

This paper's ambition is to describe essential economic reforms and their consequences in the People's republic of China since Deng Xiaoping's accession to power (1978) until the events on Tian'anmen square (1989).

The paper presents the outline of the economic development of PRC until 1978 and considering the extraordinary impact of Chinese political situation on China's economic development, the paper also presents a concise analysis of the political situation of China in 70s and 80s while stressing the processes that influenced the reform process.

The pivotal part of the paper presents the description of the course and outcome of the reforms in agriculture, industry and both village and municipal enterprises. Besides that it addresses the topic of transition towards the market socialism and implementation of the market mechanisms and the central planning related to it. The final part of the paper presents a concise description of changes in the quality of life of citizens.