

## Book Review

Barry Naughton, *The Chinese Economy: Transitions and Growth* (Cambridge, MA: MIT Press, 2007), 528p. \$24.00 paper.

Refreshingly balanced and thorough, *The Chinese Economy* by Barry Naughton is a welcomed addition to the plethora of recent books on China. Designed as a textbook, the coverage and writing style is also appropriate for the business community and anyone interested in understanding this complex and dynamic country. Naughton combines a historical perspective with up-to-date data and description of the progress of reforms and development, while also explaining the vast challenges still remaining.

The book is organized into twenty chapters. The first part sets the historical and geographic context. The second part covers recent national growth and sector change in China's economy, including population issues and overall living standards. The third and fourth parts focus on rural and urban issues; the fifth part covers international investment and trade; and the sixth part deals with the macro economy and finance. The concluding chapter places China's future in the context of environmental sustainability.

This comprehensive coverage of the relevant issues in China's economic transition and development is achieved while also keeping the reader in touch with the current research literature on interpretations of what is happening in China. This blend between text and monograph is difficult to achieve, and Naughton does a splendid job. Several interesting themes run throughout the book and help the reader understand Naughton's evaluation of China's progress or shortcomings.

One theme is how to evaluate China's successes. Naughton argues that although China has achieved the establishment of a market-based economy but the formation of market institutions is still incomplete. This is not surprising since the process began only three decades ago, and these social institutions are complex and evolving. He argues that China's growth has been propelled by the merging of three factors. First, labor and savings have been channeled into investment in human and physical capital on a large scale. Second, the transition from planning to markets has improved efficiency of resource allocation while utilizing the industrial experience gained from the socialist period. And third, the current economic period has capitalized on a long history of commercialization and entrepreneurship, both within and outside China's borders. This has brought access to savings and capital, a chance to catch up technologically, and a revival of domestic and international trading relationships.

A second theme evaluates the process of change in China. In Naughton's view, there have been two distinct phases so far in the process of transition. In the first phase, 1978-1992, economic change was characterized by unique experiments and forms of economic organization, such as township and village enterprises promoted by local governments. Naughton argues that these experiments came out

of the leadership's desire to make sure development occurred—institutional change was seen as necessary but could wait if need be. Keeping growth positive was the number one priority. In this regard, China's form of transition was more successful in maintaining growth as they avoided the years of negative growth experienced by Russia and many countries in Eastern Europe. The post-1992 phase has seen China's economic institutions converging to those of other economies in transition, to a more "normal" case of transition in Naughton's words. For example, most township and village enterprises have now been privatized. This phase was achieved with positive growth as well.

A third theme developed throughout the book is the evaluation of China's future prospects. While the complexities and ups and downs that have characterized China's last 30 years are not likely to change, Naughton emphasizes two factors in particular shaping China's future. The positive factor is the slow but steady improvement in human capital; the negative factor is the challenge of access to natural resources and preserving the environment.

To complete the book, a final section or chapter pulling together these themes and main conclusions would have been a great addition. This is a small quibble. *The Chinese Economy* provides a solid background for anyone working with or in China. If used as a course textbook, Naughton also provides the raw data and other materials on a companion website.

PENELOPE B. PRIME  
Mercer University

Ling Liu, *China's Industrial Policies and the Global Business Revolution: The Case of the Domestic Appliance Industry* (London, UK: Routledge, 2005), 190p. \$145 cloth

China's industrial policies are a hot topic for members of the U.S. Congress fretting about American de-industrialization, for executives of multinational corporations facing growing Chinese competition at home and abroad, and for Chinese officials pushing China up the value added chain. Thus, *China's Industrial Policies and the Global Business Revolution (CIP)* is a very timely book. Its stated purpose is to "examine the definition and evolution of industrial policies in China at both national and local levels" (p. xiii). The author, though, clearly has a more ambitious goal in mind—i.e., to evaluate the efficacy of Chinese policy. Liu provocatively concludes that "it is feasible...for local governments to nurture their own provincial champions" (p. 56); that "China's domestic appliance industry would never have survived without massive government protection, subsidies, and compulsory foreign technology transfers" (p. 88); and that China's "industrial policies...have contributed significantly to economic development" (p. 161).

