

# H-Net Reviews

in the Humanities & Social Sciences

**Dali L. Yang.** *Remaking the Chinese Leviathan: Market Transition and the Politics of Governance in China.* Palo Alto: Stanford University Press, 2004. 432 pp. \$60.00 (cloth), ISBN 978-0-8047-4161-3.



**Reviewed by** Robert J. Alexander (Professor Emeritus of Economics and Political Science, Rutgers University)

**Published on** H-Asia (March, 2005)

This volume deals with the transformation of the Chinese “socialist” economy of the early post-Mao period into what the author calls a “regulatory” economy, a change which occurred mainly during the period of Jiang Zemin’s general direction of the country’s affairs. This book stresses the importance of several crises (real or imaginary) in giving the impetus to this evolution, and also changing, in some ways, the political life of the country. These included the Tiananmen Square “rebellion” of 1989, the Asian financial crises of the 1990s, a smuggling crisis in 1998-99, and the SARS health crisis of 2003.

The study covers (among other things), the transformation of the People’s Bank of China into a central bank regulating the financial sector of the economy, the dissolution of most of the ministries that, in Maoist times, “owned” and controlled key segments of the economy, and the transfer of economic enterprises run by the armed forces, the police, and even the courts and prosecutors, to other ownership and management.

The author also emphasizes the importance of the imposition of more government regulation of stock and bond markets, which had been developing under Deng Xiaoping, and the reorganization and tightening up of tax collection. These and most of the other changes in the economy and its governance were particularly directed towards reducing corruption that, according to the au-

thor, had been widely prevalent and even represented a major danger to the stability of the communist regime and the economy as a whole. Professor Yang has some reservations about how far corruption was in fact eliminated, but discussed the establishment of an audit system, which periodically investigated the books of various parts of the government, and also the routine audit when an official left a post in which he had control of public funds.

As the author indicates, quite a few of the moves towards a regulated market economy were prompted by outside pressure. There was a strong and widespread desire to attract foreign investors, and by the 1990s also the desire to qualify for membership to bodies such as the World Trade Organization.

One area that is not discussed in detail is that part of the economy which still belongs to and is “planned” to a greater or lesser degree by the government. Professor Yang mentions that it is still a significant part of the national economy, but does not describe its workings in any detail.

The author makes an interesting comparison of the changes in Chinese economy and polity since the Tiananmen Square crisis of 1989 with those in the United States in the Progressive Era between the administrations of

Theodore Roosevelt and Woodrow Wilson. In both cases, the ruling idea was that the government should play a regulatory role, allowing the private economy to function, but that government should still exercise substantial regulation on behalf of society as a whole or those elements of it that were at a particular disadvantage. Of course, the settings of the two cases were substantially different—the Roosevelt-Wilson regulations limiting to some degree what had been substantially a “free market,” while the Chinese regulated market evolved out of a situation in which a market hardly existed at all. The author also compares the processes he describes with the reforms carried out under the Margaret Thatcher government in Great Britain.

As a political scientist, the author is interested in how these developments in the Chinese economy have impacted, or have been associated with, changes in the country’s politics and government. For instance, attempts to collect taxes more efficiently, fight corruption, and make the economy more efficient resulted

in strengthening the central government vis-a-vis the provincial and local ones, thus centralizing power in general. Professor Yang points out, however, that these steps often undercut lower rank “bosses” who dominated affairs and profited from them on the local or provincial level.

The author mentions in passing that a first step towards competitive elections has been taken at the lowest local level, but does not elaborate on his observation. But he does discuss at considerable length the change that has taken place in the national, provincial, and local legislative bodies. Until very recently, they were little more than rubber stamps for the executive on each level, but now there is a growing tendency for the legislatures to question the activities of the executive branch and even, in rare instances, to thwart them on issues and appointments where the constitution gives the legislatures the right to intervene. Overall, the author notes, adherence to the constitution has begun to be taken much more seriously than it was in the past.

If there is additional discussion of this review, you may access it through the network, at:

<https://networks.h-net.org/h-asia>

**Citation:** Robert J. Alexander. Review of Yang, Dali L., *Remaking the Chinese Leviathan: Market Transition and the Politics of Governance in China*. H-Asia, H-Net Reviews. March, 2005.

**URL:** <http://www.h-net.org/reviews/showrev.php?id=10291>

Copyright © 2005 by H-Net, all rights reserved. H-Net permits the redistribution and reprinting of this work for nonprofit, educational purposes, with full and accurate attribution to the author, web location, date of publication, originating list, and H-Net: Humanities & Social Sciences Online. For any other proposed use, contact the Reviews editorial staff at [hbooks@mail.h-net.org](mailto:hbooks@mail.h-net.org).