



BOOK REVIEW

China's economic development: Implications for the world

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Cai Fang's comparative case study on economic development in China is a useful contribution to our understanding of economic growth, incorporating various dynamics such as (1) poverty, underdevelopment, or prosperity; (2) stages such as stagnation and takeoff; (3) capital accumulation, material/human capital; and (4) technological innovation and institutional improvement. *China's Economic Development: Implication for The World* reflects hot topics in the economy, such as two-sector economic development, the experience of reform and realizing the real world, poverty alleviation, global supply dominance, and other obstacles faced by China due to globalization. His book refines our understanding of past events, which can help us to gain insight into current realities and the strategic potential for future policy decisions for driving sustainable economic growth across countries today.

Three sections and 14 chapters make up this book. The main approaches used are analytical, empirical, and theoretical. This book provides an understanding of economic growth by providing an integrated theoretical framework incorporating various dynamics. China changed the economic system that was previously colonial and semi-colonial into a system of reform and opening up in the late 1970s. This system change has caused China's economic growth to increase. Fang stated that China's future economic growth could be predicted through the substantial progress effect of reforms, and claimed that China's economic growth rate would be higher than the world average even if China's economic growth were gradually slowing down. China's economic growth, which tends to slow down, is in line with the thinking of Yifu (1995), who states that China had a comparative advantage in pre-modern times because of its large population, but lagged behind the West in modern times because technological discoveries in China continued to rely on chance and experience, while Europe changed to planned experimentation as well as science in the scientific revolution of the seventeenth century.

The process of China's economic growth in the last 70 years, from prosperity to decline and rise again, challenged economists to explore it. Still, until now, economists have had no unified theory to interpret it. Neoclassical



economic growth theory is also unable to explain China's economic conditions. There are still many different opinions from economists to analyze the Chinese economic miracle from various realistic and theoretical perspectives. There are several other streams, each based in one place and limited to one concept. The interpretation of economic growth must be consistent with academic and historical logic to interpret the past and predict the future. In addition, the theoretical framework must also be able to solve other countries' economic development. However, this discussion only focuses on providing an integrated economic theoretical framework, and no experiments or data are used to support the theory and conclusions obtained.

The differences in the feudal system between China and Europe led to large differences in technological development and economic growth performance, which ultimately resulted in a 'big difference' with Europe at a certain point in time. It could provide a new alternative perspective and a framework for organizing historical materials and documents to understand better the 'big differences' between China and Europe. However, related hypotheses cannot be tested under fully controlled conditions as they are social science. The analytical framework of human economic development uses information data about the processes and stages of economic growth to describe the entire historical structure consistently. However, this analytical framework is only able to explain the theory in general and empirical conclusions, but does not provide evidence or empirical data to support its conclusions.

Reasonable economic systems and mechanisms are essential for production power, labor incentives, exploiting economies of scale, and resource allocation because China's current agricultural management mode is far from modern agriculture due to the unrestricted mobility of labor resulting in meager comparative income, so there is a need for improvement to create better conditions for farmers to increase productivity through intensive involution rather than relying on small-scale household-based management patterns that are no longer adequate. It means agriculture's contribution to economic development is substantial and should not be ignored to achieve multiple economic growths. This section also discusses the debate regarding the necessary conditions for China's economic growth, where the character of an unlimited supply of labor in the stage of economic development is considered a comparative advantage. Additionally, it is not in line with some world economists, who state that the principle of comparative advantage cannot be used in dealing with international competitiveness. In addition, some Chinese and foreign economists cannot accurately understand the supply-side driving forces of China's rapid growth and the changes accompanying development stages. Furthermore, this section also explains the reallocation of labor and resource allocation in increasing productivity and becoming an essential contributor to rapid economic growth through statistical data on China's economic reforms since 1978.

The last section consists of four chapters, and shows that economic globalization does not always mean global openness and participation. Still, to ensure that all participating countries can benefit from globalization, two conditions must be created, namely, (1) universal inclusion with equal opportunities and (2) relations between domestic and international policies. Economic globalization must be managed with the right concepts and effective mechanisms for smooth development. Still, it is difficult to accurately predict the political situation in various countries because of its complexity and uncertainty. In addition, this section also provides a new perspective on global public goods and their providers, suggesting that all countries should contribute according to their comparative advantage rather than relying on one country or a few entire countries. Finally, it provides both an understanding of how technological progress can be viewed from an economic perspective and a critique of traditional trickle-down economics and penetration economics, but does not take into account other perspectives or theories related to economic growth.

Overall, anyone who is interested in the Chinese economy, economic development, political economy, and development economics should read this book. Cai Fang comprehensively reviews the distinctive features and general trends in China's economic growth over the previous 70 years. For researchers and decision-makers interested in economic development and political economy, this book can be a helpful resource even though it does not engage in any experiments and only examines China's economy during the past 70 years from the standpoint of economic history and growth theory.

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