

# Review of: "What Does the Future Hold for China's Private Economy? An Analysis of Sense of Insecurity for Chinese Entrepreneurs in the Private Sector"

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This paper conducted an interview of 35 private entrepreneurs in the five cities in Zhejiang Province and Shanghai with an aim to investigate the effectiveness of government's privatization policy as perceived by the private enterprises. In addition, the authors provided a textual analysis of government's policy direction on the private economy by reviewing the CCP's documents (1921-2020), examining the question of whether private entrepreneurs have anything to worry about. Based on the two dimensions of history and reality, this paper then concluded that, although the state regulates some private entrepreneurs in stages due to social justice pressures and to the need to ensure a stable governance, no overall ideology transformation may overturn the economic policies in the private sector.

The reconciliation or the confrontation between public and private enterprises in China is deeply rooted in the system comparison between the state and market capitalism. The modern market economy is an amazing human contrivance. Yet the market by itself is not equipped to achieve the triple bottom line of efficiency, fairness, and sustainability. In the absence of a supportive political, social, and cultural context, it is impossible to achieve the cooperative working, the sharing of information, the coordination of economic activity, and the development of trust between individuals and businesses on which the functioning of a complex modern economy necessarily depends. The market system must be complemented with government institutions that provide public goods, ensure the basic fairness of income distribution, and promote sustainability of the earth's fragile resources for the benefit of future generations. These institutions are better charged by the public enterprises with an intensive oversight by the CCP in China rather than simply drawing upon an overhanging regulation by the government in the West. History abounds in the confrontation and competition between state and market system. There is no clear-cut evidence to prove which system is superior to the other.

On a whole, this is a very informative paper providing comprehensive review and insightful observation on the development of China's policy on private economy. Three minor suggestions are made below to supplement the paper's contribution:

1. In the process of interviewing 35 private entrepreneurs in Zhejiang, this study shows that they always involuntarily revealed their worries about their own safety. In the group interview, once one entrepreneur raised this issue, other entrepreneurs always echoed it, showing a group anxiety that was significantly different from the general population.

Accordingly, this led the authors to the formulation of four hypotheses so as to categorize four major risks that are considered as the direct cause of entrepreneurs' lack of security. Since lacking a rigorous statistical analysis of the significance and confidence level of these four hypotheses, the authors should somewhat tone down the assertiveness on the concluding remarks and policy suggestion addressed in this paper.

2. The recent increase in the China's policy toward advancing the strategic role played by the state instead of private enterprises has a lot to do with the increased geopolitical tension between the US and China. There had been a notable decline in trade and investment between the US and China since 2015 as the countries increasingly view each other as strategic rivals. Both countries highlight the risks that have arisen as countries and companies seek to build resilience into their supply chains. Both countries greatly intensify the degree of government's intervention on the free market flow driven by unbridled private enterprises.
3. Instead of highlighting the uncertainty and fear of private enterprises on government's policy direction I would suggest the authors could propose some constructive ways to strengthen the oversight and elevate the productivity of public enterprises (or SOEs). The upshot is that by constructing an incentive-compatible compensation design and orchestrating an appropriate party's objective guideline for its members to follow the state or socialist capitalism could still achieve an efficient economic performance. If the party members would not behave prudently or too emphatically pursue their personal interest instead of the state's overall welfare, the problems of corruption, nepotism or even the breakdown of the system could be of its grave consequence and should be avoided or minimized by the government.