

Eduardo Barberis

Ilan Alon, Julian Chang, Marc Fetscherin, Christoph Lattemann and John R. McIntyre (eds.), **China Rules. Globalization and Political Transformation. New York: Palgrave Macmillan, 2009, 307 pp.**

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## Book reviews

**Ilan Alon, Julian Chang, Marc Fetscherin, Christoph Lattemann and John R. McIntyre (eds.), *China Rules. Globalization and Political Transformation*. New York: Palgrave Macmillan, 2009, 307 pp.**

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*China rules* is an edited volume placed within a growing research stream on *zou chu qu* policy in China (variously translated as “go global,” “go abroad,” or “go out” policy). It results from an ongoing collaborative research program (“China goes global,” [www.chinagoesglobal.com](http://www.chinagoesglobal.com)) focussing on the increasing economic and political role of the Popular Republic in the world of today, the impact of Chinese globalization on Western countries, and the back-effect of this new role on social, economic and political condition on China itself. Many others pieces of literature deal with these issues, often from the point of view of political and economic hegemony (see for instance the popular *When China Rules the World* by the British columnist Martin Jacques); the specific contribution of this volume to such an articulated debate is the focus on the relationship between domestic institutional changes and the internationalization of Chinese economy.

The aim is filling up a knowledge gap on an increasingly important global actor, playing a role in world political and economic events – from Foreign Direct Investments to international cooperation in Africa, from market regulation to import/export trends, from migration diaspora to human rights mobilization – and at the same time changing itself in a dialectic way, and with many dilemmas concerning development fractures, risks and opportunities.

Even though *China rules* is basically interdisciplinary in scope, as typical of area studies, the points of view reported in the book are mainly in the field of international business, political economy and corporate governance studies. Thus, it would be unfair to put it down for the lack of a sociological eye, since this was not the area of interest covered by the authors. Preferably, we will focus on the contributions that can be fruitful also for political and economic sociologists.

Nevertheless, two questions can be raised: first, in a book dealing with institutional changes, it is anyway surprising that the pressure of internal social forces is so rarely mentioned – even considering just the structuring of an internal market, the characteristics of available human resources and the effects due to, say, the urbanization process, an issue that plays a role also for the strengthening of internationalizing firms; second, it was potentially interesting to have a contribution on the role (if any) of the Chinese diaspora on the recent globalization trends of the Popular Republic.

Moving on to the structure of the book, *China rules* is articulated into three sections. Part I is dedicated to “Political economy and governance,” setting the macro-level stage of political and institutional transformations in China having an effect on the internationalization of Chinese firms. In this part, the introductory contribution by Francis Schortgen is one of the most interesting: it discusses some misconceptions about China’s political economy space. An often-heard argument in the public debate concerns the balance between political conservatism and economic dynamism in China. Shortgen

tries to overcome ideological assumptions and stereotypes on this issue, providing an accurate account of institutional evolution in China. Actually, some myths do affect the interpretation of socio-economic facts, and also the behavior of political and economic actors: the myth of a strong central state, neglecting relevant decentralization trends and localism – and its effects also on the governance of State-owned enterprises, that can be very layered; the framing of China economic action in a counter-hegemonic and ideological discourse bases often an undervaluation of business leaders and companies' behaviors.

Other chapters in this section discuss the effect of the institutional environment on the internationalization of Chinese firms (Ge and Ding), showing a highly dynamic interaction between firms and government; a comparison between traditional global competitive capabilities and China's specific ones (Williamson and Yin), maintaining that Chinese companies are not just "catching-up," since the changes in the global markets make room for new capabilities, and Chinese firms can benefit from their cost innovation capability (offer customers more for less), combinative and dynamic capabilities (delivering variety and customization at low costs, and the ability to deal with uncertainty), the ability to build relationship-based networks (unfortunately, social costs and sustainability of competitive strategies in this race for future success are not discussed); the privatization of Chinese oil and petrochemical sector (Roche) as an interesting case of governance evolution in the making.

Part II is devoted to "International trade and investment patterns," with chapters on the levels, changes and characteristics of direct investments from/to China – with special reference to Africa and Europe. Voss, Buckley and Cross set the stage by analyzing three decades of outward and inward FDI in China, as affected by institutional changes, by the role of political and administrative actors, showing a fast transformation in just three decades, with a trial-and-error implementation of new strategies having unequal outcomes at local level. In chapter 6, Wei narrows down the research field focussing on EU-PRC trade, demonstrating an increasing integration in many sectors, well portrayed by the sharp growth of intra-industry trade. In the following chapter, Curran analyzes this relation with an eye on textile and shoe markets, finding a remarkable incoherence of EU policy towards China, between protectionist closure and liberal opening. In the last contribution of this section, Shoham and Rosenboim analyze another important development of China's internationalization strategy, which is attracting more and more attention in the last years, i.e. the investments in Africa to secure natural resources.

The third and last part of the volume is about "Industry cases," with three chapters on enterprise empirical cases of the above-mentioned trends: Chinese companies in the global hunt for natural resources (showing that the attempt to change China's position in the global market and the rise of an internal market create new needs, at the moment dealt with many failures); regulation of standards in telecommunications and the role played by Chinese government and firms; the determinants of export success for Chinese firms in the automotives and electronics sectors (maintaining that in developing countries liberalization is necessary, but not sufficient condition for export success, if not coupled with coordinated supply-side policy factors related to technological capabilities and infrastructures).

From a sociological point of view, the chapter by Wei Liang on “Telecommunications: Primacy of Power and Regulatory Battles for Promoting National Standards” sounds very interesting, dealing in a penetrating way with an issue often investigated by economic sociology of conventions and sociology of industry, i.e. the rise and success of technological standards: international economic arrangements, QWERTY keyboards, VHS, and the like, have been studied as examples of social construction of markets, path creation and path dependency. Here, Wei Liang analyzes the struggle to define new, third generation telecommunications standards in the frame of international constraints (by WTO in particular, that China accessed in 2001) and fierce international competition, with governments and enterprises joining forces and partnerships to create an attractive standard for international markets, starting from a growing internal market.

The concluding remarks live open the question if and how China rules the World, since different chapters – even in the frame of an eastward shift of power toward Chindia – raised doubts on the effective success of Chinese globalization, due to its dependency from FDI and its unclear institutional evolution for the future: the open point is to what extent a “peaceful” transition with national-specific characteristics can be maintained, coping with social and economic risks and backlashes.

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