Commentary

Editor's note

In our continuing efforts to publish diverse and authoritative perspectives on Chinese Law, the *Journal of Chinese Law* is proud to present the following Commentary as part of a continuing series of periodic contributions from influential Chinese policymakers.

Liu Hongru serves as Deputy Governor of the People's Bank of China and currently is the Vice-Director of the State Commission for Economic Restructuring of the PRC. He has also served on the PRC's State Council Leading Group on Foreign Investment, which has supervised relevant authorities in the drafting of foreign investment laws.*

Mr. Liu's commentary on banking and financial reform in the PRC provides useful insights into the course of legal development in China. Law does not evolve in a vacuum. Rather, it develops within the context of the political, economic, and social imperatives of a society. This interdependent relationship is especially marked in the PRC where, since the Third Plenum of the Eleventh Central Committee of the Chinese Communist Party in 1978, efforts at legal reform have been explicitly driven by the goals of economic restructuring and modernization. Thus, Mr. Liu's analysis of banking and financial reform and its role in China's overall economic restructuring helps to elucidate not only the underlying rationale for the PRC's legal reforms thus far, but also the path which these reforms may take in the future.

This Commentary was translated into English by Mr. Liu's staff in conjunction with the *Journal's* editors. In addition, the *Journal*'s editors have supplemented the author's footnotes to the extent possible and have provided additional footnotes for cross-reference.

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* Sullivan, *The Investment Climate*, CHINA BUS. REV., Jan.-Feb. 1987, at 8, 10.