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ABSTRACTS

Does the President's Popularity Matter in Korea’s Local Elections?
Byung Kwon Song

It is widely accepted that local elections in Korea are dominated by national issues, such as punishing the president’s party. However, the degree to which local issues matter in Korea’s local elections has thus far not been subjected to empirical scrutiny. To fill this void and explain the failures of the president’s party more fully, this paper tested two sets of hypotheses. First, it estimated the relative importance of national and local issues—the president’s popularity and the governor’s or mayor’s popularity—in local elections. Second, it tested whether the failures of the president’s party in local elections relate to voters’ tendency to vote negatively. Although the results do not support the negative voting hypotheses, both national and local issues are shown to impact voters’ choices. Furthermore, the extent to which a mayor’s or governor’s popularity influences voters’ choices depends on the salience of national issues. In turn, the salience of national issues is affected by the timing of the local election. Combined, these results can shed some light on how the institutional context determines the fortunes of the president’s party in low-turnout elections.

The Attitudes of Urban Chinese Towards Globalization:
A Survey Study of Media Influences
Francis L.F. Lee, Zhou He, Chin-chuan Lee, Wan-Ying Lin and Mike Yao

Throughout the past decade, the Chinese government’s general policy towards “globalization” has been one of active engagement. Opening the country to global capital is seen by Chinese national leaders as a way to further China’s market reform and economic development. This official view towards “globalization” has been articulated in the national leaders’ rhetoric and communicated through the national media. Given the context, this article examines urban Chinese residents’ attitudes towards globalization and the effects of national media consumption on such attitudes. We argue that media effects are likely to exist because of the existence of the conditions of monopoly and canalization. Analysis of a representative survey conducted in four major cities largely supports our arguments. The findings show that Chinese citizens generally believe in the benefits to China of engaging with globalization. Positive views are more strongly held among more educated people, people with stronger nationalistic sentiments, and heavy consumers of the national media. The implications of these findings, as well as the similarities and differences between China and other Asian countries, are discussed.

Mongolia: Transmogrification of a Communist Party
Morris Rossabi

The Mongolian People’s Revolutionary Party (MPRP), founded in 1924, ruled Mongolia as a one-party communist state until 1990. Following the model of the Soviet Union, it imposed a dictatorial government which engaged in a purge leading to the deaths of about 25,000 people, undermined Buddhism, and collectivized the herds. On the other hand, it fostered industrialization and urbanization, introduced modern educational and medical systems, and provided a social safety net for the
population. Yet it kept Mongolia isolated from the rest of the world. The fall of communism transformed the MPRP. To hold power, it aligned itself with international financial organizations, which required acquiescence to a shock therapy of rapid privatization, liberalization of trade, elimination of price subsidies, a balanced budget and minimalist government, resulting in increased corruption, unemployment, and greater income inequality. Poverty soared, health and education suffered, and the social safety net was frayed. Market solutions, which both the international financial organizations and the MPRP championed, did not resolve these problems. To be sure, democracy and civil liberties have made great strides, and elections until the summer of 2008 were fair and free of violence. However, parlous economic conditions do not augur well for the future. The MPRP has deviated from its social message of economic democracy and equality of economic opportunity, and the 2008-2009 world-wide financial crisis has exacerbated its problems.

The Communist Party and Financial Institutions: Institutional Design of China’s Post Reform Rural Credit Cooperatives

Lynette Ong

Although the rural credit cooperatives are the only formal credit providers to millions of households in rural China, empirical evidence suggests that they do not serve the interests of member households very effectively. This study examines how far the recent institutional reforms have addressed the problems of insider control and collective action in corporate governance and reduced local political influence on their operations.

It contributes to the currently scant literature on the reasons for the persistence in China of local political interference in loan allocations. This study's findings suggest the need for a re-evaluation of the conventional wisdom that the role of local states in China’s development is a positive one.

