State Capitalism, Institutional Adaptation, and the Chinese Miracle

China’s stunning growth rates have corresponded with the rise of “state capitalism.” Since the mid-2000s, China’s political economy has stabilized around a model where most sectors are marketized and increasingly integrated with the global economy; yet strategic industries remain firmly in the grasp of an elite empire of state-owned enterprises. What are the implications of state capitalism for industrial competitiveness, corporate governance, government-business relations, and domestic welfare? How does China’s model of state capitalism compare with other examples of state-directed development in late industrializing countries? As China enters a phase of more modest growth, it is especially timely to understand how its institutions have adapted to new challenges and party-state priorities. In this volume, leading scholars of China’s economy, politics, history, and society explore these compelling issues.

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COMPARATIVE PERSPECTIVES
IN BUSINESS HISTORY

China’s on-going transition to a new form of capitalism dominates the attention of the world economy in the twenty-first century. Rightly so. Since the late 1970s, China’s growth rate has been phenomenal and has moved the society from the fringes to a leading role in global output, finance, and political economy. *State Capitalism, Institutional Adaptation, and the Chinese Miracle*, edited by Barry Naughton and Kellee S. Tsai, analyzes the rise and remaking of state-owned businesses in the People’s Republic of China during this enormous experiment in social, political, and economic reconstruction. “State capitalism” captures China’s unique blend of markets, finance, government-owned corporations, and central control. The volume’s analytic framework is explicitly interdisciplinary – combining original studies by leading China scholars in history, economics, politics, and sociology. To clarify the contents and the implications of state capitalism, the editors have organized the essays into three sections: the evolution of the state sector; outcomes and processes; and the grand perspective on historical, social, and systematic change in China. We trust that these subjects will interest all those readers – scholars and general readers alike – who have an interest in the stunning evolution of what is currently the world’s second largest economy.

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State Capitalism, Institutional Adaptation, and the Chinese Miracle

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To the memory of Maria Weber
## Contents

*List of Tables*  
List of Figures  
List of Contributors  
List of Acronyms  
Acknowledgments

1 Introduction: State Capitalism and the Chinese Economic Miracle  
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### SECTION I. EVOLUTION OF THE STATE SECTOR

2 State-Owned Business and Party-State Regulation in China’s Modern Political Economy  
   *Margaret M. Pearson*

3 The Transformation of the State Sector: SASAC, the Market Economy, and the New National Champions  
   *Barry Naughton*

### SECTION II. OUTCOMES AND PROCESSES

4 Stability, Asset Management, and Gradual Change in China’s Reform Economy  
   *Doug Guthrie, Zhixing Xiao, and Junmin Wang*

5 The Emergence and Evolution of Chinese Business Groups: Are Pyramidal Groups Forming?  
   *Dylan Sutherland and Lutao Ning*

6 Competition and Upgrading in Chinese Industry  
   *Loren Brandt and Eric Thun*
### Contents

**SECTION III. THE BIG PICTURE: HISTORICAL, SOCIAL, AND SYSTEMIC PERSPECTIVES**

*Morris L. Bian*  
201

8   The Evolution of a Welfare State under China’s State Capitalism  
*Mark W. Frazier*  
223

9   Did China Follow the East Asian Development Model?  
*Andrea Boltho and Maria Weber*  
240

Index  
265
Tables

3.1 Central SASAC Share of State Enterprise Workers  page 50
3.2 Central SASAC Share of State Enterprise Capital  50
4.1 Means, Standard Deviations, and Definitions  83
4.2 Random Effects Models for Profitability and Operating Margins,
  Chinese Publicly Traded Firms (Shanghai and Shenzhen Exchanges),
  1994–2003  86
4.3 Productivity at PetroChina, 2004–2008  89
5.1 Growth of China’s Big Business Groups  108
5.2 Contribution of Subsidiaries to China’s Business Groups by
  Ownership Registration (Numbers, Assets, and Profits in 100
  million RMB)  114
5.3 Investigating Pyramids in China’s Fifty Largest Business Groups
  (Based on Annual Income 2006)  118
5.4 Estimates of Cumulative Abnormal Returns (CARs) of Listed Firms
  in Identified Pyramids  147
6.1 Domestic Output and Market Shares  161
6.2 Heavy Construction Equipment Market in China  173
6.3 Top Ten Wheel Loader and Excavator Manufacturers in China, 2006  174
6.4 Production, Consumption, Trade, and Pricing of Metal-Cutting
6.5 Domestic Consumption of Machining Centers, 2005  182
6.6 Percentage of Domestic Sales by Chinese Firms by SOEs  192
8.1 Traits of Firms Liquidated in Late 1990s versus Firms Extant in
  2000  230
8.2 Personnel Reductions by Ownership Form, 1994–1999  231
8.3 Pension Contribution Rates, 2000  232
## Tables

<table>
<thead>
<tr>
<th>9.1</th>
<th>Macroeconomic Policy and Inflation</th>
<th>244</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.2</td>
<td>Impact of Exogenous Shocks on East Asia’s Growth Performance</td>
<td>246</td>
</tr>
<tr>
<td>9.3</td>
<td>Educational Attainments</td>
<td>252</td>
</tr>
<tr>
<td>9.4</td>
<td>GDP Per Capita Growth in Selected Developing Countries</td>
<td>260</td>
</tr>
</tbody>
</table>
Figures

