outside explanations are important as a result of the Sino-Soviet ~~split~~ summit. This occurred in 1984 and before this, China had extensive military expenditure which drained its national resources. However, with the Sino-Soviet summit in 1984, peace was restored between China and the USSR and China need not spend as much resources to defence-military as for its border tensions with the USSR. This enabled a diversion and concentration to economic growth for China.

Now, this discussion will examine why outside explanations are not as important in explaining the growth of China's economy after 1978.

However, outside explanations and outside events cannot be ~~not~~ overstated. Outside explanations can in part explain China's growth in trade and exports, without taking into account the political-ideological, economic and social preconditions that spurred such growth and enabled it to take place. China's economic growth after 1978 is ultimately ~~based~~ upon pre-1978 economic growth. Additionally, the economy did not always grow after 1978, as seen from the 1989 Tiananmen Crisis where protests and strikes by returning overseas students halted economic growth and invited Western condemnation of China's violation of human rights.

or rather external conditions were not always +?

Firstly, political-ideological factors played a most fundamental underlying role in ensuring political stability that formed the preconditions of economic growth. Mao's strict adherence to Maoism and inflexible ideological guidelines had resulted in poor economic growth and famine, particularly with the failure of the Great Leap Forward and collectivization pre-1949. With the installation of the new leader Deng Xiaoping as Chairman of the CCP, he returned upon aspects of Maoism to facilitate political stability. However, he encouraged economic openness through his Four Modernizations Programme which formed the preconditions for China's exceptional economic growth, and introduced limited political reforms. He advocated the hard-line military approach of the CCP in cracking down on any process against the authority, such as that of the Democracy Wall Wall in 1979. Overall, Deng Xiaoping was successful in maintaining political stability which enabled concentration on economic growth, <sup>enabling China's economic growth before and after 1978.</sup> However, his hard-line stance did breed discontent when economic reforms created demands for political liberalization with economic liberalization modernization, laying the foundation for the Tiananmen Crisis in 1989. but?

Secondly, economic factors played a most immediate role in explaining China's economic growth ~~before and~~ after 1978. Under the Four Modernizations Programme, there was greater focus on agriculture, industry, trade and education. Under agriculture, the Household Responsibility in 1980 was introduced which led to redistribution of land to peasants and establishment of communes. This led to increased grain growth and the first grain surplus of China. The increase in rural labour and food production also led to a surplus of labour available for industry for growth, in terms of increasing labour available. For industry, the Township Village Enterprises (TVEs) were established in 1980, where peasants could adopt small to medium-scale business for surplus and profits, even being granted loans. Jobs were ~~retained~~ reduced and those remaining were ~~retained~~ such as being responsible for own profits and losses and being able to obtain their resources on their own rather than being allocated. Under Special Economic Zones were also introduced in the 1980s and expanded in the 1990s to include more

and local companies, all in all contributing to <sup>↑</sup> massive growth in  
foreign trade and export volume, which doubled. Foreign <sup>value</sup> currencies were  
earned and export trade grew. Under education, students were sent  
overseas so that they can learn skills pertaining to the economy and  
technology, such that they can return to become to take over as the  
new ~~administration~~ administrators of the economy. Hence, China's economic  
growth can be more immediately explained on a domestic front by these  
various economic policies than than China's economic growth, which external  
outside influences ~~are~~ tapped on and built upon.

Overall, ~~the~~ outside explanations only serve as contributory secondary  
factors that explained China's economic growth. What was more important <sup>Q</sup> a more  
<sup>weigh</sup> were the internal political-ideological and economic factors that spurred economic <sup>assertive</sup>  
growth under Deng Xiaoping, an improvement of Mao's political concern <sup>criteria based</sup>  
1949. ~~Q~~ In conclusion, ~~China's~~ the growth of China's economy can be <sup>©?</sup>  
explained by the synthesis of these factors. Obviously.

Ryan,  
Another diligent  
effort: short command  
of the topic. Good!  
explain a factor that  
enabled a prob. 11 85 + 22  
to be overcome  
The balance 11 + 1 - impact  
could be evaluated as well!

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5. To determine the validity of the statement, the essay will consider the following criteria in evaluating the ~~factor~~ importance of the factors for China's growth: its nature of importance (fundamental underlying, fundamental immediate or contributory), its intensity (positive or negative), ~~its~~ and its sustainability. Internal and external factors will be discussed.

The statement is true to the extent that favorable external conditions in the 1970s did help in kickstarting China's growth and laying the necessary preconditions and context for growth to take place.

