

WORKING PAPER

The perception of China's development in the Hungarian scientific economic literature between 2010 and 2018

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Abstract

This paper gives an overview on China's economic development and reforms accomplished in the past 40 years as perceived, interpreted and evaluated by Hungarian scholars and academics in their scientific publications. The overview comprises the introduction of the methodology and the main findings such as the sources of GDP growth in China, the interpretation of China's socio-economic model and its changes as well as implications of Chinese experience for other countries in general and Hungary in particular. The report concludes that Hungarian scientific research results are in line with international academic trends, and some of them represent original achievements. The present state of research on China's economic development and reforms may form the bases of identifying further research directions and topics in cooperation between Chinese and Hungarian scholars and academics.

Keywords: China, economic growth, GDP growth, economic development, economic reforms, developmental state, institutions, economic systems, middle income trap.

Introduction

The objective of the paper is to provide the reader with a survey on the scientific economic literature published by Hungarian scholars primarily in indigenous periodicals, book chapters and books on China's economic development and Chinese reform processes.

The first part of the paper introduces the methodology used such as the selection of scientific journals, book chapters and books, the time frame of the report, etc. The second part is a summary and critical analysis of the Hungarian literary sources on China's economic development and reform processes. The literature surveyed is commented and evaluated with highlights on its strengths and weaknesses. The third part comprises the summary and conclusions as well as the recommendations concerning the new directions of research. It should be noted that it is impossible to make a rather detailed summary in this report on the very rich stuff produced by Hungarian scholars and academics on China.

2 Methodology

The nature of the report is desk research. First, the publications on China's economy released in periodicals, book chapters and books issued in Hungary primarily in Hungarian

language but also in English were identified and collected with the help of librarians at the Finance and Accountancy Department of Budapest Business School, University of Applied Economics. The term China's economy was interpreted in a broad sense covering a wide range of themes related to economic development, economic policy, socio-economic systems, institutions, external economic relations, etc. The result was a huge number of articles, book chapters and books.

The overwhelming majority of Hungarian publications discussed China's place and role in the global economy, its external economic and financial relations including Chinese foreign direct investments abroad, the convertibility of the renminbi, etc., as well as economic ties between China and Hungary in a broad sense.

Less attention was devoted to the analysis of China's indigenous economic development and the role of economic reforms played in it. This is understandable since for practical reasons, both intellectual interest and official political demand is much stronger for this approach. Nevertheless, researchers may arrive at more reliable conclusions on issues related to international economic relations if they have deeper knowledge on domestic trends in China's economic development.

Second, the topic was limited to those publications whose narrow focus was economic development, economic policy (including the development state) and economic reforms in China as well as the identification of the Chinese socio-economic system. Most of the surveyed reports mention China's experience in managing the consequences of the international financial and economic crisis in 2008-2009 in various contexts such as economic growth trends or economic reforms. Nevertheless, deeper analyses focusing crisis management were excluded from this study. The list of publications overviewed is presented in the References chapter. The number of this type of publications accounts for a rather small part of the total.

Third, the selected publications focusing on China's indigenous economic development trends and their wider implications were structured and reviewed in this paper.

A strict selection criterion was the scientific character of the publications. In other words, only those reports were included in the sample of the survey that appeared in peer-reviewed books and periodicals. Only those relevant journals were considered that were included in the qualified list of scientific periodicals by the 9th Scientific Section of the Hungarian Academy of Sciences (HAS).¹ In the time frame ranging from the beginning of 2010 and August 2018, altogether 38 books, book chapters and journal studies were identified. Out of them there were 15 books and book chapters from which 7 discussed China's economic development. Out of the remaining 23 studies published in periodicals, 12 papers dealt with China's internal economic development, the rest with the country's international relations. The relevant chapters of the three volumes of the strategic research project commissioned by the Prime Ministers Office in 2009-2010 (Inotai – Juhász 2011) are not considered separately in this

¹ The list of periodicals approved by the HAS in which studies on China's economy were published between 2010 and 2018 is the following: Földrajzi Közlemények, Köz-Gazdaság, Közgazdasági Szemle, Külgazdaság, Külügyi Szemle, Magyar Tudomány, Hitelintézeti Szemle, Pénzügyi Szemle, Társadalomkutatás, Tér és Társadalom.

summary of publications, but they are analysed as independent units in the following survey. Altogether 21 books, book chapters and journal articles are dealt with in this survey as indicated in the References chapter.

