

Middle Income Blues, The East Asian Model and Implications for Development in China

Randall Peerenboom
University of California-Los Angeles

China has made remarkable progress in a short time in improving the legal system, having essentially begun from scratch in 1978. As of 2004, China's legal system ranked in the 41st percentile on the World Bank's rule of law index. China performs better than the average country in its lower-middle income class on rule of law and most good governance indicators. However, China's rapid progress in improving the legal system and good governance appears to be slowing, if not reversing. China's rule of law and good governance rankings are all lower in 2004 than in 1998. What explains the reversal or slowdown? Is China trapped in transition? What can be done to overcome the middle-income blues?