

## Review - China's Development: Capitalism and Empire

Written by Gordon Redding

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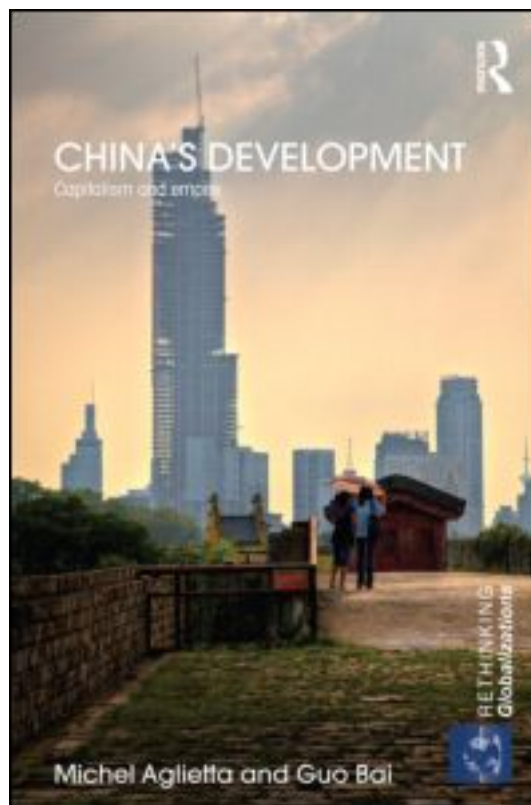
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China's Development: Capitalism and Empire

By Michel Aglietta and Guo Bai

London: Routledge, 2012



The title of this book, *China's Development: Capitalism and Empire*, reveals much about its themes and its position in a now vast literature as scholars try to work out where China is heading as a political-economic system. Clearly some form of capitalism has a grip on the key to progress, but what form is still a matter of the complex play of influences that is the legacy of Chinese history. And that history has certainly not ended. The interests contending for influence in that drama are: on the one side the energetic entrepreneurship that has made China the 'workshop of the world', and on the other side the government with its duty to retain control- a duty that not only reflects thousands of years of Chinese cultural tradition, but is also embedded with moral imperatives. Such moral imperatives are, moreover, accompanied by less elevated interests in the retention of power by an unelected elite. The latter is a fact of history in the stories of most countries, at least for finite periods. It waxes and wanes as countries evolve and learn. In China, this process is in full 'waxing' mode today.

As the Communist Party of China attempts the tight-rope walk of staying in control it has three potential sources of

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legitimacy. The first is to give its people some degree of empowerment with a combination of grass-roots democracy and the decentralization of economic power to regions. The second is to invoke the ideals of Confucianism as a basis for building a 'harmonious society', something that rests on the discovery and inculcating of civic virtue – essentially a *non-sequitur* in a society compartmentalized again (as always) by a utilitarianistic familism, a mistrust of strangers, and a general distrust of government. The third is to invoke China as an 'Empire' – the point of the second part of the book's subtitle. In effect this means fostering the emergence of a mercantilist state, politically driven to accumulate bullion through trade, to bring in what is needed, and to attempt the retention of controlled economic action. As Marie-Claire Bergere has noted, as she brings history up-to-date and sees the political cooptation of any rising *bourgeoisie*, China is attempting to create capitalism without capitalists (1).

In China's Development: Capitalism and Empire we have another impressive study from a French source, this time from the combined academic nous of the University of Paris and the HEC (Ecole des Hautes Etudes Commerciales). The book is deeply researched, very well argued and well worthy of serious attention from other China scholars. It takes an economic viewpoint of the issues but is written broadly enough to acknowledge parallel determinants in history and culture. Its main contribution is in laying out the phases of China's recent history and describing the detail of how the state came to its present condition.

The book opens with a reminder that capitalism and the market economy are not the same thing, a point now well supported by the diverse literature on capitalism's variations. As Aglietta and Bai argue, in essence the issue is that "a mode of regulation is a set of mediations that ensure that the distortions created by the accumulation of capital are kept within limits which are compatible with social cohesion within each nation" (p.4). This can be done many ways. China's way – though influenced by the borrowing of some institutional structures – will inevitably be its own way. The world may never have seen a parallel, if it works. For it to work will require coping with the balancing of (a) modernity and (b) gigantic scale, a challenge that will require nothing short of political genius.

The book is structured into four parts. In the first two chapters the historical scene is set, up to the end of Mao's reign. The next three chapters consider the rationale of reform, and usefully factor in the carry-forward from the Mao period, especially the forced concentration of resources. Two reform periods are identified and divided by a period of bitter conflict around 1990. The third part of the book pays special attention to key issues: foreign involvement in trade and finance; scenarios for resolving the social contradictions; and the type of planning in use. Finally the book concludes with a combination of realism and optimism. The realism is based on accepting the strength of social networks as the essence of Chinese societal structure. The optimism is based on the assumption that such networks would be able to engender forms of civil society so as to influence social harmony and inspire another variant in the array of capitalisms.

The book has two particular strengths. The detail in its explanation of how reform evolved in China is impressive. A rich set of statistics illustrates the events and trends and the clear text is accessible to both the general reader and the specialist. Secondly, its approach deviates from that of standard economics, insofar as it adopts an evolutionary account that fits well with our understanding of how progress is made in China. The writing combines socio-economics, complexity theory, non-linear adaptation, co-evolution, and it matches the idea of China as a vast laboratory in which the only predictable factor is the political power. An evolving system is feeding on its own contradictions, and achieving an equilibrium of features that no single discipline can comfortably handle. However, more could have been said by Aglietta and Bai about psychology, efficiency and management in organizations, innovation, and the handicap of endemic mistrust in China. But these are quibbles. China's Development: Capitalism and Empire is a mature, balanced, and distinguished contribution to the China literature. Its conclusions are well-based, well presented, and worthy of attention from all those with an interest in China's future.

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(1) Bergere, M-C (2007), *Capitalisme et Capitalistes en Chine: Des origins a nos jours. XIX-XXIe siècle*. Paris, Perrin.