It should be noted, however, that China's economy is subject to many other publications covering more countries in various contexts (such as comparative analyses, etc.), but it is not in the focal point. These scientific studies were not added to this survey.

Ph.D. dissertations written on China were not considered here, either. Although they contain a great amount of synthesized information and knowledge as well as conclusions, and their relevance is undeniable, they were not incorporated in this survey since they represent another approach different from the publications of studies in scientific journals. In addition, a huge number of reports appear continuously in the Hungarian media informing the general public on China, particularly on its international relations. Although there are interesting and valuable analyses among them, due to the lack of scientific approach they were not covered by this study either.

Hungarian scholars and academics have been publishing many papers on China in foreign periodicals in foreign languages, mainly in English, let alone Chinese. Unfortunately, no aggregated comprehensive database is available on this, therefore the reference to these publications is necessarily incomplete. Mainly due to the difficulties of data collection and the length limits, surveying these publications would have gone beyond the scope of this report. Based on sporadic observations, it may be rightly assumed that the major conclusions appear sooner or later in Hungarian publications as well.

Another point of view of analysing the perception of China's economic development in Hungarian scientific economic literature is collecting the citations of the publications involved in this study. This type of survey and analysis would provide additional information on the impact of Hungarian publications on the academic world and the public at large. Nevertheless, this type of analysis is beyond the scope of this report.

The time frame of this survey ranges from 2010 to the present. The starting year of the overview may be justified by the unfolding new trends in the Chinese economy and economic policy triggered partly by the international financial and economic crisis, and partly by domestic factors such as the exhaustion of the traditional driving forces in GDP growth. Nevertheless, due to obvious reasons, reports published at the beginning of the surveyed time period discuss issues that were actual and relevant earlier. Furthermore, it was unavoidable to refer to and analyse studies published earlier to highlight the contexts of specific issues.

Looking at the references in the publications of Hungarian scholars it becomes clear that rather few of them master the Chinese language. Therefore, they rely basically on English language sources written by both western and Chinese authors. English language literature by western authors should be considered secondary sources. It may rightly be assumed that more primary sources provided by Chinese officials and authors could be an asset to understand better the Chinese economy. The older generation of China researchers with adequate knowledge of the Chinese language has retired. It is promising that the interest for learning Chinese is picking up, and several young researchers have made significant progress in mastering the Chinese language.

2 Main Findings

2.1 The sources and driving forces of GDP growth

Almost every publication written on the Chinese economy in different contexts touches upon the issue of GDP growth (*Székely-Doby 2017, Rippel 2017, Losoncz 2017, Kornai 2014*, etc.). In analysing long-term trends, the authors unavoidably come across the latest international financial and economic crisis of 2008-2009 that necessarily led to temporary or lasting changes in long-term trends. Economic reforms, too, are addressed in Hungarian economic literature in almost every context, including the description and the definition of the socio-economic system.

2.1.1 Quantitative and qualitative analyses on China's economic growth

The first group of publications represent **quantitative and qualitative analyses** on China's economic performance. *Majoros (2011)* made a comprehensive overview on China's economic development in historical perspective from 1949 to 2008 organised into four stages. In each stage he identified the specific sources of growth with highlighting the role of economic policy measures in general and reforms in particular. He touched upon the impact of the global financial and economic crisis of 2008 as well. He provided a detailed analysis on China's external economic sector, relations and policies based on the overview of indigenous economic development trends. His conclusions are related mainly to the external sector.

Following a short historical overview centred mainly around the identification of traditions that have an impact on the present, the study by *Szajp – Törös (2010)* focused on the role of world economic opening and reforms on the road of China's economic rise. They discussed liberalization including that of foreign trade and China's accession to the WTO as well as economic policy issues. They pointed out the dark side of dynamic GDP growth in terms of social tensions, the constrained labour market and internal migration as well as the environment and sustainability. The authors also dealt with the impact of the latest international financial and economic crisis on China and the management of the crisis by Chinese authorities. The report includes a short analysis on China's external economic relations as well. The analyses of *Majoros (2011)* and *Szajp – Törös (2010)* related to liberalisation are in line with the major findings of the **neoclassical school**.

