

Monetary vs. Guanxi Development Economics

Please mark YES or NO about the following statements. Follow your spontaneous impulse!
Compare your answers with those of your neighbours. Introduce yourselves, and let one another know, why you are in favour of this or that statement.

Yes No Assertion

1. Socialist economies are ruled by planning authorities and large state-owned enterprises. China has been very successful in planning its economic development in the last three to four decades.
2. Schumpeter's entrepreneur (*Unternehmer*) is the typical owner of an established firm, who starts an important innovation with disruptive effects leading to "creative destruction" of the business of the *Wirte*, the non-innovative, normal businesspersons.
3. Party cells in every enterprise, administrative or media unit, civil society organization, military unit, university institute and regulatory agency are a means of ideological control and often a source of corruption in all communist-ruled countries.
4. At the end of the 1970's, Deng Xiaoping gave the order to establish a "Socialist Market Economy", which opened the way to spectacular economic development through a broad set of village enterprises and private businesses, foreign direct investment and infrastructure projects, mostly coordinated through markets – and the *guanxi* network of Communist Party secretaries.
5. The financial sector intermediates between savers and investors ($S=I$) so that investment is determined by the amount of savings.
6. In the analysis of successful economic development you can always identify three agents: the status-quo user of the resources, the innovative entrepreneur, typically without major property and possessions of his or her own; and the intermediary, who enables the transfer of the resources towards the new, innovative enterprises and the corresponding infrastructure and regulatory institutions.