India in the Indian Ocean: Growing Mismatch Between Ambitions and Capabilities

Harsh V. Pant

Given the rise of major economic powers in the Asia-Pacific that rely on energy imports to sustain their economic growth, the Indian Ocean region has assumed a new importance. Various powers are once again vying for the control of the waves in this part of the world. This article examines the emerging Indian approach towards the Indian Ocean in the context of India’s rise as a major regional and global actor. It argues that though India has historically viewed the Indian Ocean region as one in which it would like to establish its own predominance, its limited material capabilities have constrained its options. With the expansion, however, of India’s economic and military capabilities, the country’s ambitions vis-à-vis this region are soaring once again. India is also trying its best to respond to the challenge that growing Chinese capabilities in the Indian Ocean are posing to the region and beyond. Yet, preponderance in the Indian Ocean region, though much desired by the Indian strategic elites, remains an unrealistic aspiration for India given the significant stakes that other major powers have in the region.
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WE FOUGHT THE NAVY AND WON: Guam’s Quest for Democracy. By Doloris Coulter Cogan. Laurel A. Monnig 375
Pacific Affairs is pleased to announce the seventh William L. Holland Prize for the best article published in Volume 81 (2008-09) has been awarded to:

Alan Smart and Josephine Smart, (University of Calgary, Canada)

for their article published in Summer 2008 Vol. 81. No. 2

Time-space Punctuation: Hong Kong’s Border Regime and Limits on Mobility

Combining thorough empirical analysis with critical engagement with a range of globalization theories, Smart and Smart not only deepen our understanding of the empirical specificities of the limits of mobility along the Hong Kong border, but also contribute to the theoretical discussions on cross-border mobility and globalization through their concept of “time-space punctuation.” The article provides an excellent example of the insights that are possible via the intersection of area studies and theoretical analysis.

Alan Smart is a Professor in the Department of Anthropology, University of Calgary. His publications include Petty Capitalists and Globalization, (co-edited with Josephine Smart, SUNY Press, 2005) and The Shek Kip Mei Myth: Squatters, fires and colonial rule in Hong Kong, 1950-1963 (Hong Kong University Press, 2006).

Josephine Smart is a Professor of Anthropology at the University of Calgary. Recent publications include Petty Capitalists and Globalization (co-edited with Alan Smart, SUNY Press 2005) and Plural Globalities in Multiple Localities (co-edited with Martha Rees, U America Press 2001). Her current research is on the social and economic impact of prion diseases.

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The William L. Holland Prize recognizes the success of this article and serves to honour the memory of Bill Holland’s dedication to open and accessible scholarship.

The article may be viewed at our website: www.pacificaffairs.ubc.ca
Does the President’s Popularity Matter in Korea’s Local Elections?

Byung Kwon Song*

Abolished by the military regime in 1961, local self-government in Korea was reestablished in 1991. Since 1995, local officials (governors, mayors and local council members), who were previously appointed by the central government, have been elected by the local populace. These institutional changes were expected to increase the autonomy of local government and transfer power from central to local governments.¹ Contrary to this expectation, however, Korea’s local elections have been characterized by an excessive focus on national concerns, not local ones. The opposition parties have been claiming that voters should punish the incumbent president’s party in local elections and, so far, the voters seem to be complying with this request. As a result, the president’s party has failed to achieve success in local elections. The debacle in the 2006 local election was one reason the then president’s party, Our Open Party, dissolved. To sum up, national issues have exerted a significant influence on both the process and the results of local elections. These influences have been detrimental to the incumbent president’s party, resulting in its electoral failures.

Election results, however, have not always been disastrous for the president’s party. In the 1998 local elections, which were held during the first year of President Kim Dae Jung (Kim Tae Jung)’s term, the president’s party fared pretty well. Even though it failed to win a majority of the popular vote, it succeeded in gaining a majority of the seats in the local council as well as executive office. On the other hand, in the 2002 local elections, which were held in the fifth year of President Kim Dae Jung (Kim Tae Jung)’s term, the president’s party lost to the opposition parties in a landslide.

These results suggest that in local elections, the context matters when it comes to the fortunes, or misfortunes, of the president’s party. Two

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* This research received generous support from the Brain Korea Paradigm Project at Seoul National University. I am grateful to Chan Wook Park, Cheong-Si Ahn, Jae-Sung Ryu, Jung-Hoon Han and the anonymous reviewers for helpful comments. An earlier version of this paper was presented at the 2007 Annual Meeting of the Midwest Political Science Association, Chicago, Illinois and the 2007 Annual Meeting of the American Political Science Association, Chicago, Illinois.

institutional features of Korean politics are worth noting in this connection. First, Korea adopts presidentialism as its form of government. Under the presidential system, the presidents and their party are held responsible for the general conditions of the nation, especially the economy, in subnational elections. Second, the electoral cycles are different in Korea’s local and presidential elections. Since presidential elections are held every five years and local elections every four years in Korea, a local election can take place any time during the president’s term. This electoral cycle causes the context to vary for the president’s party in local elections. Given that the president’s popularity tends to decline over time, the fortunes of candidates from the president’s party are expected to depend on the timing of the local elections.