*CIP* consists of 7 chapters, including the conclusion. Chapter 1 serves as the theoretical foundation of the book. It summarizes several perspectives for and against government intervention and reviews arguments about how globalization has affected the ability of governments to use industrial policy. Chapter 2 gives background on China's industrial policies, covering its instruments, objectives, emphases, and structures. It also reviews China's appliance sector industrial policies. Chapter 3 paints a portrait of the global domestic appliance industry. Most readers can skip this chapter. Chapters 4-6 cover three prominent Chinese appliance companies (Haier, Hisense, and Aucma).

*CIP* has three noteworthy shortcomings. The first is that its conclusions often exceed what its facts and/or logic justify. For instance, it states that "there is no strong evidence that local government should give up intervention" (p. 57). Yet *CIP* demonstrates that such intervention has generated excess capacity, overloaded Chinese banks with bad loans, and failed to produce a significant number of world-class Chinese domestic appliance firms. Moreover, *CIP* shows that a plethora of factors such as rising Chinese wealth, corporate attention to quality, and infrastructure development were critical to the rise of Chinese appliance firms such as Haier.

The second drawback to *CIP* is that it lacks any comparison of its three company cases against (a) domestic appliance firm failures from the same province/municipality; (b) domestic appliance successes from other municipalities/provinces; and (c) other companies in other industries. Such comparison are absolutely essential for isolating the extent to which the achievements of Haier, Hisense, and Aucma are attributable to firm-specific characteristics, the special features of Shandong/Qingdao, and/or the situation of the domestic appliance industry in China.

The third limitation to *CIP* is that it offers no benchmark for gauging the success of industrial policy. Yes, Qingdao's policies seem to have facilitated the rise of municipal champions, the growth of municipal employment, and the continuation of municipal stability. But should we deem such industrial policies a success if they concurrently hindered the rise of national (provincial) champions, diminished national (provincial) employment, and slowed the creation of provincial or national infrastructure? *CIP* offers us no guidance for making such an assessment.

*CIP* has a number of strong points. One is that it directs our attention to the fact that industrial policy is not just a matter of national policy, but also policy and politics at the provincial, municipal, and even lower levels of government. As a consequence, researchers should direct their attention to a larger number of actors, a greater range of policy mechanisms, and greater number of dynamics/outputs. Liu excels at doing this. A second strong suit of the book is its rich case studies, especially the one on Haier. Although they do not contain the same level of detail, they are interesting, thoroughly researched, and reveal much about the factors that

fueled the rise of the three firms in Liu's book and the challenges these firms face going forward.

As noted, the topic of China's industrial policies is hot. Anyone wishing to learn about China's industrial policies would be well advised to read *CIP*. Indeed, this book represents a valuable source of information for Chinese policymakers, analysts of Chinese multinational firms, those interested in the East Asian development model, students of comparative political economy, and researchers attentive to the implications of globalization for state policy autonomy.

JEAN-MARC F. BLANCHARD  
San Francisco State University

David Shambaugh, ed., *Power Shift: China and Asia's New Dynamics*  
(Berkeley, California: University of California Press, 2005), 402p.  
\$25.95 paper

The central research question addressed by a diverse body of international scholars of Asian studies and international politics from the United States and Asia in this edited volume is: Has Asia become Sinocentric again, like in the Tang Dynasty? The answer given to this question from a variety of disciplinary perspectives is no, at least not yet, even though China's regional rise is altering Asia's power dynamics and reshaping Asia's security order. East Asia's security order is still and will remain to be under the control of the United States in the foreseeable future. The major arguments are that even though China's economy is making her as a central magnet among Asian countries, and her political diplomacy with Asian countries helps her gain an upper hand compared with the United States, her military capacity and cultural influence are still quite weak compared with the United States. Most important of all, China has not set up a Sinocentric security system among Asian countries under her own control.

