

4-1-2014

Sanders, Richard and Yang Chen (Eds.) *China's Post-Reform Economy: Achieving Harmony, Sustaining Growth*. New York: Routledge, 2012.

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Recommended Citation

Boutonnet, Thomas Ph.D. (2014) "Sanders, Richard and Yang Chen (Eds.) *China's Post-Reform Economy: Achieving Harmony, Sustaining Growth*. New York: Routledge, 2012.," *Journal of International and Global Studies*: Vol. 5: No. 2, Article 16.

DOI: 10.62608/2158-0669.1201

Available at: <https://digitalcommons.lindenwood.edu/jigs/vol5/iss2/16>

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First published in 2007 in hardcover format, *China's Post-Reform Economy: Achieving Harmony, Sustaining Growth* is now available in paperback and offers twelve original contributions on a broad topic: the critical economic and social issues faced by China during the 2000s. Chinese politics during the first half of Hu Jintao's decade, arguably called the "post-reform" era by the authors, were indeed deeply marked by both the concern with sustaining economic growth and the desire to implement social harmony. This was so not only because failure in either of these tasks would potentially jeopardize the leadership of the Chinese Communist Party (CCP) as a ruling apparatus but also because social issues were directly linked to China's thirty years of economic reforms (since China's impressive two-digit growth percentage came along with a similarly impressive increase in social, economic, and territorial inequalities). As Richard Sanders argues, "China's GDP-ism of recent decades, while solving many problems associated with the past, has created new problems, limiting the capacities of all Chinese to appropriately enjoy the fruits of economic growth" (p.3), and while China's GDP rose, so did the Gini coefficient (0.47 in 2013), making China one of the most unequal societies in the world. *China's Post-Reform Economy: Achieving Harmony, Sustaining Growth* thus tries to encompass many aspects related to this tautological dilemma – China must deal with inequalities created by its own economic growth while sustaining an economic growth that continues to generate inequality.

Along with an introductory chapter that offers a concise overview of the chapters to come and justifies the concept of China as a post-reform economy, the book contains twelve contributions divided in two parts. Part 1, "Achieving Harmony," focuses on issues related to the cohesion of China as a society and as an economic system. Chapters 2 and 3 discuss the social and environmental issues that were created by China's blind commitment to economic growth and that have now become critical enough to jeopardize the sustainability of growth itself. Both papers conclude on the need to improve governance in China (through the deployment of meritocracy and the rule of law, for instance) and to reform the current economic system, not only to address the environmental crisis (water shortage, air pollution, desertification) and prevent a potential social crisis caused by rising poverty and inequalities but also to "enhance macroeconomic stability, strengthen the fiscal basis of the state, raise the efficiency of the financial sector" (p.18) and, *in fine*, sustain economic growth.

The next two chapters focus on rural China, providing readers with two complementary approaches. John Q. Tian (Chapter 4) examines some of the main distinctive traits of the urban/rural divide, points out the lack of social welfare in rural areas, and argues for substantial reforms in both local governance and national policy in order to deal with the increasingly common protests and riots in the countryside. Yang Chen (Chapter 5) addresses the same topic but from an economic perspective. She examines the industrialization and urbanization of rural China since 1978 and argues that despite the impressive development of township and village enterprises (the *litu bu lixiang* phenomenon), the situation in rural China can be described as one of "involution," a concept she defines as "growth without development," i.e. "growth in total production which does not lead to rise in per capita incomes" (p.82). To address the lack of development in China's countryside, the author convincingly advocates the development of non-economic cooperative structures in order to re-build and/or strengthen the social fabric of rural communities.

Chapter 6, "Regional Vulnerability, Inequality and Asset Growth," constitutes a conclusion of Part 1, an ambitious attempt to assess not only inequality between and within regions in China but also regional income vulnerability, which can be defined as "the risk of events in which a bad outcome could move the household into poverty on a regional level" (p.85). Unsurprisingly, Yiu Por Chen and Richard Schiere conclude on the necessity of increasing access to health care and developing regional and national strategies in order to address the underdevelopment of the interior

and western parts of China.

