

# ‘Chinese Capitalism’ Is an Oxymoron

ROBERT D. ATKINSON | MAY 2019

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In an article for *National Review*, Rob Atkinson evaluates the Chinese state capitalism system. He writes that, at its heart, the purpose of firms in China — private and public — is to fulfill the goals of the Communist Party. And the CCP uses an array of tools to obtain that alignment: hard and soft power; carrots and sticks. One reason for confusion in the West about the Chinese economic system is that many see capitalism simply as a system built on private ownership of property. But capitalism is more than that. It is a system in which those property owners have considerable — albeit not unlimited — freedom to pursue their goals without influence from the state. By this standard, China’s is far from a capitalist economy.

Western capitalist economies now face three strategic choices. The first is to muddle through, hoping that China shoots itself in the foot and that the overall damage to it and the global economy is not too great. The second is to move in the direction of the Cold War–era, two-economies system. Indeed, we are potentially seeing the beginning of that, in part with the growing movement by capitalist economies to ban sales of Huawei telecommunications equipment. The third is for Western capitalist democracies, presumably under U.S. leadership, to band together, press China to reform, and establish global trade rules with real teeth. Choice three is clearly the best for the world. Let’s hope President Trump, and whoever succeeds him, selects it. And let’s stop pretending that what exists in China is capitalism.