The methodologies used in this book are mixed depending on the disciplines. The two chapters on the economic dimension provide detailed statistical data which is informative and convincing. The other chapters, on the political, economic, military and security dimensions are written by experts who are mostly seasoned specialists on the given topic. These chapters, instead of relying on statistical data, are either based on expert observations, at times participant observations or native perspectives (as in the cases of Chapter 5, Chapter 6, Chapter 8 and Chapter 10).

I find the book to be informative in the economic dimension; Chapter 6 by Jae Ho Chung fills my knowledge gap; Chapter 14 by Lampton is a must read since it is written with a deep understanding of interdependence among nation-states during the current irreversible trend of globalization. However, the central research question raised lacks a clear perspective of interdependence in the global context. The question implies a zero-sum mentality and a mechanistic view of culture. Given the fact that East Asia and China are now bicultural in that they have been

integrating the East Asian culture with the Western culture, the question seems to become futile. A more realistic and practical question would be: How can China co-create, co-maintain the new Asian order with Asian countries and the United States? Of course, the zero-sum mentality is a common scholarly problem in area studies which were shaped at the onslaught of the Cold War. Now that the Cold War is over, scholars of area studies need to redefine what area studies are. In other words, area studies need to be transformed by and in globalization so that area studies scholarship will not only serve a given nation-state, but also serve humanity. Area studies should take interdependence and the global dynamics much more seriously.

Other weak areas of the book are: There is too little on India in Chapter 8. I wish that there could be a separate chapter on this country. I also wish that there would be a chapter on the influence of Chinese media and culture on Asian countries. Unfortunately but typically, area studies as a field tend to ignore the soft power dimension. I hope this field will correct this undesirable neglect. Finally, the last chapter tends to repeat a lot of Shambaugh's ideas. Regardless of the weaknesses, the editor is commended for his extraordinary ability to assemble a group of distinguished scholars of various disciplines with a shared focus in inquiry.

WENSHAN JIA  
Chapman University

Bates Gill, *Rising Star: China's New Security Diplomacy*  
(Washington, DC: Brookings Institute Press, 2007), 267p. \$28.95  
hardcover

Gill's book provides readers with a critical examination of the rising China's security diplomacy in the post-Cold War world and its policy implication for the United States. Throughout his book, Gill's arguments are coherently articulated with an intention to guide America's China policy forward. He believes that China is currently pursuing a new security diplomacy, which is characterized by a non-confrontational, more sophisticated and constructive approach towards various regional and global security issues. Indeed, differing from Mao's security diplomacy that emphasized "philosophy of struggle," today's leaders in Beijing have tried to integrate the Chinese traditional philosophy of harmony into their security diplomacy.

Drawing on author's own observations and thorough studies of primary sources, *Rising Star* is a timely analysis of important changes in Beijing's foreign policy. According to Gill, Beijing has implemented a well-designed policy across a range of specific security-related issue areas, which include regional security mechanism, nonproliferation and arms control, and sovereignty and intervention. Gill has made many commendable observations on how Beijing has conducted its new security diplomacy. For example, Gill argues that Beijing's new security diplomacy is not merely a post-September 11 phenomenon; instead, its root

can be traced back to the early 1980s. China's proactive approaches to regional security mechanisms help Beijing ensure that it keeps its attention first and foremost on internal challenges and problems. Furthermore, as a sophisticated policy analyst on US-China relations, Gill also examines the implications of China's new security diplomacy on American foreign policy from the perspectives of opportunities and challenges. One of the most incisive suggestions the author makes is that if the United States takes a more sympathetic approach towards China's new security diplomacy, both countries may find more common grounds in their increasingly complex relationship. In his conclusion, Gill recommends that the United States should adopt informed realism, astute management, and a nimble and opportunistic diplomacy in its response to China's new security diplomacy.

