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**Ling Chen.** *Manipulating Globalization: The Influence of Bureaucrats on Business in China.* Studies of the Walter H. Shorenstein Asia-Pacific Research Center Series. Stanford: Stanford University Press, 2018. 232 pp. \$50.00 (cloth), ISBN 978-1-5036-0479-7.

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Ling Chen's *Manipulating Globalization: The Influence of Bureaucrats on Business in China* bears all the hallmarks of an enduring contribution to our understanding of Chinese political economy: a novel phenomenon of apparent importance, cogent theory, extensive fieldwork and interviews, and careful empirical analysis. The following review briefly presents Chen's work and then discusses the implications and lessons for future work in local Chinese political economy.

Chen's chief theoretical contribution is the insistence on the importance of local political economy for explaining policy implementation in China, joining a host of other recent works focusing on the diversity of local political and economic conditions in Chinese political economy. It also joins the classic literature on Chinese political structure, including the extensive literature on fragmented authoritarianism, where the Chinese state is portrayed as divided both horizontally and vertically and where policymaking is the site of contestation between rival bureaucracies and factional interests.[1] Building on this foundation, Chen shows how bureaucratic politics, especially coalition making and breaking during the advent of globalized capital, create the conditions for variation in compliance with subsequent policy change, using the case of the domestic electronics industry.

Chen's approach shines in the empirical heart of the book (chapters 4 and 5) by showing the crucial role different developmental coalitions played in the effectiveness of implementing pro-domestic upgrading industrial policy at the bureaucracy level and in the actual promo-

tion of research spending at the firm level. Her double approach (focusing not just on government implementation but also on firm take-up and compliance) is exceptional, underscoring the value of her theoretical contribution. Success in industrial transformation is partially determined, she argues, by the *size* of firms recruited during the foreign direct investment (FDI) recruitment period (largely the 1980s) and the extent to which these firms overlap with exporting firms. This composition of the local economy is crucial because firm-bureaucrat coalitions are the determinants of political infighting; in her case this takes place between the bureaucrats who regulate and promote international commerce and their (sometimes) rivals in the technology and domestic upgrading bureaucracies.

Empirically, Chen contributes an in-depth and theoretically driven account of not just the bureaucratic dynamics of FDI recruitment in her four case studies (Wuxi, Suzhou, Shenzhen, and Ningbo) but also the influence of the different types of FDI in these places on the dynamics of bureaucratic competition and firm compliance, especially as national industrial policy shifted from promoting and favoring foreign invested enterprises (FIEs) and FDI to promoting the "domestic innovation" paradigm and vanishing emphasis on foreign firms. When there is high overlap between foreign firms and exporters (and especially when foreign investment is concentrated in few firms), implementation of domestic upgrading will be difficult—both because of large firm bargaining power and because international commerce bureaucrats will oppose it. When foreign firms are fewer and less concen-

trated, domestic upgrading policy is more likely to succeed. She finds quantitative support for her theory using exciting novel data at both the city and firm levels of analysis. In addition, Chen shows that FDI thus does not only need to be disaggregated into “China circle” and “other” FDI but also needs to be contextualized based on its effects on the *composition* of local industry, either dominating internationally oriented industry and subsequently pushing local firms into a race to the bottom or flexibly subcontracting with local firms, leading to the potential for domestic competitors to emerge.

In contribution, her thick description and careful analysis of the coalition dynamics generated by conditions of FDI recruitment immediately brings to mind Susan L. Shirk’s *The Political Logic of Economic Reform in China* (1993). Chen’s important departure from Shirk’s elite and coalition focused work is its careful attention to two issues: the path-dependent nature of these coalitions and the crucial nature of local heterogeneity in the effectiveness of policy reform. Coalition dynamics are path dependent, meaning that the eventual coalitions that will make or break the implementation of subsequent policy initiatives from the center depend on conditions and strategies from decades to a century earlier. Chen notes with her impressive interview work the ways that perceptions of competition (across international commerce and domestic upgrading boundaries versus within the domestic upgrading bureaucracy itself) and the stakes of competition (the influence of few large foreign firms versus many smaller FIEs) shape the subsequent implementation of domestic upgrading policies by impeding implementation.

Chen foregrounds two important ways in which local heterogeneity matters: first, the aforementioned path dependence creates variation in policy implantation and firm investment. Crucially, Chen also argues that some of these patterns are traceable to cultures of bureaucracy evident as early as the Qing dynasty (chapter 6). Methodologically, this chapter serves to address a question of selection: why do some localities recruit large, prominent international firms during the FDI recruiting phase, while others recruit investment from smaller, less prominent foreign firms? Her answer, consistent with her subnational corrective, is that the structure of China’s economy is composed of many “regional capitalism[s],” taking the cases of the Pearl River Delta and the Yangtze River Delta as her cases (p. 133). Second, her comparison of subnational capitalisms finds persistent patterns of reinforcing bureaucratic practice; career-driven politicians in Jiangsu faithfully and vigorously implement central poli-

cies while pragmatic Guangdong bureaucrats favor flexible implementation and short-term gains. This approach answers Meg E. Rithmire’s critique of the “new regionalism” of Chinese political economy: not just identifying subnational variation but also expending sufficient effort to “show how regional differences reproduce themselves across sectors and industries and with regard to a number of social and political processes.”[2] It complicates, however, the “critical juncture” argument of previous chapters, where the strategies of FDI recruitment restrict future outcomes; instead, local bureaucrats keep largely within the stable patterns of state-industry relations in her two cases since the Qing dynasty.

Approaches that foreground local variation are often criticized as particularistic; can lessons that depend profoundly on local conditions travel to other cases? In this way, Chen’s book pairs well with Yuen Yuen Ang’s *How China Escaped the Poverty Trap* (2016). Ang also hones in on the connection between bureaucracy and markets, focusing especially on the experimentation and adaptation of local governments when the central government leaves important policy details up to localities. Both books deal extensively with subnational variation, but in contrast to Ang’s finding that local governments may find their own way with the proper incentives and room to experiment with already existing institutions, Chen offers caution: the bounds of improvisation and policy implementation may not just come from the center but emerge in a path-dependent fashion from decisions in the recent past. In particular, Chen’s careful analysis of local political economies’ path-dependent outcomes suggests that the Chinese central government’s success at balancing “variety and uniformity” may be as much a product of persistent local differences as they are the product of strategically vague and incremental but broad national policies.[3]

*Manipulating Globalization* contributes to the best of subnational research in the study of both China’s political economy in particular and social science generally. Her approach contributes to growing concerns that the strategies producing political compliance and economic success in one period have serious consequences for subsequent stages of development, especially for countries developing in the age of globalization, where managing domestic and international firms presents additional challenges.

#### Notes

[1]. Kenneth Lieberthal and Michel Oksenberg, *Policy Making in China: Leaders, Structures, and Processes*

(Princeton, NJ: Princeton University Press, 1990). See also Andrew Mertha, “‘Fragmented Authoritarianism 2.0’: Political Pluralization in the Chinese Policy Process,” *The China Quarterly* 200 (2009): 995-1012.

[2]. Meg E. Rithmire, “China’s ‘New Regional-

ism’: Subnational Analysis in Chinese Political Economy,” *World Politics* 66, no. 1 (2014): 184.

[3]. Yuen Yuen Ang, *How China Escaped the Poverty Trap* (Ithaca, NY: Cornell University Press, 2016), 73.

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