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The Garment Industry between Local Configurations
and Global Flows

Victor Nee and Sonja Oppper, *Capitalism from Below: Markets and Institutional Change in China*,

Cambridge, MA, and London, Harvard University Press, 2012, 431 pp.

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In the second chapter, Doyon deals with the association's internal functioning, the process for the selection of its officials, and the intermingling of personnel in the AIC's different strata. He describes the relations with administrative organs deputed to control them and political entities able to provide a platform for their members. He notes the asymmetry in their relations with the state and raises the issue of their representative character. He describes the circles closely linked to the administration thanks to the process of selecting members, financial dependence, and due to systems of concerted action or decision-making with the Religious Affairs Bureaus and United Front Departments. This state of affairs is meant to instil an internalisation in the IAC of the politico-ideological line of the state and the Party. Moreover, this phenomenon explains the filtering out of believers' "unrealistic" demands in the framework of the process of mediation or representation. The author describes this form of *modus vivendi*, which, while being asymmetrical, is compensated through a satisfactory "give-and-take" for all concerned. The interactions between the IAC's local branches and the administration rest on sharing networks and exchanges of services. The presence of ethnic Hui academics, clerics, political, and administrative personnel in the IAC local branches gives birth to networks and competence pools helping push requests (authorisations and financing of new infrastructures or religious events). Thus, even if IAC local branches are seen by local populations or religious personnel as pro-governmental entities, they draw legitimacy from their ability to collect state funding or obtain authorisation for activities likely to be problematic in other Muslim regions. This covers activities in the "grey area," meaning those on the margins of orthodoxy and legal framework as well as those taking place outside the mosques. In sum, Doyon depicts the associations as pressure groups, mediators, and the state's intermediaries to reach the laity, all rolled into one.

In the last two chapters he envisages, in light of the relationship with the Party-state again, the function of institutionalisation of communities and of definition/control of practices or identities within the Muslim community. He invokes also the role of the IAN and IAJ in the control of religious sites, the curbing of activism in the communities, education of religious personnel, and information of the administration. Citing concrete instances, he stresses the IAC's socio-charitable as well as diplomatic role.

The book contains a few anecdotal imprecisions that Islamologists can pick out (for example, the festival Kaizhajjie or Id al-Fitr is presented as occurring at the start rather than at the end of the month of Ramadan). Nevertheless, this insightful work containing rich information and analysis constitutes a necessary source for those interested in the functioning of the IAC's local branches, the Chinese state's religious policy, or Jiangsu's Hui communities.

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Victor Nee and Sonja Oppers,
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This work by Victor Nee and Sonja Oppers is an important book. Considering that approaches to the Chinese economy and its transition to the private sector remain deeply marked by an analytical system centred on the primacy of the role of the state and how it orchestrates development, this book explores a different facet of this expansion, that of the private economy that has formed "from below." What are the ways in which the private sector has been established? How have entrepreneurs managed to overcome the barriers resulting from socialist organisation centred on the state? Which institutions have enabled private economic actors to cooperate and compete with the dominant state sector of public companies during the transition phase? This is the subject of Chapter 1. Standard economic theory, which focuses primarily on top-down regulation, pays little attention to the fact that economic actors, particularly entrepreneurs, by their very actions gradually create their own operating standards and their own institutional frameworks. It is therefore appropriate to tackle the problem at the base and from the other direction – that is, from the behaviour of entrepreneurs rather than from the standards set by central government institutions – to better see the latent regulations and hidden standards that have marked the construction of the private sector in China (Chapter 2).

The task of the authors has been to observe this phenomenon as close to the field as possible. In an area described as the epicentre of "capitalism from below" – the Yangtze River Delta Region, where the development of private enterprises has been particularly significant – Victor Nee and Sonja Oppers established a sizeable investigative procedure aimed at entrepreneurs. More than 700 private companies in business for more than three years were the subject of studies in 2006 and 2009, through a highly comprehensive economic, social, and relational survey. The result is an 84-page annex to the book, which observes how a range of decisions made by entrepreneurs and their attitudes to finance, to other entrepreneurs, to work, to personnel, and to various local or national political players, etc., have led to the emergence of new standards of behaviour, both informal and institutional, in parallel or even in contrast with formal arrangements (Chapter 3). Supplemented by qualitative interviews, the surveys were conducted through the Market Survey Institute of the Shanghai Academy of Sciences. They involved companies located in seven cities: Shanghai, three cities in Jiangsu (Changzhou, Nanjing, and Nantong), and three cities in Zhejiang (Hangzhou, Ningbo, and Wenzhou).