There are several places that may deserve Gill's further considerations. First of all, although his arguments on China's new security diplomacy includes many new developments in Beijing's strategic thinking like "new security concept," "peaceful rise," "new thinkers," "put principle into practice," etc., the author overlooks the concept of "harmonious world," which was first proposed by Chinese President Hu Jintao in his speech at the UN's 60<sup>th</sup> anniversary summit in September 2005. Since then, Beijing has proposed a series of measures related to building a "harmonious world."

Secondly, in his earlier article on Chinese soft power published in the journal *Survival*, Gill made the interesting point that Chinese soft power is attributed to a more pragmatic and proactive foreign policy which has often been complemented by diplomatic savvy and finesse. However this book attributes Beijing's new security diplomacy to such co-opting approaches as agenda-setting and attraction. Surprisingly, Gill does not connect his arguments on China's new security diplomacy with "Chinese soft power" in this book.

Finally, while security has become an increasingly broad term in the era of globalization, China has to deal with many new and non-traditional security issues in its security diplomacy. The author only focuses his arguments on three traditional perspectives of security studies—regional security mechanism, nonproliferation and arms control, and sovereignty and intervention. Since the book is titled "China's New Security Diplomacy," many readers may want to read more about China's responses to non-traditional security issues.

Overall, I feel that the book is an important contribution to our understanding of Beijing's security diplomacy in the age of China's rise. The book can be not only a helpful reference for China scholars and researchers, but also a useful textbook for graduate students.

SHENG DING  
Bloomsburg University

Ofra Hanson and Sun Shifang, *Health Care in Rural China: Lessons from HeBei Province* (Burlington, VT: Ashgate, 2005), 259p. \$99.95, hardback.

The objective of this monograph was to draw attention to three issues: the role of ideology, politics, and economic processes in shaping rural populations' access to health care; the behaviour pattern of the rural population in sickness and health and in its relation with health professionals; and finally equity in the provision of health care, in particular with respect to women and the elderly, groups that in other societies are often more vulnerable. The authors believe this research question matters for other societies who want to develop a sound health care system despite limited resources. Although they are informed about the relevance for China of international trends, in the end they stress that China is unique in its experience. Anson and Sun adopt three different theoretical approaches for their research: they borrow from Weberian sociology to understand the meaning individuals attach to their social actions, whether they are relevant to their own health or the health of others. They also borrow loosely from the structural-functionalist school the argument that a 'calling' orientation influences professional behaviour. Finally, they make use of Neo-Marxist conflict theory and political economy to analyze the consequences for the rural health care system of the economic reforms launched in 1979. They admit that given the size of the PRC, they could not undertake a comprehensive survey of rural China. They have therefore decided to limit their survey to a single province. This methodological choice is wise.

The first two chapters provide some context: chapter one offers a historical survey of the processes that have shaped access to health care, while chapter two provides a review of health resources available to the population. The third chapter describes the challenges Chinese public health authorities must face and express confidence that they can be addressed successfully, in light of past successes in fighting infectious diseases. The next three chapters examine three patterns which shape public health: patterns of health care provision by village doctors, patterns of health-related behaviour and use of health services, and patterns of inequality in health and health services distribution. Two other chapters look at the health of two groups of people that are made vulnerable by these patterns: women and the elderly. The premise of the book is that China has not been influenced by the kind of ideological shifts faced by industrial societies in the 1980s, and that transformations in the Chinese health care system have resulted instead from a major change of economic policy in the countryside. However, the authors find that the end results do not differ much from what is observed in other societies: China cannot contain costs and prevent inequality in access to care. Their major findings are that market forces are likely to increase inequity in access to health care, and that the high prevalence of risky health behaviour have made necessary the revival of mass mobilization to ensure the public get involved in health and health care delivery. The consumption of substances that are harmful to health, such as saturated fat,

alcohol and tobacco, in particular, is going to present health authorities with formidable challenges for years to come, as long as they are seen as symbols of prosperity and maturity by large segments of the population. In sum, on the basis of the data they have gathered, the authors find support to the hypothesis that health inequalities are brought by the psychological consequences of disadvantaged class positions.