However, the statement is ~~too~~ largely limited as even when external factors became unfavorable in the 1980s and 1990s, China still continued in its rapid growth, pointing to the primacy of internal political and economic factors, which were more fundamental to its growth, and to determining the timing of growth from 1979.

~~External~~ factors can be credited for ~~allowing China to~~ creating a favorable ~~pre~~ context for China's growth to take place ~~in 1977~~ in the late 1970s. Then China's "ping pong" diplomacy with Nixon in 1972 ~~and~~ and subsequent full normalization of relations with USA in 1979 had ended China's isolation (because of its communist history in the international circumstance of anti-communism, as well as Sino-Soviet split). This ~~allowed China to be an integr~~ laid the foundations for China's integration into the global economy, as seen in 1980 when it joined ~~the~~ the World Bank and GATT. This ~~also meant that~~ ~~for~~ the beginning of foreign investments, which was crucial to kickstarting the special economic zones in the country that generated massive ~~for~~ profit from Foreign Direct Investment (FDI). To this end, external factors can be credited for being the kickstarter of China's growth, and ~~for~~ for providing favourable conditions for its growth in the earlier years.

However, this cannot be overstated, especially since external factors turned against China in ~~the late~~ ~~the~~ the 1980s. Firstly ~~this~~ ~~some~~ some countries like USA became protectionist against China, since China's rapid growth had led to ~~trade imbalances~~ ~~their~~ its gaining of the comparative advantage ~~and~~, which led to trade imbalances. Secondly, ~~the~~ ~~the~~ political Tiananmen crisis in 1989 had also led to ~~economic~~ ~~isolation~~ ~~of~~ China, due to human rights abuses and lack of political liberalisation in the country. Thirdly, there was ~~global~~ a global economic slowdown in the 1990s, including the Asian Financial Crisis in 1997. was China affected?

However, yet, China still continued on its rapid growth streak. Evidently, when ~~the~~ global GDP halted and growth was at 1% from 2000-2002, ~~China's~~ ~~the~~ China's GDP was doubled and growth at 18%. Furthermore, even when it suffered ~~for~~ ~~tempo~~ ~~the~~ economic isolation from 1989-92 after Tiananmen Crisis, this was a temporary and only a short interregnum, since ~~growth~~ ~~foreign investors~~ growth resumed with full force in 1992, with GDP reaching unprecedented 13% growth in 1993.

All these point to more fundamental, internal factors ~~to~~ ~~for~~ China's success.

Firstly, ~~an~~ domestic economic factors were ~~the~~ the fundamental immediate factor to China's success. ~~on the agricultural aspect,~~ Deng Xiaoping's "Four Modernisations" had been immensely successful in allowing the economy to boom at unprecedented levels. ~~On the agricultural aspect,~~ the Household Responsibility System (HRS) ended land collectivisation and increased land ownership. With increased ownership, as well as the 1985 open Market Transaction that ~~the~~ gave farmers freedom to sell surplus for profit, providing a profit motive, there was increased morale and productivity, seen in how China's farmers became the most productive in the world in terms of output per acre, and it became a net grain exporter. ~~Excess labour with the~~ The use of fertilisers and technology also freed up excess labour which could be used in <sup>urban</sup> industries for cheap abundant labour, that decreased production costs, hence increased ~~supply~~ ~~the~~ demand, (Yes!)

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exports and profits. The profit made by farmers also served as capital for Township Village Enterprises (TVEs), that were private owned and were highly innovative and productive, growing by 20-30% a year. They also helped to spur on the state owned enterprises (SOEs), which were retained, but reduced and reformed to allow differential earnings instead of fixed state wages, and more competitiveness, to increase productivity. ~~The~~ ~~desire of the~~ ~~Meanwhile~~, special Economic Zones (SEZs) were crucial to earning foreign exchange by attracting investments through tax incentives and free trade zones. This allowed China's exports to grow by 500% in the 1980s. Coupled together, such <sup>domestic</sup> economic factors that arose from domestic restructuring and economic liberalisation from the ~~control economy~~ in centrally planned economy in the Mao era to a market socialism and capitalist economy from 1978 to the 1980s. Such capitalist methods allowed China to become an economic hegemony, with 9.5% GDP ~~is~~ on average from 1980-2000, unprecedented in the world.

