

A Legal Analysis of State-owned Enterprises' Privatization in China

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This paper analyzes the privatization of State-owned enterprises in China.

State-owned enterprises in China are a huge group that covers most of the more important fields that could affect people's lives and the country's security.

Since the 1980's, China has entered a new period by changing the planned-economy mechanism to one based on market activities that is called the market-based economy period. Since 1978, private and semi-private corporations have assumed the key role in economic development. For the development and global competition, State-owned enterprises have also been restructured as joint-stock corporations are judged to be more efficient organizations by economists and also by corporate law scholars.

As China is a socialist country, providing public benefit to the people should be considered as a serious problem. The success of privatization depends on whether a balance can be struck between public welfare and commercialism. Providing public benefit is a responsibility that government should assume not only in China, a socialist country, but also in capitalist countries. In specific fields, privatization cannot develop without permission from the central or local governments.

How to judge the situation of economic development and achieve the balance described above seems to be one of the government's new responsibilities. And the governments' activities such as permission should be limited by administrative law.