The major weakness of the book, the authors themselves admit, lies with the empirical evidence they have collected in the research supporting their argument: although they have managed to make a considerable number of interviews within a sample of 288 villages spread within 9 counties at varied levels of development, in their use of the secondary literature they have limited themselves to sources in English and to secondary data and statistics. They justify their choice by arguing that Chinese language articles were not up to the standard of international literature, and add that official sources are not reliable. Few people doubt that official statistics in China can be problematic. However, the argument that there are no good theoretical sources in language other than English overlooks the scholarship available in Chinese outside the PRC. Yet, despite this limitation, this book offers overall a very useful survey of the health care system in rural Hebei, and opens thus an important window of opportunities to understand the predicament found elsewhere in rural China.

ANDRE LALIBERTE

Université du Québec à Montréal

Pamela Kyle Crossley, Helen F. Siu, and Donald S. Sutton, eds.,  
*Empire at the Margins: Culture, Ethnicity, and Frontier in Early  
Modern China* (Berkeley, CA: University of California Press, 2006),  
378p. \$54.95 cloth.

Epistemologically in line with Stefan Harrell's *Cultural Encounters on China's Ethnic Frontiers* (Seattle: University Of Washington, 1995) in general and, in specific, its sensitivity towards agency of local community for innovative practices of ethnic identities, Crossley, Siu and Sutton nonetheless pose their authors opposite to Harrell. They fault Harrell's notions of "civilizing project." Through literature analysis, they skillfully demonstrate that neither Ming nor Qing courts engaged in such civilizing projects. They found that the courts intervened in the construction of ethnic identities but there was no universal logic.

Towards the end of the collected volume, the three editors list a number of parallels between the Qing dynasty and the PRC. These items include indirect rule, images of minorities, and top-down categorization, and such. However, the PRC is by all means a self-designated civilizer. Their statement that "imperial policies, we have shown, could simultaneously promote cultural diversity and assimilation" does better justice to the notion of "civilizing."



The strength of this book lies with its revelation of how imperial polices lead to unintended constructing, shifting, merging, splitting, and exterminating of identities. Authors of each chapter painstakingly interpret and analyze sporadic historical records for evidence proving that the rise and fall of an ethnic identity is contingent and conjunctive. Separation, rather than assimilation, is the main policy rationale with the Qing period. In addition, the court avoided adopting a set method towards granting autonomy. This leaves room for institutional and political innovation in each locality. In fact, the book reminds readers that even if the court attempted this, it would not have succeeded anyway; local officials, indigenous leaders, ethnic subjects, barbarians, merchants, and immigrants were more than ready to practice identity politics to the effect of rendering the central government's minority policy rationale obsolete.

Mark C. Elliott rebuilds the path along which the name of Manchu, as a response to the "Othering" of revolutionary Han nationalism, transformed the banners into the defender of an initially hybrid and diverse community. Pamela Kyle Crossley finds that the court, upon Chinggis' imposition of the name of Mongol on a variety of groups, unilaterally reproduced the name by granting them institutional and geographical autonomy. Jonathan N. Lipman collects the records of how Qing was content with the segregation of Muslims into a prejudiced image, instead of resorting to a wholehearted civilizing attempt. Mames A. Millward and Laura J. Newby further present the complex interaction between the factors of prejudice, administration and religion in Xinjiang. Under this scenario, reference to sinicization is meaningless. John E. Herman asserts that the tenacious influence of indigenous Tusi rule has only decreased over a very long period of time, indicating the degree of vulnerability of the Qing conqueror to the inexpressible form of resistance from the bottom of the social hierarchy.

