

# China Regulatory Crackdown. Market Interference or Healthy Pruning?

China is conducting regulation to address market failures in the free market economy

1. Education has to provide all an equal start.
2. Data protection addresses the question of who owns their own data, people or platforms.
3. Monopolies have to be regulated so that price falls between marginal and average costs. This is the compromise forgotten by Western democracies.
4. I expect wealth inequality will be addressed soon. To the detriment of luxury companies. Also expect wealth taxes.

China is creating an ESG compliant economy by addressing monopoly power, inequality, information asymmetry and rent seeking.

When investing in China, investors need to align themselves to these ideals to avoid adverse consequences of regulation.