Book Review

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Mixed Fortunes: An Economic History of China, Russia, and the West
by: Vladimir Popov
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This book interprets the differences and similarities between Western countries and South and East Asia and the Middle East since the 16th century. From 1950 onwards, differences between these countries have been disappearing. The book also explores the reasons for the rapid productivity growth in countries and regions such as Latin America, South Africa, and Russia and the stagnation that appeared after 1950 in other developed countries. This book carefully studies the rapid economic growth of the West compared to that of China and Russia. Often, this rapid growth has been attributed to factors such as the abolition of serfdom, the protection of rights, and free education – unlike in more traditional societies such as China. Nevertheless, other societies with similar characteristics to those of the West experienced just minor changes in their productivity growth.

Vladimir Popov has written extensively on a range of economic topics. He is the author and editor of 11 books and numerous articles. His work has been published in the *Journal of Comparative Economics New Left Review*, and other academic journals. He has also written many essays in the media. Popov's books have been published in Chinese, English, French, Italian, Japanese, Korean, Norwegian, Portuguese, Russian, Spanish, and Turkish.

In this book, Popov extensively reviews the literature on economic history in the West and in the East – specifically in China and Russia – from the 16th century until today, with the aim of understanding the development in the West compared to those in other countries. The author reports that measures proposed by the West did not favour but instead hindered development in the East. Popov focuses on three areas in his book. First, he discusses the motives for rapid growth in the West since the 16th century. Second, he examines development in Russia and China. Finally, he explores the efforts made by developed countries in the mid-20th century. Popov claims that some elements in governments' politics and administration were necessary for changes in productivity to take place. Such factors are the level of per capita income, political rights, the climate, biological accidents, epidemics, and even geographic region.

In the book's first chapter, 'How the West became rich: stylised facts and literature review', the author argues that until the 16th century, all economies basically had the same levels of income, consumption, and literacy (Mel'yantsev, 2006; Maddison, 2008). The exception was China, which under the Tang dynasty had a per capita income that was some 20% to 30% higher than in the West. It was from the 16th century onwards when the development enjoyed by the West overtook that of other countries. This phenomenon can be explained by two theories. The first theory defends the evolution of historical progress, whereas the second defends sociological development. According to Pomeranz (2000), the main reasons for the difference in the level of development between China and the West are migration, geographic region, the climate, disease, and the agricultural practices in each region. In contrast, other authors such as Acemoglu et al. (2012) have cited the level of freedom and democracy in a country as the factors responsible for economic success.

The chapter entitled 'Why did the west become rich first? Why are some developing countries catching up, but others are not?' explains that in all countries until the 16th century, community interests dominated over individual interests. Then, after a host of social and economic reforms in the West, society's situation changed. During the Malthusian regime, all countries found themselves in a situation of economic instability caused by growth in productivity, per capita income, and population. The increase in population absorbed the growth in per capita income and created economic imbalances. This dramatic change in demography was one of the reasons for the implementation of birth control measures in China. One of the current indicators of economic growth is the savings rate, owing to the fact that without such savings, it is impossible to innovate and become more productive.

The book's third chapter entitled 'Chinese and Russian economies under central planning: why the difference in outcomes?' explains that revolutions at the beginning of the last century were a natural consequence of earlier reforms. These reforms were efficient until the mid-1960s, when unlike the capitalist system, the socialist system stopped investing in innovation and entrepreneurship. Some of the mistakes that occurred under the Soviet system were the growth in social inequality and the lack of productivity in economic markets because of the failure to renew resources. In contrast, the reforms undertaken by China had a very satisfactory outcome, creating an increase in per capita income. Another of the reasons why China has enjoyed higher growth during this period of economic freedom is its commitment to maintaining strong, well-developed institutions.

In the fourth chapter, 'Chinese and Russian economies since reforms: transformational recession in Russia and acceleration of growth in China', Popov describes Russian politics, which achieved rapid economic growth and improvement in living standards for the population, while according to Nolan (1995), China adopted more orthodox policies that led the country to political and economic disaster. Nevertheless, some authors differ from this opinion, and explain China's great success as the result of cultural, demographic, and geographic factors, one of which is the development of agriculture. After the fall of the Soviet Union, there was a collapse in the economic market owing to disagreement as to which reforms should be applied. Ultimately, however, Popov concludes that a positive relationship exists between a country's level of freedom and the reforms it implements.

In the final chapter, 'Growth miracles and failures: lessons for development economics', Popov explains the efforts made by developed countries guided by the ideas of the 'Big Push' after 1950. This doctrine created the gap between savings and investment, and between imports and exports. In the last 20 years, economic growth predominantly owes to the mobilisation of savings and exports, taking into account that an accumulation of reserves is harmful for economic growth. In addition, there exists a positive relationship between per capita income and national price levels, taking into account that an accumulation of savings to invest in the economy could encourage people to consume more than they produce, import more than they export, and invest more than they save.

As key conclusions of this book, we can highlight that China's massive growth in the last three decades can be attributed to the reforms of 1979, and that during the last global recession, China suffered less than any other country. This may be the result of China's high levels of exports and the number of large enterprises belonging to the state, along with the fact that China was being governed by an authoritarian regime. Nonetheless, some authors (Peerenboom, 2007; Bergsten et al., 2006) predict a collapse in China's growth owing to the lack of high technology and the convergence of the system towards that of the West (i.e., a capitalist system based on private ownership). In contrast, the reforms carried out in Russia in 1990 caused a reduction in production and in standards of living. Russia went from a process of deindustrialisation to an increase in resources, and its economy began to depend on oil.

We believe that as future research opportunities, comparisons can be made between the appropriate industrial policies carried out in East Asia and those undertaken by the Soviet system, as described in earlier books. Another issue upon which to expand relates to analysis between the growth rate and the export rate in these countries.

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