Moving to the southwest frontiers, David Faure details the ironical transition brought about by court politics at the center that ultimately resulted in a war. This war made it possible to speak of Yao as an ethnicity - something that was not distinguishable before the conflict. David S. Sutton studies the area neighboring my hometown Yongshun. He gives credit to the uninvited settlers who brought pressure of change to Miao communities that were unintended by the alienated court. Likewise, Anne Csete stresses the unsmooth exchange between the displaced yet defiant Li people and the guest people, while the state, preoccupied with the moral order, failed to cope with the problem. Wing-Hoi Chan traces the mysterious origin of the She people to the legendary Panhu. This thinking serves to unite the people to fend off intruding Han forces, yet keeping them away from the supposed end of sinicization. Helen F. Siu and Liu Zhiwei examine the market process that dichotomized the Dan from the Han. While this act was a discrimination against the Dan, it enabled them to benefit from the identity in a creative way.

I have two comments to make about the book. First, this book shows how historical empirical research can contribute to the study of cultural politics. Authors work like detectives when it comes to judging long-standing impressions against

historical records and setting apart official statements of formality from testimony of eye witnesses. For this reason alone, this book is an important publication in its own rights. Second, the authors could achieve deeper reflection by exposing ways in which “ethnicity” of market, state and modernist philosophy revealed the parallels between the court’s unavailing intervention in constructing ethnicity of the “peripheral” people and the Eurocentric forces’ unavailing intervention in constructing the “peripheral” state of China.

CHIH-YU SHIH  
National Taiwan University

Pranab Bardhan and Dilip Mookherjee, eds., *Decentralization and Local Governance in Developing Countries* (Cambridge: MIT Press, 2006), 394 p. \$35 paperback.

This edited volume describes the process of decentralization in a comparative perspective; ultimately finding that the outcomes of decentralization depend primarily on political context and secondarily on the design of the reform itself. The authors examine cases selected on the diversity of motives for decentralization, which offers good coverage of regime type although not much variation on income level. The authors identify three primary types of decentralization: Type A consists of simultaneous, comprehensive political and economic devolution (Bolivia, Indonesia, and post-1994 South Africa); Type B consists of comprehensive political devolution and partial and uneven economic devolution (Brazil and India); and Type C consists of limited political devolution with more significant administrative and economic devolution (China, Pakistan, Uganda, and pre-1994 South Africa). This research question is highly significant due to the large numbers of countries decentralizing primarily to increase public goods delivery or in response to international financial community pressure. Currently over 70 countries are pursuing some form of decentralization—administrative, fiscal or political. The authors find mixed evidence that decentralization increases the provision of public goods, and also find that success depends heavily on the functioning of local mechanisms of accountability: “the effects of decentralization are inseparable from those of the local governments it empowers” (132). These findings mean that decentralization is not a panacea for poor service delivery, especially for countries lacking local accountability mechanisms.

The authors argue that decentralization can provide two benefits: improve the provision of public goods and create participatory democracy. Increasing public goods delivery depends on local government capacity and mechanisms of accountability. Capacity consists first of an accurate needs-assessment and then the effective delivery of these goods. Theoretically decentralization improves service provision because local governments know the needs of its citizens better than

central government and can provide these services more cost-effectively. The majority of the cases show that while local government effectively identifies needs, they do not have the ability to meet these needs due to a mismatch in the decentralization design between responsibilities and funds. Many localities overspend assuming the central government will supply more funds (soft budget constraint), and many responsibilities are not met by central transfers (unfunded mandates). The second problem revealed in this analysis is the lack of accountability. The editors point out that traditional fiscal decentralization literature emphasizes the responsiveness of policy under decentralization, assuming the absence of any accountability problems. However, studies of local politics in both democracies and non-democracies show that accountability *is* a problem. Thus, the editors stress that just as there are prerequisites for democracy there are also prerequisites for successful decentralization—such as accountability—which if not satisfied will lead to inferior outcomes. These two problems in local capacity and accountability hinder the provision of public goods and the authors find that only decentralization in Bolivia, Indonesia and post-1994 South Africa appear to have significantly improved the provision of public goods.