Gyuris (2017), too, gave a **comprehensive overview on China's economic development in historical perspective**. He pointed out that extraordinarily high GDP growth rate after 1978 was attributed to the **interplay** of a great number of **internal and external factors** such as the availability of cheap and motivated labour force, sharply increasing investments in physical and human capital on the one hand and the support of the Chinese diaspora, low energy and raw material prices, favourable external demand and the adaptation of good practices that proved to be successful elsewhere on the other hand. These factors of economic growth **received strong support** from the opening of China's economy to the world as well as the **continuous economic reforms**. *Gyuris (2017)* rightly attached great importance to the adaptation of the experience gained by both the east Asian developing countries and the former socialist states. China followed the vertical type of industrialisation

model of the east Asian newly industrialising countries whose major trait is the continuous switch from industries with low value added content to those with higher ones, i.e. from light industry to heavy industry and later knowledge based and research and development intensive industries such as electronics and artificial intelligence. This was enabled by investments in human capital and R+D. He also identified the limits to dynamic GDP growth in China.

Another report of *Gyuris (2010)* was more specific namely that he analysed the transformation of China's industry in the context of economic reforms. He pointed out the role economic reforms played in the dynamic growth of China's industrial production and exports.

2.1.2 The sources of GDP growth

The sources and driving forces of GDP growth appear in a significant part of Hungarian publications surveyed. A systematic discussion of the topic is provided by *Szalavetz (2011)* who analysed **the sources of China's sustainable development** around the terms **accumulation versus assimilation**. She made a critical overview on the relevant literature highlighting the arguments of both concepts. According to the proponents of the **accumulation** approach, the major source of China's GDP growth was the excessive and therefore inefficient accumulation of physical capital in the second half of the 1980s and in the early 2000s. In contrast to this, representatives of the **assimilation concept** developed a more nuanced view on the issue underlining the contribution of total factor productivity and human capital accumulation to GDP growth. She accepted the conclusion of other authors according to which it was the inflow of foreign direct investments that contributed to the acceleration of GDP growth rather than pure accumulation. In addition, the affiliates of foreign companies in China underwent qualitative improvement. Furthermore, the author referred to the emergence of a domestic corporate segment whose economic performance in terms of productivity, innovations and growth potential is gradually becoming closer and closer to that of the foreign corporate sector implying that the duality of the Chinese economy is waning and later disappearing.

Szalavetz (2011) agreed with the evaluation of foreign literary sources namely that at the time of the writing of the report in 2011 China's comparative wage advantages would prevail, and additional workforce could be directed from agriculture to industry. Nevertheless, she draw the attention to tensions triggered by extensive economic growth and difficulties related to the switch from extensive growth trajectory to intensive one. According to her view, China could avoid the risks related to the probable exhaustion of the sources of extensive GDP growth.

She came to the overall conclusion that western economic literature reacted to the above trends with a time lag. This could have been explained by the inherent methodological constraints of econometric calculations. Descriptive analyses are more useful in this respect. Finally she **voted for the assimilation approach and the continuation of the extensive growth trajectory with the simultaneous acceptance of some elements of the intensive development pattern**. This can be considered a **syntheses** of the two more or less exclusive theoretical concepts.

Székely-Doby (2017) argued that in spite of some specific features, China's economic growth trajectory since the mid-1990 could be described with the concept of **developmental state** as an important driving force and source of GDP growth. This concept was devised for the other east Asian countries such as Japan, the Republic of Korea and Taiwan. Relying on the diverse literary sources on the subject, he applied this model to China. He came to the conclusion that although the country was still on halfway in the catching-up process to the developed countries (which was considered a success), China's developmental state model was facing difficulties. They included structural problems such as the unsustainability of investments, the politically motivated subsidization of state-owned enterprises, disequilibria due to the weaknesses of the financial system, corruption, the degradation of the natural environment, etc. Based on these facts he thinks that **China may get stuck in the medium income trap**. Without profound political and economic changes that he thinks are unlikely, China may approach the limits of the developmental state.

2.2. The interpretation of China's socio-economic model

The term "Chinese model" became popular in the western literature in the context of the international financial and economic crisis of 2008-2009. It is used to describe the economic policy measures to combat the consequences of the crisis with ensuring the continuation of dynamic GDP growth. In a different approach the term "model" is associated with the socio-economic system. This report makes a short overview on three approaches developed by Hungarian researchers.