3.2 Profit of Central SASAC Firms (Percent of GDP). 51
4.1 Ownership of Publicly Traded Firms. 84
4.2 Ownership of Eastcom, 2001. 84
5.1 Shanghai Electric Group. 137
5.2 Sinopec Group. 137
5.3 COSCO, CMG, and CIMC Groups. 138
6.1 Domestic Market Shares. 163
6.2 Change in Chinese Firms’ Domestic Market Share, 1995–2004. 164
6.3 Changes in Domestic Market Share of Chinese Firms. 165
6.4 Market Segments in the Construction Equipment Sector. 165
6.5 Car Production in China by Market Segment and Ownership. 170
6.6 Number of New Models Introduced, 2000–2006. 170
6.7 Sourcing by OEMs in China. 171
6.8 Segmentation in the Chinese Wheel Loader Market. 180
6.9 CNC Machining Centers. 181
9.1 Growth in GDP per Capita in East Asia over Selected Periods. 241
9.2 Gross Domestic Savings and Gross Fixed Investment. 248
9.3 Export Performance: Share in World Exports of Manufactures. 249
9.4 Real Exchange Rates. 249
9.5 Foreign Trade to GDP Ratios. 255
9.6 Correlation with China’s RCA Index. 256
9.7 Comparative Performance of China in East Asia. 260
9.8 Comparative Performance of China with Other Large Developing Economies. 261
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Acronyms

Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ)
Anti-lock braking systems (ABS)
Asset management companies (AMCs)
Chinese Banking Regulatory Commission (CBRC)
Chinese Communist Party (CCP)
China International Marine Containers (CIMC)
China Insurance Regulatory Commission (CIRC)
China National Overseas Oil Corporation (CNOOC)
China National Petroleum Corporation (CNPC)
China Securities Regulatory Commission (CSRC)
Chinese Industrial Classification (CIC)
Computer Numerically Controlled (CNC)
Coordinated market economies (CMEs)
Council for Economic Planning and Development (CEPD)
Economic Planning Board (EPB)
Foreign direct investment (FDI)
Foreign-invested enterprises (FIEs)
Global value chains (GVCs)
Industrial and Commercial Bank of China (ICBC)
Joint ventures (JVs)
Liberal market economies (LMEs)
Ministry of Industry and Information Technology (MIIT)
Ministry of International Trade and Industry (MITI)
National Development and Reform Commission (NDRC)
National Social Security Fund (NSSF)
Newly industrializing economies (NIEs)
Ordinary least squares (OLS)
Acronyms

Original equipment manufacturer (OEM)
Over-the-counter (OTC)
Parts per million (PPM)
People's Bank of China (PBOC)
People's Liberation Army (PLA)
People's Republic of China (PRC)
Purchasing power parity (PPP)
Related party transaction (RPT)
Renminbi (RMB)
Revealed comparative advantage (RCA)
Shanghai Electric Group Corporation (SEGC)
Small and medium enterprises (SMEs)
Social insurance agencies (SIAs)
State Administration for Industry and Commerce (SAIC)
State Asset Management Agency (SAMA)
State Asset Supervision and Administrative Commission (SASAC)
State Food and Drug Administration (SFDA)
State-Owned Asset Management Company (SOMAC)
State-owned enterprises (SOEs)
State Planning Commission (SPC)
Taiwan Semiconductor Manufacturing Company (TSMC)
Third generation (3G)
Township and village enterprises (TVEs)
Varieties of capitalism (VOC)
World Trade Organization (WTO)
Acknowledgments

This edited volume originated in a workshop at Bocconi University in Milan on October 16–18, 2008. Franco Amatori, of Bocconi, and Lou Galambos, of Johns Hopkins, provided the initial vision behind the project. We are grateful to Franco and Lou and our colleagues at Bocconi for a stimulating, multinational conference, for their generous hospitality, and for their consistent support for the project in the intervening months.

That initial workshop took place at a dramatic time: it was a month after the Lehman bankruptcy in the United States—signaling the full-blown arrival of the global financial crisis—and three weeks before China committed to its own dramatic stimulus program on November 10 of that year. In this environment of heightened uncertainty, we decided, after vigorous discussion, to defer the production of an edited volume.

After the stabilization of the global economy, aided to no small degree by China’s macroeconomic contribution, we summoned the contributors together again (this time, electronically). We asked them both to revise their papers to take into account discussions at the workshop and to consider whether their arguments needed to be revised in light of the dramatic events that had occurred since the workshop. We thank all the authors for agreeing to tackle these questions seriously and for their thoughtful contributions. All of the authors (ourselves included) felt that subsequent events had strengthened their arguments. Indeed, one of the advantages of the delay in bringing the volume to fruition is that we have been able to confirm the resilience, and indeed reinvigoration, of state capitalism in China through subsequent events and policies.

We are grateful to all the participants for their patience and adaptability, as what started as a transcontinental collaboration evolved into a trans-Pacific one. Lew Bateman proved, as always, to be a professional partner in the publication process, helping steer the volume toward completion. Brigitte Pocta provided copyediting assistance; Josephine Wong carefully prepared the manuscript prior to production; and Nicholas Beaudoin assisted with indexing and collating copyedits during the time-sensitive production process.
Acknowledgments


Maria Weber was professor of international relations and comparative politics at Bocconi University and one of the guiding lights of the study of China in Europe, and particularly in Italy. Weber was a pioneer in the study of management and firm strategies in the approach to the Chinese market. In addition, as managing director (2004–2006) of the Italian Institute of Culture in Beijing, she added to her practical knowledge of China and made important contributions to the development of relations between China and Italy. Maria contributed fully in the 2008 workshop, but her voice was unexpectedly stilled by her untimely death in 2009. We deeply appreciate Andrea Boltho’s generosity in agreeing to co-author her chapter posthumously and steering it to completion. This volume is dedicated to the memory of Maria Weber, a prescient scholar of China’s political economy.

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