

**CHINA'S ECONOMIC SLOWDOWN: AN ANOMALY OR A NEW NORMAL?**

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**ABSTRACT**

China's growth rates that have been exceptionally high for three decades has eased the last two years, causing experts to wonder how the world's second largest economy will progress in the future. The purpose of this research is to examine the causes behind the slowdown, and to discuss the likelihood of China returning to its astonishingly high economic growth rates. Based on the convergence theory, the paper suggests two reasons that can explain why the Chinese economy has been experiencing a slowdown. First, as its per capita incomes have been steadily rising, China is gradually catching up and therefore its growth rates should have been expected to decline. Second, although it is a politically stable country that has moved toward market economy, China has failed to integrate private property rights in its institutions. Based on the convergence theory, such failure is likely to undermine economic catch-up.

Keywords: *Global competition, Convergence Theory, Economic Slowdown.*