2.2.1. Catching-up model, a special east Asian variety of capitalism

According to *Tálas (2011)*, "**the Chinese model is a catching-up model** incorporated in a world-wide modernization process that emerged in an independent country with the largest population of the world, with the oldest continuous civilization amidst specific historical circumstances in the globalization phase of the world's capitalist development. It presented more significant results to the Chinese people and the world than any other previous catching-up attempt." This model was developed on the basis of the reformed socio-economic and politico-ideological system.

Tálas (2011) defined the essence of China's present **social-economic and politico-ideological system** as a **political exercise of power** based on two attributes. The first attribute is **centralized economic governance** built on diverse and mixed forms of ownership ensuring relatively large room for regional, corporate and individual initiatives that adjusts basically to the principles and the methods of the capitalist market economy. The second attribute is that it is based on **authoritarian principles** with mostly one party or one outstanding personality.

The ideological basis and the political legitimation of the exercise of power include making the nation great as well as lifting its living standards and ensuring its well-being. According to *Tálas (2011)* this model could be named as the **east Asian model** after the successful catching-up of the Republic of Korea, Taiwan, Hongkong and Singapore. China has been following the pattern of these east Asian countries that has spilled over to other Asian and Latin-American countries as well.

The author thinks that in spite of the official rhetoric on “specific Chinese-type socialism and “socialist market economy”, **China’s socio-economic system is a capitalist one representing a special, east Asian variety of capitalism.** Nevertheless, in the wake of the transition, the privatization of state-owned enterprises was only partially implemented. The transition was characterised, first, by the expansion of domestic and foreign private capital. At the same time, state-owned enterprises were streamlined and their functioning modernised. Second, agricultural land is in collective ownership of the local people who have the right to pursue agricultural activity on the available land against a set price. Private ownership of land is a debated issue in China. The author thinks privatization of agricultural land is not likely to take place. First, infrastructural projects need land and the government can ensure it in the present framework. Second, local authorities get access to rental fees, and they do not want to give them up.

According to *Tálas (2011)*, **the future of China’s model** that is dynamic rather than static depends on how it can correspond to the requirements of sustainable development, how successfully it can contribute to solving the controversies and problems that arouse and will emerge in the wake of socio-economic development. According to the view of the author, this can happen with the increase of the governing and controlling capabilities and the efficiency of state power. In this case the governing institutions can create the objective and subjective internal and external preconditions of balanced, sustainable and harmonious socio-economic development. He gave a detailed analysis including issues such as demographic policy, free movement of people within the country, employment policy, the dual structure of the economy, rural development, change in the economic model and growth trajectory (a shift from export orientation to consumption, the modernization of the industrial structure), research, development and innovation.

He admitted that the Chinese catch-up process might not be interpreted according to modern western standards. The interpretation framework should be the Chinese historical and cultural heritage and party politics. The future Chinese model will not comply with the western one aiming at the maximum unfolding personal freedom by individuals. The theoretical background of this model is based on the critical application of the theory of socio-economic formations by Karl Marx.

2.2.2 System paradigm

The starting point of the theoretical approach of *Székelly-Doby (2011)* is the concept of **system paradigm** developed by János Kornai to describe and characterise economic systems (*Kornai 1999*). The so-called **blocks of the system paradigm** include political power, ownership relations, coordination mechanisms, motivations and incentives as well as the specific consequences of the functioning of the system. The author analysed the Chinese model according to the attributes of this theoretical frame.

He came to the conclusion that in China the traits of both the socialist and the capitalist system are present simultaneously in complex interrelationship and interplay. The specificity of the Chinese system is the peculiar mix or amalgamation of the two systems. Indigenous and foreign private ownership is gaining ground at the expense of state ownership. Nevertheless, the role of the state in the economy is still strong, based on its power monopoly

and the direct control of financing. The controlling function of the state shifted from direct means of state ownership to indirect ones in terms of determining the financial conditions through the state-owned banking system. With emerging market coordination, bureaucratic coordination mechanisms have been losing ground particularly in the control of prices. The situation is somewhat different in the market of production factors. The community or state ownership of land is a limiting factor to developing efficient land and product markets in agriculture. Bureaucratic coordination prevails in segments that are of strategic importance for the government. Demand-boosting measures aimed at counterweighing the consequences of the 2007-2009 international financial crises (whose outcome was a surge in investments) seem to prove the assumption that the Chinese government is in the position of controlling macroeconomic trend without direct state ownership and bureaucratic coordination.