Focusing first on the careers of entrepreneurs and the creation of their businesses, Chapter 4 shows how these new private players initially received little help from the state politico-economic apparatus: in fact, they fended

for themselves by creating “innovative informal arrangements” (p. 107) and mobilising small groups held together by shared conceptions of finance, business, etc., and therefore driven by their own values and norms, which made it possible for them to survive and exist outside the dominant system of state enterprises. After being considered somewhat “deviators” (p. 108) for a time, these entrepreneurs were subsequently able – because of their success – to see their practices recognised and their new forms of institutional organisation adopted. However, it should be noted that such behaviour was exercised with great caution and avoided any head-on clash with the “rules of the game” (p. 131) of the prevailing socialist mode of production. Chapter 5 (“Legitimacy and Institutional Change”) shows the subtle game played in practice by many companies, which adopted to the letter, but sometimes as pure formality, the officially-issued rules of organisation, even if they did not attempt to give them any actual content, or indeed, were better able to take advantage of them by diverting them from their stated aims.

It is the industrial clusters – in particular those in Zhejiang – that by forming themselves around a significant number of private entrepreneurs have in fact contributed to having these new practices recognised (Chapter 6). Bringing together entrepreneurs located in the same territory, involved in similar specialised production, facing the same constraints, and sharing common perspectives, these clusters have made it possible to fine-tune different modes of production and sale through the development of industrial and commercial relations between firms, and through exchanges of information and self-help of all kinds, including financial. These clusters were marked by the inauguration of a different system of cooperation/competition, and the establishment of different institutions serving businesses, somewhat in the manner of Italian industrial districts (Chapter 8).

Continuing to play it safe, it is mainly on the level of employment and the job market that private companies have proved the most conformist. Although they have benefited from specific recruitment networks, they have been especially careful to adopt or even copy the recruitment and management policies that are the norm in large state enterprises, always taking care to abide by the major official guidelines that encourage companies to develop high value-added policies in professional recruitment (Chapter 7).

This book also shows that the relationships between the public and private sectors, and between the Communist Party and the entrepreneurs, are actually more complex than they appear, and that while new links have indeed been forged, this does not mean there is a “red capitalism” regulated by the political sphere. It is certainly in the interest of entrepreneurs to approach the political authorities to establish favourable “institutional arrangements” (p. 225), gain access to loans, conclude contracts, obtain land, etc. But observations carried out in the cities of the Yangtze River Delta show that the mobilisation of this political capital does not seem to have a decisive effect on profitability. It is actually by organising to face growing competition, both national and global, that private companies have learned to build and establish their own operating systems in practice. The political elites have intervened only afterwards in order to legitimise the existing dynamics and have learned, very pragmatically, how to profit in new ways from the tremendous growth driven by the private sector, if only by transforming these productivity gains into taxable income, and by institutionalising the genuine advances and innovations thus brought about. The market has thus contributed to “decouple” (p. 258) the new entrepreneurs from the old centralised system of control, which needed re-balancing (Chapter 9).

What conclusions can we draw from this series of in-depth observations? In contrast to approaches that remain polarised around the central role played by the state in the economic and institutional changes taking place in China, one cannot help seeing that private entrepreneurs are no longer confined, as they were initially, to secondary peripheral areas, or to a kind of marginal cultural enclave operating on a local basis. Currently generating 70% of China’s GDP, they are by now the main engine of China’s development and the source of the institutional change that is taking place in a very tangible way from the ground up in the economic sector. It has taken more than 20 years for China to make these adjustments. Hence the importance of seriously and carefully scrutinising these endogenous patterns of development.

In seeking to extend from the Yangtze Region to China as a whole, the book’s concluding extrapolation is perhaps a little hasty. However, the arguments it puts forward, the detailed studies it makes use of, and the fields of thought it opens up make *Capitalism from Below* a reference work that is unquestionably a milestone. First of all, it is the result of a great deal of solid work, moving equally well from theory to practice and from analysis to synthesis, handling large batches of both quantitative and qualitative data, underpinning its arguments with very concrete comparisons and examples, and determinedly maintaining its objective. In so doing, the book calls into question many received ideas, including the obviousness of highly macroeconomic approaches, which focus too exclusively on the role of the state. In the extraordinarily rapid development that China has experienced over the last 20 years and the no less surprising emergence of the private sector, the book gives full credit to the role of economic actors without underestimating the specific political context in which they find themselves and with which they interact.

This is a fundamental and very successful book that will give food for thought to everyone, especially economists who are China specialists. Indeed, it is perhaps too successful, and this might be the criticism one could make in conclusion. Along with the constant concern of the authors with foregrounding the coherence of the private sector, is it not also essential to reflect on the specific forms of configuration that it takes on? To take just one example, does the originality of the Zhejiang clusters not also primarily lie in the very specific and highly original forms of organisation they were able to put in place in many sectors – particularly in trade – in response to the challenge of the globalised market? Is there not in fact a specifically Chinese way of developing clusters and their private sector, which admittedly includes their relationship with persistent forms of centralised public economy, but which would explain more precisely both their success and their weaknesses? This is a configuration that is more complex than its connection with politics, and which would make it possible to better identify the originality of China’s development of “capitalism from below” and the successful exporting of this cluster model, which can be seen today in a number of other countries from South Africa to Italy.

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