Achieving social harmony is not only a crucial political task for the CCP, but it is also the only way to sustain the growth of the Chinese economy, a topic now developed in the book's second part. Chapters 7 and 8 discuss China's banking and financial sectors and both conclude on the urgent need for fundamental improvement. The lack of transparency and of financial reliability of Chinese state-owned banks, the poor quality of their assets (not to mention their non-performing loans), the "inter-dependence between banks and state-owned enterprises (SOEs), the way that banks are run as SOEs, and government's improper influences on the operations of SOEs and banks" (p.108) are identified as the major obstacles to achieving an effective capital market. Although addressing the banking sector from two different approaches, the chapters both unequivocally advocate the independence of banks from state intervention.

Four of the next five chapters focus on specific industrial sectors: the cotton processing industry (Chapter 9) – its institutional environment (based on two case studies in Shandong and Hubei) and the evolution of governance in this sector (i.e. the role played by local actors and the regulatory and developmental role to be played by the state); the textile sector (Chapter 10) – its organization in industrial clusters (based on a case study in Ningbo) and how the relationships between public institutions and private markets have evolved in a fruitful way for the industry despite the withdrawal of the state from direct management and control; the steel industry (Chapter 11) – its strengths (impressive growth), its weaknesses (a fragmented industrial organization), and the need to reform the sector for a more centralized and rationalized administrative system; and the oil sector (Chapter 13) – its governance structure, its monopolistic regulation, and the need to reform the industry in order to cope with a market-oriented economy. In these four chapters, the complex relation between companies and public institutions at local and national levels is presented as a key to understanding how the industrial sector tries to cope with globalization while dealing with the requirements of a market economy (access to which is still controlled by the state). As Yan Chen and Richard Sanders state regarding the monopolistic petroleum industry (Chapter 13), "The transition of the current state-owned giants from monopolies with substantial regulating power to market-oriented regulated monopolies requires a process of institutional innovation" (p.223), a view shared by the other authors, as most of them argue for less state control and more market regulation.

Chapter 12, finally, engages with an original topic – the current situation of the railway system in China and its prospects for future development. John Kidd and Marielle Stumm advocate the development of an ultra-high-speed railway system in China, since they consider it to be the best alternative – in the sense that it is both fast and environment-friendly – for transporting the increasing volume of goods produced, exported, and imported by China. Unfortunately, the tragic collision of two China Railway High speed (CRH) trains near Wenzhou in July 2011, with the suspicions of corruption and poor-quality manufacturing that it raised, cast doubt on the feasibility or likelihood of such a use for the Chinese rail system.

Although there is abundant academic literature on the diptych of economic growth and social harmony, *China's Post-Reform Economy: Achieving Harmony, Sustaining Growth* represents a solid attempt, as a collective contribution, to comprehend China's economy during the 2000s from different and complementary approaches. However, due to the variety of topics and number of authors involved in a collective book, such a work can also be regarded as relatively lacking cohesion (if one is looking for a comprehensive, systematic analysis of Hu's China, for example). One might most of all regret that this new 2012 paperback edition was not updated since the first publication of the work in 2007, as, since then, not only has China had the opportunity to host the Olympic Games, deploy an impressive "soft power" strategy, and become the world's second economy, but the official ideological guideline of the CCP is also no longer "achieving harmony"; indeed, former President Hu Jintao's pledge to build a "harmonious society" has been officially replaced by current President Xi Jinping's ambition to achieve the "Chinese dream." As such, while

the data and statistics provided by the papers may be partly outdated, some of the arguments presented in the book are unfortunately no longer fully relevant. Nonetheless, the book is one of a great interest to a wide range of scholars in Chinese studies, whether in the social sciences, politics, or economics. Each chapter is of great value to achieving a keener understanding of some very specific aspects of China's economy and society during the first half of the 2000s (although one can partly regret the ideological bias of some of the authors, who tend to be too enthusiastic about the omnipotence of the market's "invisible hand," the actuality of which is highly debatable). *China's Post-Reform Economy: Achieving Harmony, Sustaining Growth* also provides readers with precious information about what key questions were debated by scholars and analysts in 2006, when China, freshly accepted within the WTO, was trying to address social issues through former President Hu's attempt to implement a "harmonious society."

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