As far as the other features of the socialist economy are concerned, the **soft budget constraint** of Kornai is still present in China but indirectly, through the banking system in terms of growing non-performing loans rather than directly in the corporate sector. The strive for dynamic GDP growth aims at strengthening the legitimacy of the system in addition to combatting poverty.

As a summary the author states that although at the surface there are more and more attributes of the capitalist system, structures inherent in the socialist one are still deeply rooted. **The Chinese model is a hybrid system.** On the one hand, the traits of capitalism in general and those that characterise state capitalism in particular dominate at the surface filling the vacuum left by the contraction of socialism. On the other hand, the specific features of socialism are still strong in the deep strata. **In China de facto capitalist system is in operation with the presence of specific features of the socialist system.**

Székely-Doby (2014) devoted a special study to the reform process in general and to the analysis of **the logics of the Chinese reform process from the point of political economy** in particular. He identified factors that impeded reforms in the political framework of the authoritarian system. According to his concept, reforms aiming at the increase of the system's stability are supported until the benefits of large groups of the elite deriving from the distribution of the resulting rents exceed that of the preceding period. This leads to a great variety of coalitions within the ruling party elite. In an authoritarian environment, the common interest of the dominant coalition is to maintain the monopoly of power that enables them to preserve their power. Only reform measures are feasible that will not endanger the power of the ruling elite. This kind of feasibility form the preselection criteria of reforms. This set of options constitute the negative limits to changes representing the upper limit of risks the dominant coalition is ready to run. Those options are discussed namely that do not endanger the monopoly of power of the party.

As a result of China's reform process, a **hybrid system developed in the framework of authoritarian** capitalism where extracting political institutions are dominant and beside the emerging inclusive economic institutions a great number of extractive ones exist. As a consequence, genuine economic transition is feasible only through the reform of the political system. The absence of political reforms post a significant constraint to the economic ones.

Although tensions are growing in terms of social inequalities, social unrest, indebtedness in general and that of state-owned enterprises in particular, etc. that are gradually undermining the foundations of the system in the long run, the adaptation capability and resilience of the Chinese Communist Party is still significant and it has the power as well as the economic reserves to preserve the status quo for a rather long period of time.

2.2.3. A model between varieties of capitalism and communism

Csanádi (2016, 2017) argues that **China's emerging socio-economic system with its specific features cannot be identified with any form offered by the varieties of capitalism.** "In China the general features of a communist system prevail to date, and ... the 'Chinese specifics' is a structural variety of those general features." "The Chinese system is neither capitalist nor post-socialist. Instead, it is a complex party-state system in the process of transformation comparable but not identifiable to all other party-state systems in their period of operation and transformation." "The Chinese party state is a structural variety of the patterns of power distribution characterised by decentralised power network with pattern-conforming instruments of resource extraction and distribution: resource creating reforms outside the network and decentralizing reforms within the network."

This conclusion is based on **the interactive party state model** elaborated by the author (*Csanádi et al. 2009*). Gradual systemic transformation is explained by the retreat of the party-state network and the emergence of a new system outside the network. The analytical tool of transformation dynamics was developed. This concept explains not only the specific features of the transformation process, but some of its consequences as well such as the overheating of the economy, etc. The power network in question constitutes the dynamic context of economic, political and state decisions. Furthermore, it can be considered a comparative framework for various party states and their evolution.

2.3. Change in the economic model and the growth trajectory

All the Hungarian publications surveyed touch upon the issue of decelerating GDP growth, increasing disequilibria and their possible consequences in China. Based on western and Chinese literary sources, *Szunomár (2012)* identified the **major imbalances and tensions** of the Chinese economy such as the excessive increase of investments, credits and exports, the financial bubbles, the huge differences between the cities and the countryside, the lack of coordination among the major economic sectors. She came to the conclusion that a **shift in the economic model** is necessary in China based on structural changes and technological development. She also defined the constraint of such a change in the economic model. Her final conclusion was that due to the huge capital China had invested in strengthening its global positions, Chinese leaders could not afford the luxury of pursuing a strongly inward looking economic policy.

