

# 2020 – The year of China (Foreword)



During the weeks of October in 2019, when the idea of having a Special Issue of Acta Oeconomica entirely devoted to China was accepted by our Editorial Board, the world looked different: athletes prepared themselves to the Tokyo Olympic Games in July, President Trump was marching unstoppably towards his re-election in November. Then, the chosen title, “2020 – the Year of China”, was a reflection of a growing number of specialists’ conviction that China under the leadership of General Secretary and President Xi Jinping is gradually but persistently returning to the centralized communist model (e.g., Fan et al. 2019; Roland 2019; Kornai 2019a, 2019b; Westad 2019). As the world economy continued to display a solid overall growth rate accompanied with better than normal levels of unemployment and inflation figures, China looked interesting because the Chinese economy performed even better. There was, however, for many observers – including the ones quoted above – a strong ethical conflict between economic success on the one hand and the political dictatorship of the Communist Party of China (CPC) on the other. China looked not only repulsive but also dangerous for the outside world.

New facts emerged that were hidden earlier behind the veil of secrecy. Numerous reports appeared about the ethnic Muslim members of the Uyghur and Kazakh communities in the eastern part of the country, who were detained in extrajudicial “re-education camps.” Estimates from 2018 placed the number of detainees in the hundreds of thousands. China continued to follow very oppressive policies against Tibet, too. One possible interpretation of this is that the CPC tries to transform a multi-ethnic, multi-lingual China into an ethnically, linguistically homogeneous nation-state at any price. Another frightening new development is the so-called Social Credit System, *de facto*, a blacklist. By the end of 2020, it was intended to standardize and centralize administrative assessments of citizens’ and businesses’ economic and social reputations. The social credit initiative called for the establishments of a unified record system for individuals, businesses, and the public sector, to be tracked and evaluated for political trustworthiness. It was a straightforward assumption that these tendencies would continue to prevail in 2020.

The outburst of the COVID-19 pandemic in January 2020 took the whole world by surprise – but not entirely from the perspective of the above said. When the country’s leadership hermetically locked down the city of Wuhan and Hubei provinces for 10 weeks, factories stopped, people were forcefully quarantined, the alleged effectiveness of such draconian measures reconfirmed the “advantages” of centralized executive power structures and prioritization. The old slogan of Mao Zedong, “politics in command” has been revived and justified in the eyes of many. The careful comparison of *all* predictable social costs and benefits, the basic principle of market-based economic systems was discredited and discarded. The most important evidence for this was provided by the World Health Organization (WHO). During the recent previous epidemics, most notably in the case of avian influenza and swine flu, the WHO took a definite position *against* the closure of international borders. Once the global spread of pandemics is established, in the globalized world economy, the costs are likely to be vastly bigger than the

benefits. This recommendation was even confirmed by a major multi-country study published in 2014 on the basis of data collected during the 2009 pandemic. This was the main finding: “travel restrictions per se would not be sufficient to achieve containment in a given geographical area, and their contribution to any policy of rapid containment is also likely to be limited” (Mateus et al. 2014). But the apparent success of the Chinese authorities in containing the spread of the coronavirus has overwritten the earlier WHO consensus. With the blessing of the WHO, the most important countries, notably the United States of America, the European Union and India almost immediately closed their national borders hoping that by closing borders and restricting travel, the spread of the virus can be stopped. As we all know today, this was not happening. On March 11, the WHO declared COVID-19 a pandemic, a global outbreak. At the time of writing this Foreword the coronavirus was affecting 213 countries and territories – but the travel restrictions are still widely enforced. Not surprisingly, the world economy is now experiencing an unprecedented recession, not seen since the Great Depression of 1929–1933. In the view of this author, travel restrictions with their far-reaching multiplicative effects are one of the most important breaks of the world economy. If the first identification of the new coronavirus (SARS-CoV2) happened anywhere else, but China, the entire story could have developed in a totally different pathway.

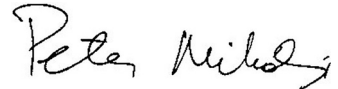
Not all the eight papers selected in this volume reflect upon the COVID crisis – partly because some of them were drafted during the 2019 Winter period – i.e., too early. But in one way or another, they all focus on what we can call a “categorization forecasting game”. The starting point of the analysis is very similar. After the market reforms, China between 1978 and 2013 resembled non-electoral, authoritarian capitalist regimes like Russia, Iran, or the Gulf monarchies. Elections were held, but the political rulers manipulated the electoral system in many ways, so the outcome was not competitive. At the very top of the political leadership of the CPC and the state organizations, strict rules applied to guarantee the rotation of leaders after 10 years in all cases. Our authors also agree in saying that Present-day China, under the leadership of Xi Jinping, is returning to communist, dictatorial practices. The regime retains and even extends governmental interference into markets and private property. By repealing the presidential term limit, constitutional amendments made it possible for Xi Jinping to remain China’s supreme leader as long as, he so desires.

The forecasting question is the following: what is the new Chinese normal? Should the outside world accept at face value what the Chinese leaders have consistently said since 1978 that they continue to build “socialist market economy with Chinese characteristics”? Or this is merely a political slogan and China as many other post-communist countries are firmly advancing towards the capitalist mode of production (to use a well-known Marxist term). This question, of course, leads to the next one, how to delineate capitalist and socialist systems (Mihályi – Széleányi 2020). Or perhaps both extreme positions are flawed. *Tertium datur*, and China represents a *sui generis*, specific political and economic system, something what Kolodko (2018) first called *Chinism*.

One of the lessons of the present volume is that the categorization of China is vastly important simply because of the size of the country, its influence, and impact on its geographically close neighbors, such as Vietnam, Cambodia, North Korea, and Laos. If China is a post-communist dictatorship, as the present author believes, the existence of the policy of President Xi Jinping is determining the future of these countries, as well. If this is not the case, and President Xi does not represent a substantial U-turn on the Chinese road towards capitalism



and liberal market economy, then Fukuyama (1989) was right: world history ended in 1989. Our eight authors all have their own views on this matter. I do not want to spoil the discovery of the readers. Read yourself what they think. These papers are all excellent, I could not make any order by importance or quality. This is why we follow the alphabetic order.



Editor-in-Chief

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