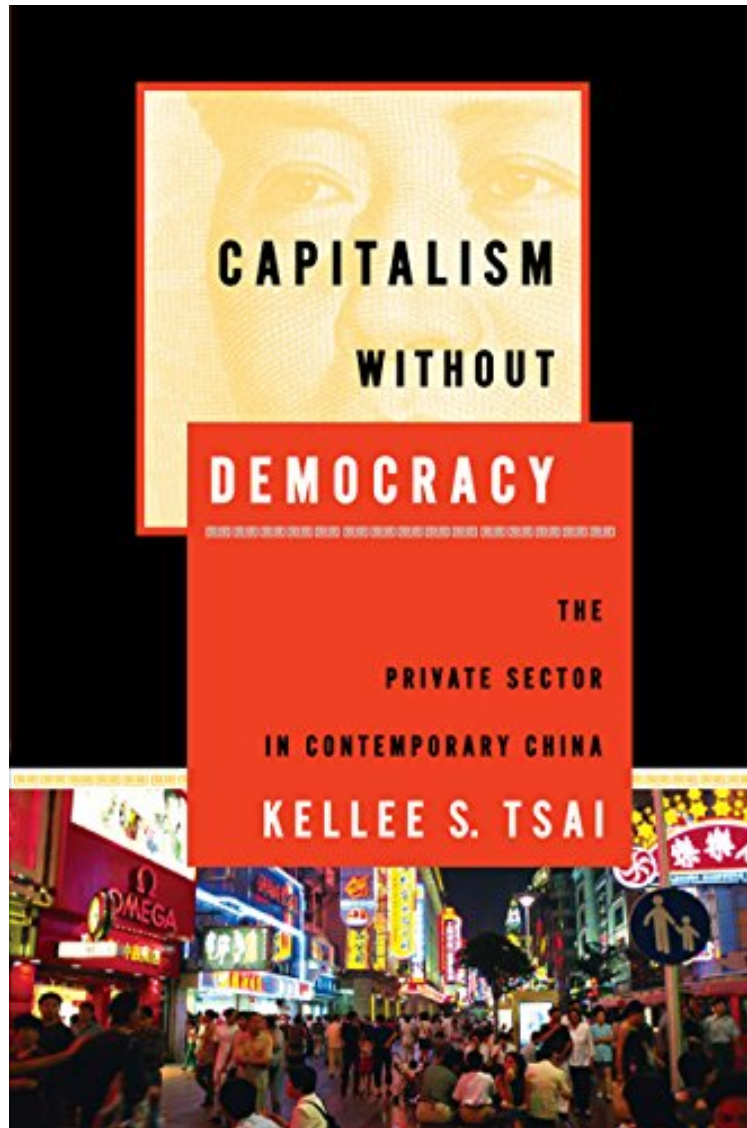


Capitalism without Democracy: The Private Sector in Contemporary China: Version 2

Kellee S. Tsai

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12 of 13 people found the following review helpful. Comprehensive Analysis of Adaptive Informal Institutions in ChinaBy Hubert SheaThe book refutes the prevailing modernization theory that capitalism can lead to democracy. Findings from the study of private entrepreneurs in different regions in China supports Professor Tsai's proposition

that the relationship between economic liberalism and political freedom is not definitely correlated. Putting it in a nutshell, this book has contributed to three major findings in the study of political economy in China. First, economic liberalization in China since 1976 has not resulted in the emergence of democratic regime or the decline of the authoritarian state. According to Professor Tsai, private entrepreneurs in China are not nuts about democracy and researchers cannot view private entrepreneurs as a homogeneous class because of their diverse identities, interests, and values in politics. Second, widespread apathy amongst private entrepreneurs in China towards democracy does not mean that they have an acquiescent nature. They tend to adopt different coping strategies rather than instigate virulent opposition against the regime or demand regime transition when various formal institutions constrain their business activities. The so-called "coping strategies" result in a variety of "adaptive informal institutions" being established in different economic regions in China. Based on hundreds of in-depth interviews and nationwide survey of private entrepreneurs, Professor Tsai divides them into five key types; namely Wenzhou model, Sunan model, Zhujiang model, state-dominated model, and Limited development model. For instance, private entrepreneurs in Wenzhou engaged in a variety of innovative financing practices to set up and expand their businesses which were outside of the state banking system. Private entrepreneurs in Guangdong province sought to establish fake foreign enterprises in order to enjoy policy advantages including tax breaks and preferential access to land. Third, the near ubiquity of adaptive informal institutions becomes an endogenous force that has prompted the government to generate institutional change without regime change. However, such institutional change to react to the existence of adaptive informal institutions cannot be likely to become sources of democratization. Professor Tsai maintains that private entrepreneurs in China show no intention of agitating for democracy but capitalism can exist without democracy, provided that the Chinese government can attend to adaptive informal institutions that complement endogenous institutional change. This book is highly recommended to readers who are interested in political economy and the development of private enterprises in China.

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By AmbI haven't read such a good book in quite a while. It is truly different from those academic books that either create jargon or randomly run some irrelevant regressions. This book is based on truly solid field research and surveys.
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By Nena MarieGood!

Over the past three decades, China has undergone a historic transformation. Once illegal, its private business sector now comprises 30 million businesses employing more than 200 million people and accounting for half of China's Gross Domestic Product. Yet despite the optimistic predictions of political observers and global business leaders, the triumph of capitalism has not led to substantial democratic reforms. In *Capitalism without Democracy*, Kellee S. Tsai focuses on the activities and aspirations of the private entrepreneurs who are driving China's economic growth. The famous images from 1989 of China's new capitalists supporting the students in Tiananmen Square are, Tsai finds, outdated and misleading. Chinese entrepreneurs are not agitating for democracy. Most are working eighteen-hour days to stay in business, while others are saving for their one child's education or planning to leave the country. Many are Communist Party members. "Remarkably," Tsai writes, "most entrepreneurs feel that the system generally works for them." Tsai regards the quotidian activities of Chinese entrepreneurs as subtler and possibly more effective than voting, lobbying, and protesting in the streets. Indeed, major reforms in China's formal institutions have enhanced the private sector's legitimacy and security in the absence of mobilization by business owners. In discreet collaboration with local officials, entrepreneurs have created a range of adaptive informal institutions, which in turn, have fundamentally altered China's political and regulatory landscape. Based on years of research, hundreds of field interviews, and a sweeping nationwide survey of private entrepreneurs funded by the National Science Foundation, *Capitalism without Democracy* explodes the conventional wisdom about the relationship between economic liberalism and political freedom.