Rippel (2017) arrived at the conclusion that the convergence theories do not describe the situation in China adequately. Although the quantification of **the middle income trap** is burdened with uncertainties, the concept is an appropriate analytical tool to apply it to China. Based on western and Chinese literary sources as well as partly on the **"new normal"** of the Chinese government, he identified the major requirements of avoiding the middle income trap and those of sustainable development. They include changes in the economic structure in

favour of services, in the use of the quantity and quality of production factors, a shift in the global value chains in favour of industries with higher value added content to increase productivity. Existing imbalances in finances as well as the real economy such as differences between personal incomes and regional per capita GDP, etc. should be eliminated or at least mitigated. According to both growth theories and empirical evidence, support of indigenous innovation and human capital formation as well as the development of the institutional environment, market liberalisation and financial resilience, too. are preconditions of avoiding the middle income trap.

According to *Losoncz (2017)*, the slowdown in China's GDP growth in recent years suggests the exhaustion of the driving forces of extensive economic growth and signals a need to **switch to an intensive growth trajectory**. In order to successfully orchestrate this shift, a reform of the economy's operation is necessary, including a change in economic policy objectives in order to avoid the middle income trap. This paper analysed the changing role of the sources of economic growth and the main features of the change in the growth trajectory in the post-2010 period and their relationships with economic governance based on the relevant domestic and international literature and statistical data, without entering into specific details.

The shift in growth trajectory started partly spontaneously, relying on the autonomous development of the economy, sometimes following the path of least resistance, and partly under the impact of economic policy and socio-economic reform measures. The conceptual basis of the economic policy and economic reforms were based on the 12th and the 13th Five-Year Plan and the related strategic documents as well as the analyses published by the World Bank, the IMF and the OECD.

Despite the experiences accumulated in a small number of successful countries, there is no recipe for implementing a shift in growth trajectory. Due to the specific features of the Chinese economy, international experiences can only be applied carefully and with reservations. Top-to-bottom economic governance includes the risk of excessive centralisation and may hold back the bottom-up growth energies and initiatives of economic participants.

According to the author, the Chinese government is prioritising the conflicting objectives of economic rationality and socio-political stability at the expense of the former. The greatest challenge facing Chinese economic governance is that the shift to the new growth trajectory should be managed in a specific way. Since economic growth is a key legitimising factor of the political system, the shift to the new growth trajectory should lead to the smallest possible deceleration in the rate of GDP growth in order to avoid the disruption of social equilibria. This depends on global trends as well. Due to China's position in the global economy and its impact on global economic trends, every country open to the global economy is interested in China's relatively smooth transition to the new growth trajectory, and supporting the process — with criticism, if necessary — is a global interest.

Similarly to the previous two studies, the starting point of *Balogh (2017)* was the deceleration of China's GDP growth. Nevertheless, the focus of this study was **how China could respond to the challenges posted by the next industrial revolution** (often referred to

as Industry 4.0). On the basis of a detailed overview on the country's innovation capabilities with its strengths and weaknesses, the author concludes that even currently China is world leader in some industrial sectors associated with consumer focused and efficiency-driven innovation. Its potential is promising in the engineering- and science-based sectors. In the light of the Chinese leadership's commitment to the promotion of R+D and the ecosystem supporting technological and innovative companies, the author thinks China could be one of the winners or even the single winner of the next industrial revolution.

2.4. Implications of the Chinese experience for other countries including Hungary

One of the lessons *Székely-Doby (2011)* drew from the Chinese model is that **several systems can work in a single country simultaneously** whose interplay may produce idiosyncratic forms. Second, as regards the varieties of capitalism, **the Chinese model is the closest to the state-led Japanese one**. Finally, the adaptability of the Chinese model by other countries is limited due to China's specific features in terms of economic dimensions and global role. According to *Székely-Doby (2011)*, **the present structure seems to be viable** in the long-run since the its stability has not been challenged. With gradual further reforms, China's model is likely to get closer to the Japanese one.