~~Further~~ Secondly, domestic political factors were ~~also~~ the fundamental underlying factor for China's growth. While the Mao era was characterised by ideological ~~dog~~ dogmatism, even at the expense of economic growth (seen in the economic devastation during the Great Leap Forward and Cultural Revolution), Deng Xiaoping chose to ~~retain~~ value pragmatism, retaining only aspects of Marxist thought that would enable the economy to grow, which was the focus. The 4 Cardinal Principles and (28) Resolutions upheld aspects of Marxist thought for this purpose. ~~While the~~ ~~it~~ continued political repression and consolidation of the Chinese Communist Party's (CCP) hold on power ensured political stability that would ease the ~~long~~ <sup>economic</sup> long term and quick implementation of reforms crucial to China's success. In this way, domestic political factors were significant as the

Internal environment for successful economic reform to take place. While political repression could lead to economic problems as mentioned earlier in the Tiananmen Crisis of 1989, ~~economic~~ strong domestic economic factors proved to be paramount as they enabled the overcoming of such ~~as~~ internal political and external difficulties — hence even when the CPC still ~~to~~ re-consolidated its power after 1992, and there was still political repression, ~~the~~ China's economy soared.

In conclusion it is evident to see that the ~~most~~ most important explanation for China's economy after 1978 was found ~~to~~ inside and not outside China, for even when outside factors proved a hindrance, internal factors, ~~manageable to~~ especially economic factors, were able to overcome ~~the~~ ~~and~~ all odds. Ultimately it can be said that China's pragmatism — which ~~is~~ determined why it liberalised economically but was repressive politically — ~~was~~ was the most crucial factor of all for its success. Internal enabled

Sarah, a thoughtful answer — I enjoyed reading the evaluation arguments that was academically 'in the answer'! Overheated & demand of overseas ~~is~~ political ~~of~~ of it?

external which intensified from?

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Q6) The failure of the international economy in the 1970s and early 1980s, more commonly known as the Crisis Decades, can be attributed to both political and economic reasons. To ascertain and determine the most crucial and significant reason which led to the Crisis Decades, this essay will weigh the reasons for the failure using the criteria of nature of importance.

Firstly, a political reason behind the failure of the international economy is the period of detente between the two superpowers then, USA and the USSR. Following the decades of mutual tensions, short of a hot war, the 2 superpowers were engaging in a period of detente with relatively cordial relations. This peaceful era hence, negated the need for capitalist countries, led by the dominant USA, to unite and counter the influence and threat of communism. Previously, the USA was involved in economic recoveries of countries worldwide, hoping that this would prevent countries stricken with poverty to adopt communism. Capitalist countries, such as Japan and Western European countries, were also more willing to subordinate their national interests to the agenda of USA, allowing their economies to be restored by the USA. For instance, USA launched the Marshall Plan to restore the economies of Japan and Western Europe, and allowed them to carry out protectionistic measures so as to gain faster economic growth. With detente, such measures to contain communism were unnecessary, given that communism was not perceived as that major a threat during detente. Hence, this weakens the unity of the capitalist countries, providing the preconditions and geopolitical climate for the failure of international economy to happen.

Another political reason will be that of the emergence of the 3<sup>rd</sup> world states. The rise of these 3<sup>rd</sup> world countries introduced greater degree of instability and competition in the global economy. The higher-income 3<sup>rd</sup> world states, including many of the Southeast Asian states, such as Singapore and Malaysia, as well as other countries such as Korea and Taiwan, pose huge degree of competition for the developed countries. Due to their lax environmental and labour regulations, as well as the abundance of cheap labour, these high-income 3<sup>rd</sup> world states are gaining the comparative advantage in labour-intensive industries, driving the developed countries out of the industries. This increased competition, brought about by the emergence of high-income 3<sup>rd</sup> world states, hence provides the developed countries with the need to adopt protectionist measures to safeguard their industries and economies. Furthermore, the lower-income 3<sup>rd</sup> world countries, such as the African countries, were unwilling to integrate themselves into the global economy.

Asian Tigers!

order, perceiving it as a pro-west system. Thus, this results in a confrontational, anti-west and uncooperative group of low income 3rd world states, inducing more uncertainty into the global economy. For instance, as a sign of protest to the GATT formed in 1947, the third world low income states proposed the formation of UNCTAD, a parallel to GATT.

Clearly, the emergence of the 3rd world creates a geopolitical climate that would facilitate the Crisis Decades.

one of the

evaluate this impact of this factor!