In addition to improving service delivery, the authors argue that decentralization can create participatory democracy: “decentralization is typically viewed as an important element of participatory democracy that allows citizens to have an opportunity to communicate their preferences and views to elected officials who are subsequently rendered accountable for their performance to citizens” (4). Thus, the authors argue that decentralization creates space for local participation in politics. However as the cases illustrate, while decentralization brings the decision-making process closer to citizens, it does not necessarily enable mechanisms for pluralism or accountability both of which are central to good governance. While the conflating of decentralization and pluralism is problematic, this volume is an important contribution to the decentralization literature first for its comparative analysis of both *de jure* and *de facto* decentralization designs and outcomes, and second for its examination of both democracies and non-democracies. This approach allows the authors to find that decentralization only improves public service delivery when strong institutions of local accountability and appropriate fiscal autonomy exist.

JESSICA C. TEETS

University of Colorado, Boulder

Ross Garnaut and Ligang Song, eds., *China: Is Rapid Growth Sustainable?* (Canberra: Asia Pacific Press, 2004), 249p. \$30, Softcover.

Among books devoted to the study of China’s economic development in recent years, this volume edited by Garnaut and Song is one of the most recent efforts. The book presents new research findings and new thinking on a broad array

of topics pertaining to China's economy by a group of economists studying Chinese economy in Australia and China. It addresses a wide range of topics in agriculture, industry, foreign trade, poverty and other issues related to the sustainability of economic growth.

The two opening passages by Garnaut, Huang and Jha pin down China's position on a coordinate of historical depth and global width and provide necessary background information about China's changes in the past two and a half decades. Following these two articles are other specialized researches that can be roughly put into topics of three major categories: marketization/privatization issue and institutional reforms, foreign trade and the sustainability of growth.

Five articles are targeted at issues of the first category. Xiaolu Wang provides a general study of China's current state of marketization and its bottlenecks. Wen focuses on the necessity and urgency of China's industry for an adjustment and reorganization towards a more market-based type. Chunlai and Findlay's study investigates China's grain marketing system, and Fang and Yang research the labor-market integration issue by investigating the wage converging in manufacturing across different regions. Finally, Men, Gregory and Youjuan Wang discuss the current state of urban poverty and inequality at a time when average living standards are improving significantly. Although the emphases of these researchers are different, they all link China's economic successes in their respective fields with their successes in marketization. They also acknowledge the overall success and achievements of China in the reforms in these fields.

For the three articles dealing with international trade, Li and Song examine the determining factors of RMB exchange rate fluctuations under the current system. Macintosh discusses China's role in the WTO Doha Round of trade negotiations and points out that China's approach to the WTO was too cautious and defensive. Pangestu's study investigates China's WTO accession commitments, trade policy and experiments with regionalism in the post-WTO accession period. All the three authors imply that the Chinese government is conservative in its reforms with regard to foreign trade policy and measures. Li and Song suggest that the Chinese government should take bolder steps in increasing the flexibility of exchange rate determination. The other authors make similar claims that more active and aggressive policies will actually benefit China itself as well as the world.

If the above research is not addressing the growth sustainability discourse directly, the following three articles handle this issue forthright. Golley emphasizes the impact of regional policy on sustainable growth, Wu explores the relationship between productivity and sustainability, and Sheng and Song investigate the impact of the incentive effects arising from the privatization of state-owned enterprises in China on their performances. Overall the authors are optimistic about the future of China's economy, but most also believes that its continuous success is contingent upon correct and consistent reform policies and the according institutional changes purported to facilitate these reforms. Were these policies not executed correctly, China's growth may falter due to the various forces at play.

The data and documentation used by the researchers are up-to-date. Most of them incorporate the latest data available by the time the book was published; therefore, the book presents to the reader the newest changes and developments in the kaleidoscope of the Chinese economy. Most authors make a keen observation of what is going on in their respective field of research and provide convincing results.

The next merit is the straightforwardness and simplicity. Rather than using extensive and sophisticated mathematical models to explain economic phenomena that may scare away more extensive general readers, most authors make indispensable and valid quantification using figures and graphs without whirling the readers into the maze of daunting formulae and grotesque Greek letters; thus render the book more comprehensible and accessible for general readership.