Gyuris (2017) pointed out that the successful implementation of the Chinese model took place under rather specific local and global conditions that are absent in the central and eastern European region in the 2010s. Due to its very specific nature, **the Chinese economic model** aimed at the catching-up of a poor country to the more developed **cannot be considered a recipe for any country with similar ambitious goals**. Therefore, it would be misleading and risky to nurture hope for the adaptability of the Chinese model in central and eastern Europe.

Kornai (2017) argues that **the Chinese development model is not attractive and not applicable in Hungary**. Hungary differs from China in terms of size, the investment ratio, economies of scale and competitiveness. He proved that the causal relationship between non-democratic/authoritarian/dictatorial form of government is more complicated and complex with a mutual relationship between the two sides. Nevertheless, the answer to the applicability of the Chinese model to Hungary depends on the **value system** of the respondent. Kornai **rejects** the assumed trade-off between democratic values on the one hand and economic growth and economic well-being on the other hand. This trade-off is unacceptable for him. He would not give up democracy even if as a result of this GDP growth could accelerate.

3. Summary, conclusions and recommendations

Although the number of Hungarian scholars specialised on China's economy is on the rise, it is still relatively limited by international comparison. This holds true particularly for those specialised on the study of China's indigenous economic development. Analysing the development trends of the Chinese economy can be considered as a **specific type of basic research** laying the foundations of further investigation in China's external economic relations, foreign policy, global position and international role, etc. Nevertheless, the number of publications by Hungarian scholars and academics is assumed to be adequate.

As far as the major future directions of this type of surveys on China's perceptions in the Hungarian academic world is concerned, it would be useful, first, **to extend the time span** of the survey to the period starting in 1978, i.e. the year of the beginning of the reform process in China resulting in profound changes in its socio-economic system. Second, a survey and overview of the **citation** of Hungarian scholars' and academics' works would contribute to the **impact assessment** of the perception of the Chinese economy. Third, **the extension of the coverage of the focus** to inter alia the financial system and monetary policy, the external relations and the external economic policy including issues related to the exchange rate of the currency, the global economic and political role of China, etc.

The **list of references** of each publication surveyed is very rich, even impressive. Hungarian authors seem to be familiar with the most important relevant official Chinese documents as well as the available research results of Hungarian, western and Chinese authors.

According to the nature of the analysis, the studies overviewed in this paper can be divided into two large groups that are intertwined with each other to a large extent. The first group consists of **the combination of quantitative and qualitative analyses on various segments China's economic development**. Out of them, the descriptive works targeted to university students and the educated public at large outlined China's economic development in historical perspective. The authors of other publications identified specific problems such as the change of the Chinese economic model or growth trajectory, the fourth industrial revolution, etc. to address and analyse. Nevertheless, these publications contain references to other issues such as economic reforms, theoretical approaches, etc. as required by the subject and the context.

The starting point of the second large part of publications is **a general theory or theoretical approach** that constitute the theoretical foundation of the subsequent analysis to interpret or analyse China's economic system or certain aspects of its development. Surveyed Hungarian authors are familiar with the international theoretical literature which they apply to China in a creative way to arrive at new or novel research results.

In most cases well-known and generally accepted theories or concepts such as that of the socio-economic formation by Marx, the development state, accumulation versus assimilation, middle income trap etc. form the theoretical starting point or foundation of the publications.

Out of this two theoretical approaches deserve special attention. First, *Székely-Doby (2011)* based his analysis on China's socio-economic system on the system paradigm of *Kornai (1999)*. Kornai's theory is an original and new approach and research method by international standards. Second, *Csanádi (2014, 2016, 2017)* elaborated a new and original theory and theoretical framework by international standards to interpret and identify the Chinese model.

The most interesting publications relate to **the interpretation and evaluation of China's socio-economic system**. The authors of the publications surveyed agree on the point that the Chinese system is a hybrid one with elements of both socialism and capitalism. According to *Tálas (2011)* it is a special, east Asian variety of capitalism. *Székely-Doby (2011)* argues that in China de facto authoritarian capitalist system is in operation with the presence of specific features of the socialist system. Based on her theoretical framework on interactive

party state model, *Csanádi (2016, 2017)* maintains the view that China's emerging socio-economic system with its specific features cannot be identified with any form offered by the varieties of capitalism.

As a summary it can be stated that readers of Hungarian publications get a diversified but at the same time objective view on China's economic development and reforms.

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