

# Economic Basis of Chinese Miracle

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## Abstract

Using the example of the miraculous rise of the Chinese economy, the review study presents the author's original vision for revealing the mechanisms of the fastest economic growth, which is so necessary for developing countries and even highly developed ones. The research, after multifactorial economic analysis and psychological interpretation of economic reform, the author comes to the conclusion that, given the optimal combination of free market mechanisms and regulation, without the Chinese phenomenon of talented hard work, such results would have been impossible to achieve.

## Keywords

Living Standard, Economic Base, Free Regional Zone, Optimal Regulation

## 1. Introduction

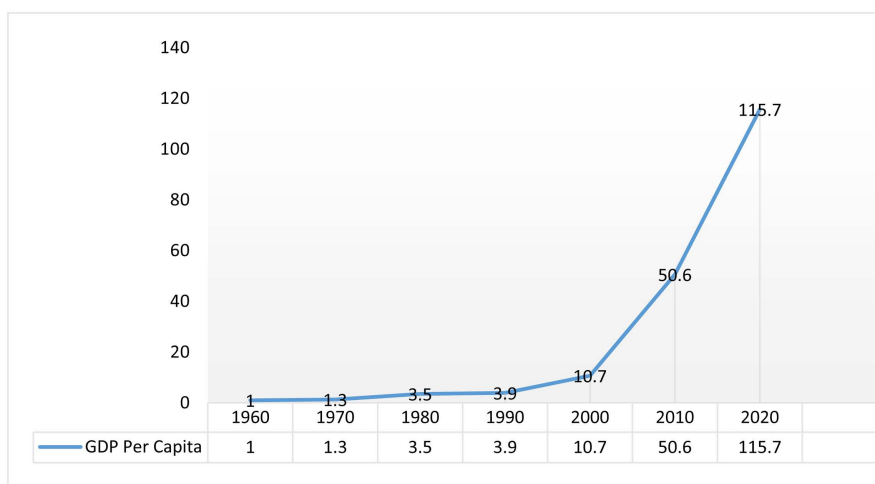
Despite our extensive research experience, we have not seen such a huge jump in economic growth for economic history as in China. This truly wonderful country has increased its living standard by 115.7 times between 1960 and 2020 (See **Figure 1**). This happened after the warming of relations with the United States and other economically highly developed countries, but the record pace deserves special interest and I will try to reveal the base economic priorities for such rapid economic prosperity.

The world economy and macroeconomic systems of individual countries periodically present surprises in successful development, but this case really deserves special praise and goes beyond all previously recorded possible cyclicity in the modern era of the computer-industrial revolution.

## 2. What Is Main Reason?

The global public has many views on the Chinese economic development miracle and much has been published about this (including Denyer, 2023; Harrison &

Palumbo, 2022; Lin, 2006; Lin, Cai, & Li, 2003; Nayar, 2007; Olson, 2000; Ray, 2002; Sharma, 2014; Sullivan, Moatsos, & Hickel, 2023), but even small countries, which find it easier to grow at high rates, are unable to repeat this miracle.



Source: Author calculations by:

<https://www.macrotrends.net/global-metrics/countries/CHN/china/gdp-gross-domestic-product> (Updated on September 30, 2024).

**Figure 1.** China GDP per capita 1960-2020.

The fact is that this economic upsurge was expressed significantly after the collapse of the Soviet Union in 1990 (Fig.) and the rapprochement of China with the US market and other Western countries. Before this collapse turning point, I developed my theory of real objective equilibrium of the economy between the private and public sectors of the economy (the attentive reader will probably remember that later, this theory, with the application of nuclear physics methods in economic theory, developed into the theory of atomic balance of perfect competition), but my country was raging with shock military-political conflicts and practically the application of these views was carried out in China.

I know quite well the psychological characteristics of various communist leaders—from reactionaries to extreme liberals, and I am sure that achieving such results was possible only through the fusion of an optimal theoretical basis with the main reason of success—the miraculous talent and hard work of the ancient Chinese people.

In the Soviet state, where ownership of the means of production was declared to be in the public domain, no one in particular cared about this property and maladministration multiplied on an unprecedented scale, when almost everyone was in solidarity in robbing the state.

This must be considered a great merit of modern Chinese reformers that they have declared an unprecedented battle against maladministration and have achieved quite good results in this difficult matter. I will try not to overload the reader and to note as briefly as possible that, in my opinion, in the Chinese success,

special significance is also given to unhurried privatization and the expansion of free zonal space to entire geopolitically key regions with pinpoint microeconomic objects of super-modern technologies.

### 3. Discussions and Results

Some authors still consider China a secondary backward country of falsification and unoriginality. The famous Harvard Business Review attempted to re-evaluate this misconception. China's true prosperity is still hampered by the fact that in this wonderful country, some people not only don't believe that economically developed democracy is necessary for success but nevertheless still do believe that non-democratic form of government is more legitimate and effective (Mitter & Johnson, 2021).

I conducted a study of the theoretical foundations of perfect economic competition using the laws of physics and came to interesting results that the atomic balance in the political system of democracy and the core of the market is more efficient than monogamy or excessive polygamy of competing entities.

Since the late 80s of the last century, I have been developing the economic concept of equilibrium realism about the combination of mechanisms of market self-regulation and state regulatory protection of freedom. I am very glad that modern China is as close as possible in practice to my theoretical conclusions.

### 4. Conclusion

Frankly speaking, like many people, I didn't expect such unprecedented economic growth of the Chinese economy, which this country was not able to achieve in the era of centralized control of the economic system.

My long principle general theoretical observations have led me to the conclusion that the main priorities of China's success are:

- 1) The end of the Cold War and the warming of relations with the United States and other economically developed market countries;
- 2) The phenomenon of the talented industriousness of the Chinese people;
- 3) The combination of free market mechanisms with a scientifically based strategy of economic development;
- 4) Slow wise privatization;
- 5) The use of the experience of free regional zones;
- 6) The widespread dissemination of advanced technologies;
- 7) An uncompromising fight against maladministration.

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## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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