

Book Review on Stephen L. Morgan (2021). The Chinese Economy

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Type of manuscript: book review

Abstract: *China followed a Soviet-style model for the economy from 1953 to 1978. Then Deng Xiaoping's economic ideas were implemented. The result was a marked decrease in poverty. Regarding personal freedoms, that has increased sometimes and decreased others since the founding of the People's Republic of China. Morgan, a Professor of Chinese history at Nottingham University, clearly presents the significant facets of China's economy.*

Keywords: China, mixed economy, transition economy, Deng Xiaoping, Hu Jin Tao.

JEL Classification: P51, N0.

Received: 30 January 2023

Accepted: 28 February 2023

Published: 31 March 2023

Funding: There is no funding for this research.

Publisher: Academic Research and Publishing UG (i.G.) (Germany)

Founder: Sumy State University and Academic Research and Publishing UG (i.G.) (Germany)

Cite as: Gentle, P.F. (2023). Book Review on Stephen L. Morgan (2021). The Chinese Economy. *Business Ethics and Leadership*, 7(1), 122-124. [http://doi.org/10.21272/bel.7\(1\).122-124.2023](http://doi.org/10.21272/bel.7(1).122-124.2023).



Book Review on Stephen L. Morgan (2021). *The Chinese Economy*

Stephen Morgan is a Professor of Chinese Economic History at the University of Nottingham. In his book, *The Chinese Economy*, the author discusses China's re-emergence as a global economic and political power (p.vii). Morgan combines "economic history, an analysis of the economy as well as government and business, with topics including inequalities, urbanization, consumption, energy, the environment, science and technology, and the quest for innovation" (p. vii). Morgan's book is an excellent read, and anyone interested in business in the Asian-Pacific region or East Asian studies, in general, will find the book to be informative. A multitude of graphs and tables of comparative of data elucidate issues in a clear way.

China was relatively poor when Mao Zedong died in 1976. In 1978, Deng Xiaoping took over, and some personal freedoms arose in China; not enough for most Americans, but life had improved after the Mao era. I was an economist there from most of September 1999 through May 2012. Morgan states that freedoms were curtailed starting in the time around 2008 and 2009. Since I left in 2012, matters have become less accessible than when I departed from China. Xi Jinping, China's current president and general party secretary, has been in power since the last part of 2012. He has gradually become more and more controlling of Mainland China and some geographic areas beyond that, such as Hong Kong. The amount of Chinese people living under the poverty level has greatly decreased under the administration of Deng Xiaoping and subsequent Chinese presidents.

On October 1, 1949, the People's Republic of China was founded. At first, the nation enjoyed a mixed economy. However, "from 1953 to 1978, a Soviet-style economy was implemented" (p. 28). With that, heavy industry and extractive activities in the rural areas increased. At the same time, consumption decreased (p. 28). Starting with the leadership of President Deng Xiaoping, significant economic growth occurred due to the nation adopting some degree of a market economy, including more international interaction (pp.28-29). China's economic reforms under Deng Xiaoping have been likened by Deng to "crossing the river by grasping stones" (p. 59).

Morgan states that economic reform has been somewhat negatively affected by the actions of President Xi Jinping (pp. 70-71). Nevertheless, China had transformed once Mao was gone. "China's great transformation has created a huge middle-income, urbanized and sophisticated economy unrecognizable from 40 years ago" (p. 73). Morgan advocates the use of Purchasing Power Parity (PPP) measures of GDP since, for example, "US \$100 spent in China will buy a very different size basket of goods and services" compared to what would be obtained by spending \$100 in the United States (p. 78). Based on PPP measurements, in 2018, China had 18.6 per cent of the World's output, and the United States accounted for 15.1 per cent (p.80). "Innovation is at the heart of making China a more productive and richer country, but so too is the need for better governance and more competitive firms, a more equitable and fairer society, and a more sustainable energy footprint for an increasingly urbanized China" (p. 124).

At present, one way China's economy may be described as hybrid capitalism. With that, the primary source of economic growth is the private or non-state sector (p.125). Morgan uses "CPC" to designate the Communist Party of China (p. 125). He goes on to say that the CPC employs a Leninist model of political control; however, in some ways, economic reform has changed the party (p. 127). Morgan explains key points. The CPC "has overseen the abandonment of the (totally) planned economy for a vibrant and at times raw capitalism that in its organized form is clearly a hybrid mix of capitalism and socialism" (p.166). Although many Chinese people are doing better health-wise and by educational attainment compared to during the Maoist era, there is still the problem of inequality (p. 201). Economic growth in China after the Maoist era and policies has lifted many out of the poverty level, though the benefits have not happened uniformly (pp. 201-202).

By 2020, sixty-one per cent lived in urban settings. Forty years earlier, most people lived in rural settlements (p. 203). The *hukou* system has requirements that have been relaxed and determined where individual Chinese citizens can live. Thus, it influenced whether individual citizens could live in various rural areas and cities. Relaxing some of the requirements allows Chinese citizens to migrate to areas in China beyond where they started their individual lives (p. 212). Much has happened in China since Deng Xiaoping started some reforms in China. That nation has become the leading exporter of the world's manufactured goods. Challenges remain and more innovation will have to be achieved. More ability in environmental

management is occurring and will only need to be increased. Caring for the elderly, providing for domestic and international security, as well as more tolerant ideas for letting people express diverse views, are among the future goals that should be pursued by China (p. 245).

Deng Xiaoping stated that China does not want what some people term as capitalism. However, China also does not wish to have the downside of socialism that is sometimes low incomes. Instead, China is pursuing the “appropriate use of markets” (pp. 252-253). China has a mixture of both a significant private sector and public sector and of course the two sectors have influences on each other. Different countries sometimes must pursue different public policies and the fact is, the economy in China has expanded economically since Deng Xiaoping first led his country into a mixed economy era. China has a mixed economy and different people may refer to it as such or by other terms but that is what it is. I was in China most of the time from September 1999 through May 2012 and I have done a lot of research on that country. This book by Morgan is vital for understanding contemporary China. Another key book is by Kissinger (2012)¹. The reviewer wished to add some information that is not strongly covered in this book. In the last few years, relations between China and the U.S. have become much more problematic due to the COVID-19 virus originating in China and disagreements between China and the U.S., concerning foreign policy aims of the two nations.

¹Kissinger, H. (2012). *On China*. New York: Penguin Books, 624 p. Reviewed by Paul Gentle in 2013 in *Asia-Pacific Review*