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0521771307 - Between Politics and Markets: Firms, Competition, and Institutional Change in Post-Mao China

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## Between Politics and Markets

China's transition from a centrally planned to a market-oriented economy has brought new roles for state agencies and new rules of the game for firms seeking to succeed. It also challenges social scientists to explain why the old economic system has fallen apart and what has shaped the process and outcome of economic institutional change since the late 1970s. Yi-min Lin addresses these questions through an in-depth analysis of the forces driving state action and offers a striking portrait of the changing nature of state-firm relations in China's transitional economy.

Lin traces the decline of central planning to the interplay between two emerging markets: an economic market for the exchange of products and resources and a political market for the diversion to private interests of state authority and assets. He argues that the two markets have been mutually accommodating, that the political market has grown also due to the decline of the state's self-monitoring capacity, and that the competition among economic actors for special favors from state agents has played a key role in redefining the rules of the economic game and fashioning its outcomes.

Through richly detailed accounts of complex and differentiated dealings between firm leaders and government officials, Lin explains why certain firms benefit more than others from the growing exchange relations in the political process. The case studies presented here, featuring a dozen different firms and two local governments, illustrate both the many ways that state action has continued to influence the selection of winners and losers despite the marketization of the economy and the strategies that Chinese firms have pursued to adapt to the political realities and costs of doing business. They also suggest, in contrast to some existing views, that the expansion of concrete markets for products and resources does not necessarily signify the ascendance of "the market," nor does it bear a linear correlation with the rise of a legal-rational state.

Yi-min Lin is Associate Professor in the Social Science Division of Hong Kong University of Science and Technology.

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# Between Politics and Markets

*Firms, Competition, and  
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YI-MIN LIN

*Hong Kong University of Science and Technology*



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