

China's Communist Capitalism

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Recently, I returned from China, and during my return flight, I came to the realization that although I teach on the subject of China in my international business program at Nichols College, I had missed the point when it came to that country's profile. I kept thinking about how Taipei, a democracy in Taiwan, with all of its tall gray buildings seemed more like a communist country than China. In contrast, Hong Kong's Time Square, the World Trade "Centre," Causeway Bay, and its SOHO seemed more like Manhattan on steroids. Despite the plethora of books and articles I've read on the subject, I came to realize that Chinese communism today isn't anything like my antiquated vision of it which was shaped by the Soviet Union, and living in the United States (US). The communism I witnessed in Hong Kong and Macau, although we must note these two countries are China's Special Administration Regions (SARs), are true examples of capitalism at its core. In contrast to the West and most advanced economies today, unemployment rates in Hong Kong and Macau are only four and two percent respectively. Hong Kong hosts the most skyscrapers in the world, with New York City a distant second, with only half the amount. Hong Kong is also the city which holds the most Rolls Royce's in the world. Macau's per capita income is \$68 thousand dollars, in contrast to \$48 thousand in the U.S.

What impacted me the most during my twenty-one days there was its people's optimism, in contrast to the cynicism I hear constantly in the West, whereby people seem to have lost their excitement about the future. There, young and old, people yearn and strive for more than what they have. I agree with Goldman Sachs' Jim O'Neill, who coined the "BRIC countries" back in 2000, in his assertion that "China is the greatest story of our generation." China's general macroeconomics is very promising. It scores well for its stable inflation, external financial position, government debt, investment levels, and openness to foreign trade. At the micro level it falls just below average on corruption and use of technology. But the latter is changing rapidly.

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