On the other hand, economic reasons for the failure of the international economy is that of the ~~dominance~~ of the USA, which renders global economy vulnerable when the USA economy faces problems. Having launched the Marshall Aid and Dodge Line for Western Europe and Japan, as well as allowing them to conduct protectionist measures, USA faces a daunting trade deficit, even worsening with the rise of 3rd world states which are gaining comparative advantage over the USA. Hence, in order to revitalise and reduce the trade deficits, USA decided to adopt protectionist measures themselves to ensure the sale of its exports. For instance, the USA signed a voluntary restraint agreement (VRA) with Japan in order to restrict the imports of Japanese goods into the USA. The Plaza Accord and Nixon Devaluation also serve to devalue the US currency against that of its trading partners, hence, allowing more of USA's goods to be exported with the lowered prices. This causes trade imbalances worldwide and the limiting of free trade in the world, undermining the efforts of GATT and stunting world economic growth. In addition, USA also faces the other half of its twin deficit, which is a severe budget deficit. Due to its previous decades of efforts in war and containment against the USSR, and an insufficient tax revenue generated, USA was spending more than it could earn, resulting in a budget deficit. Hence, in order to reduce its expenses, USA decided to reduce support for the global monetary order, including attempts to reduce support for the fixed exchange rate and dollar-gold convertibility by the International Monetary Fund (IMF), as well as reducing the provision of loans to countries via the World Bank (as long-term developmental loans and via the IMF as short-term loans). This reduced leadership in the global monetary order resulted in the failure of the Bretton Woods System, which had been dominated by the USA. Clearly, the problems faced by the USA translate into negative responses and measures, which have severe and detrimental impact on the global economy given US's dominance of the global economy.

evaluate impact of this factor!

Moreover, another economic reason behind the failure of the international economy lies in the huge increase in oil prices. Oil was the most common fuel used by countries worldwide as they attempt to revitalise their domestic post-war economies through industrialisation.

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The oil-intensive machinery and production meant that the economies of countries were especially vulnerable to the sudden rise in oil prices. During 1973, the Yom Kippur war between the Israelis and the Arabs resulted in the first oil crisis. Further on, during 1979 and 1980, the likes of Iran-Iraq war and the Iranian revolution also disrupted the oil supply, resulting in soaring oil prices. For instance, prior to the 1970s, oil was as cheap as US\$2 per barrel, allowing firms to lower their production costs and gain higher profits. However, with the 1973 Yom Kippur War and the 1979 Iranian revolution and the 1980 Iran-Iraq War, oil supplies were disrupted, resulting in the price of oil to increase by tenfold from US\$2 per barrel to US\$20 per barrel. This drastically increased the production costs and many firms were driven out of the industries. Besides, the high prices, due to Arabs intentionally pressuring the capitalist countries to support them against the Israel, caused low-income 3rd world states to suffer drastically, considering their inability to discover new sources of fuel with limited funds, technology and expertise. Hence the oil crisis constituted a major force in sustaining the Crisis Decades from 1970s to early 1980s.

Why the different impact on 1st, 3rd world states!

T.S. - ex pr.

Lastly, the 3rd world states, which plunged into economic chaos due to the US' domestic problems and the oil crisis, resorted to excessive borrowing that triggered a debt crisis, paralysing the world economy. With the oil crisis, 3rd world states were affected gravely, hence, had to resort to borrowing to service their debts. However, due to stringent and demanding borrowing conditions set about by the IMF, these 3rd world states were reluctant to loan from the IMF and would rather borrow from the commercial banks, who see an increase in profitable funds due to petrodollars from oil-exporting countries. As such, with lax borrowing regulations, the 3rd world states were more inclined to borrow excessively from these commercial banks, despite their high interest rates. This was exacerbated by the fact that many of these 3rd world states had internal economic policies which focused on capital-intensive and oil-intensive production. Thus, this results in the 3rd world states borrowing more and more. As such, with the high interest rates and huge loans to service, many 3rd world states plunged into a debt crisis and were unable to service their loans. For instance, Brazil, Argentina and Mexico had amassed debts of \$60 billion to \$110 billion and threatened to default these loans. It even prompted the US to intervene via the Baker and Brady plans to help facilitate the servicing of loans and restructuring of their domestic economies.

evaluate the impact of the factors!

which esp?

In conclusion, the political and economic reasons resulted in serious problems for

JS

detente  
1970s

global economy, during the 1970s and early 1980s. It is crucial to note that ~~while they~~ both created the problems, the political reasons remain the more underlying factors merely providing the preconditions for the onset of a Crisis Decade. <sup>Critically</sup> This is further highlighted in how the 1953 Pearlman coexistence failed to trigger ~~failure~~ of global economy, ~~but~~ suggesting there remains a trigger for the Crisis Decade, on top of the preconditions provided by the political reasons. Hence the economic reasons kick in and are more responsible for the trigger. Within the economic reasons, the dominance of the US is more responsible as an immediate factor for the outbreak of the Crisis Decade, while the oil crisis and debt crisis are more responsible as immediate factors for the sustaining of the Crisis Decade.

