



Markets, Not the State, Worked for China

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“U.S. Slides Into China-Style Capitalism” (U.S. News, March 22) is largely on target. But the argument that China’s “entire economic model revolves around selectively flouting principles of the market economy” should be qualified. Before Xi Jinping became president, China was largely following Deng Xiaoping’s development model, which emphasized the benefits of marketization and opening to the world. Mr. Xi has reverted to a strategy dependent on class struggle and has closed any opening for a free market in ideas. China’s success came from markets, not Mao.

China hasn’t forced America to adopt state capitalism. Unfortunately, we did it on our own accord, forgetting that China’s early success wasn’t due to central planning and industrial policy, but instead the gradual adoption of private ownership and market principles. In 1978, for example, state-owned enterprises accounted for nearly 80% of China’s industrial output; by 2016 their share had declined to 20%. These reforms generated rapid economic growth, though per capita gross domestic product in China today remains less than one-third that of the U.S.

In 2008, when the U.S. began to practice its own version of state capitalism, China’s market liberals were left asking, “What happened to the teacher?”

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