However, this book provides only a partial answer to the question raised in the title, which is too broad for one single work of economics to encompass. China's sustained growth is an economic question, but its realization is the function of a series of political and social variables, such as stable domestic politics and facilitative international environment. Any mishandling of these challenges may slow down or even terminate its rapid growth. The unsolved problems accumulated in the economy and the society over these years have posed a great threat to China's growth at present and in the future. Certainly we understand that it cannot be an all-encompassing book.

Furthermore, the weights of topics are not evenly distributed because there are more chapters on questions like foreign trade while less contents on topics concerning industry and agriculture. The book lacks an introductory chapter that weaves together these articles that are sometimes only loosely related, and that informs the reader why and how this book is compiled and targeted. A concluding chapter is missing from the end of the book. Such chapters have special significance for an edited volume and are what the reader is interested to read.

Despite these deficiencies, this book remains an invaluable reference for Chinese economic reforms and impact. The problems, descriptions, solutions and contextual information provided by the authors offer fertile terrain for future scholarship in this area. Presenting different perspectives of a rapidly changing economy and society makes this collection both interesting and readable.

WANFA ZHANG  
The University of Alabama



## New from Lexington Books

### Challenges Facing Chinese Political Development

edited by  
**Sujian Guo and  
Baogang Guo**

Jeffrey Becker  
Anna Bretell  
Baogang Guo  
Susan Guo  
Eric Han  
Wenshan Jia  
Joel Kassiola  
Xiaohang Liu  
Huisheng Shou  
Andrew Swift  
Logan Wright  
Chengqiu Wu  
Yanmin Yu

**SAVE 15%**

When you order online!

#### ALSO OF INTEREST

#### NEW DIMENSIONS OF CHINESE FOREIGN POLICY

Edited by Sujian Guo and Shiping Hua

*"This is a timely and rewarding treatise on new trends in China's foreign policy."*

—Dennis Hickey, Missouri State University

*"The authors provide theoretically sophisticated and empirically rich analysis of contemporary Chinese foreign policy."* —Guoli Liu, College of Charleston

*"Hu Jintao's government espouses 'peaceful development' to counter U.S. reactions that might slow China's rise. In this book, Chinese and American scholars together provide a superbly documented analysis of Hu's policies."*

—Lynn White, Princeton University

ISBN 0-7391-1876-5

ISBN-13 978-0-7391-1876-4 \$65.00 cloth

### Challenges Facing Chinese Political Development

Edited by Sujian Guo and Baogang Guo

*"China's tumultuous twentieth century has been followed by years of astonishingly rapid growth, but growth itself poses deep challenges for China's economics, politics, and basic value system. The authors of this volume combine disciplinary expertise with direct experience of China's daily reality to present a broad array of studies of the challenges that will shape the future of China and thereby touch the world."* —Brantly Womack, University of Virginia

*Challenges Facing Chinese Political Development* is a topical examination of some of the most recent developments in Chinese politics. Featuring a roster of international scholars, the book comprises an assortment of essays focusing on a particular dimension or specific issue of political culture, political economy, foreign policy, environmental, and social challenges. The editors, Sujian Guo and Baogang Guo, have divided the essays into five pairs: Political Legitimacy, Political Economy, External Challenges, Environmental Challenges, and Social Challenges. Each of these dimensions serves as a window through which the reader can glimpse various challenges in Chinese political development in the new century. *Challenges Facing Chinese Political Development* is suitable for all levels of students and researchers of Chinese Politics.

#### CONTRIBUTORS:

Jeffrey Becker  
Anna Bretell  
Baogang Guo  
Sujian Guo  
Enze Han  
Wenshan Jia  
Joel Kassiola

Xiaohang Liu  
Huisheng Shou  
Andrew Swift  
Logan Wright  
Chengqiu Wu  
Yanmin Yu

ISBN 0-7391-2095-6

ISBN-13 978-0-7391-2095-8 \$32.95 paper

TO ORDER: 800-462-6420 / [www.lexingtonbooks.com](http://www.lexingtonbooks.com)