Tar Leung,  
a conscientious effort  
need to rethink @ the  
organisation of ideas at  
the end! Serious effort  
to evaluate i. relative  
importance of different  
factor - could also  
link to ↑ cost/p & global exports  
the issue of over-reliance,  
underlying factor, that  
predated (971) &  
affected growth after  
the H.C. of  
immediate  
factors!

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18  
25

- ew. 9.

?

underlying  
peer rated

2-5-1

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6  
and ~~trading~~ trade blows, ultimately paving the way for less liberal trade and more economic problems.

Secondly, the Oil crisis of 1973 was a crucial ~~and~~ immediate trigger for ~~the economic~~ <sup>tangible</sup> economic crisis. For it led to immediate stagflation. ~~that~~ Since the ~~and~~ OPEC states had used oil as an economic weapon to gain world sympathy for the Palestinians in the light of their defeat in the Yom Kippur War, they reduced oil supplies and sent prices skyrocketing from \$12 a barrel to \$40 a barrel. This was a serious blow to industrialised economies ~~which~~ which were capital and oil intensive, sending inflation rates up to two digits, reaching a peak of 15.7% in 1980. This had an immediate ~~to~~ impact on both developed and developing countries, ~~at least~~ in the short term, truly marking the start of international "crisis". While developed countries ~~were~~ able to recover more quickly with economic restructuring, ~~they~~ <sup>or</sup> growth levels never reached golden age levels again, marking a "crisis" in comparison. For developing countries the effect was protracted with this starting the vicious cycle of over-borrowing and indebtedness that would precipitate more economic crises to come that would affect the whole world.

Thirdly, the Debt crisis of 1982 also exacerbated the impact of the crisis years ~~by~~ because it destabilized the economy with reduced confidence in commercial banks and run on banks.

The accumulation of ~~the~~ bad debt in developing countries, coupled with ~~over~~ overborrowing from high-repayment commercial banks pulled the threatened default of Brazil, Argentina and Mexico of \$460-110 bn of debt. While the "crisis" never truly occurred <sup>talk about</sup> as massively, due to the countries defaulting at different times and the CB-  
US help in extending repayment dates with the Brady and <sup>US</sup> Baker Plans, the paranoia it created and loss of faith in existing economic banking structures also marked an intangible loss of <sup>confidence</sup> ~~crisis~~. The crisis was also much ~~more~~ tangible for developing states, where the number of countries in debt doubled to 24 by ~~1991~~ 1991.

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Fourthly, the prevalent international <sup>economic</sup> climate of the time was also one more of distrust than cooperation, due to the ~~fundamental underlying~~ reasons of strains on the <sup>international</sup> cooperative order with the rise of new competitors and increased protectionism. There seemed as a fundamental underlying ~~cause~~ for the crisis years as it did not determine the <sup>well</sup> timing of the crisis, but provided the ~~best~~ hostile preconditions that enabled the crisis to arise. ~~The~~ While the 1960s economy in the USA had been dominated by traditional ~~USA~~ which was a key driver of the economy due to its leadership in the Bretton Woods system and GATT, it now ~~of~~ <sup>underlying</sup> faced that rising players - like Japan and Western Europe ~~but~~ <sup>3W?</sup> threatened its interests as they had gained the comparative advantage, resulting in trade deficits for USA. With the rise of even more new competitors in the 1970s from the <sup>developing</sup> world, such as the Asian Tigers and in the 1980s, China, ~~countries~~ resorted to protectionism since they found that their national interests no longer coincided with ~~gave~~ the global economy and free trade ~~no~~ no longer benefited them as greatly. For instance, USA imposed a Multifibre Agreement to reduce textile imports from the Middle East in 1974 and a Voluntary Exports Restraint (VER) on automobiles from Japan in 1981. New protectionism also arose in the 1970s which made the ~~a~~ free trade system even more unstable, since they were harder to remove, based on <sup>qualitative</sup> standards and ~~great~~ quotas. For instance, USA barred beef imports based on health standards, and ~~for~~ French ~~also~~ were declared "unfair" for Japanese cars. These all led to the decline in cooperation in terms of free trade, ~~peace~~ and the rise in mercantilism as opposed to the Keynesian economics that had enabled rapid economic boom in the 1960s.

The Cold War environment may have also ~~acted~~ <sup>acted</sup> as a contributory factor ~~as it led to USA~~ <sup>for the crisis years</sup> budget deficits due to overspending on proxy wars ~~and~~ like Vietnam and Nicaragua and nuclear arms race (ICBM race) with USSR. ~~The~~ While the Cold War

59

underlying?

big part of the 2 factor?

Monetarism  
↑ int rates  
to ↓ inflation  
& growth

included decline of Cur - defense?