The institutional features of Korean politics and the less-than-successful record of the president’s party in Korea’s local elections raise two intriguing questions. The first question is whether the voters’ choices in local elections are influenced by national issues or local issues. If local elections are dominated by national concerns, such as punishing the president’s party, this would mean that local issues are overlooked by the voters. The second question is why the president’s party is generally unsuccessful in local elections. If voters base their decisions on a negative rather than a positive evaluation of the president, the candidates of the president’s party suffer because of their party affiliation.

Tackling these questions may help shed light on the dynamics of Korea’s local elections. Furthermore, an explanation of the circumstances under which, and the extent to which, voters’ choices in local elections are determined by national factors, could help account for voters’ behaviour in low-turnout elections in general.

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3 Because the terms of presidents and local officials are five and four years respectively, the interval between presidential and local elections follows a certain pattern. For example, under the current system, the 2010, 2014, 2018, 2022 and 2026 local elections will be held during the third, second, first, fifth and fourth terms of the president.

Korea’s Transition to Democracy and the Reintroduction of Local Elections

The year 1987 was marked by the end of the military regime, which had ruled Korea for more than 25 years. Korea’s transition to democracy was achieved through negotiations between an authoritarian government and opposition parties.\(^5\) Items on the negotiating table included the term of the democratically elected president, the reestablishment of local self-government, and the reintroduction of local elections.

The opposition party wanted to adopt a four-year presidential term (with the option of reelection for one additional term), because a single-term president would be a lame duck during the latter stages of the presidency. However, the ruling party, asserting that providing for reelection of the president would lead to electoral fraud, insisted on a single presidential term of five years. This eventually became the system we have today.\(^6\) Since elected local officials, as well as members of the National Assembly, serve for four years, local elections and elections for the national assembly can be held any time during the president’s term, thereby creating the electoral cycle.

Even though the need for reintroducing local elections was fully recognized by both parties to the negotiations, the actual implementation of elections had to wait until 1991, when the first local council elections after democratization were held. Since 1995, four different kinds of local elections (for governors, mayors, upper-level and lower-level council members) are held simultaneously every four years, with the exception of those held in 1998.

In Korea, there are two levels of local government: an executive official and a council body. Seven cities and nine provinces form the upper-level local governments, whereas 69 metropolitan districts, 75 cities, and 89 counties make up the lower-level ones.\(^7\) Table 1 presents some basic features of Korea’s recently held local elections.

**Election Results and the President’s Party: 1995-2006**

It is widely held that in terms of organization, Korea’s party system is very personalized and far from institutionalized.\(^8\) Therefore, continual name

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\(^8\) Y.H. Kim, _Hanguk chŏngdang chŏngch’i üi ihae_ [Understanding Party Politics in South Korea] (Seoul: Nanam, 2001).
Table 1

Seats and Candidates in the 2006 Local Elections

<table>
<thead>
<tr>
<th></th>
<th>Seats (A)</th>
<th>Districts (B)</th>
<th>Candidates (C)</th>
<th>Competition rate (C/A)</th>
<th>Candidates per district (C/B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,414</td>
<td>1,929</td>
<td>10,935</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Governors</td>
<td>16</td>
<td>16</td>
<td>66</td>
<td>4.1</td>
<td>4.1</td>
</tr>
<tr>
<td>Mayors</td>
<td>230</td>
<td>230</td>
<td>839</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Upper-level council members</td>
<td>655</td>
<td>655</td>
<td>2,062</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Lower-level council members</td>
<td>2,513</td>
<td>1,028</td>
<td>7,968</td>
<td>3.2</td>
<td>7.8</td>
</tr>
</tbody>
</table>

The figures exclude 453 party proportional representatives: 78 for the upper levels and 375 for the lower levels of the local councils.


Figure 1

The Party System in Korea after Democratization


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changes, dissolutions, and realignment of political parties have been the norm, especially before presidential elections. As shown in figure 1, however, there has been continuity as well as change in the party system. Even though the effective number of Korean parties is normally between three and four, only two major parties have persisted over time. From 1993 to 1997, the first major party group—the New Korea Party, or the Grand National Party—won one term, with Kim Young Sam (Kim Yong Sam) as president. The second major party group—the National Congress for New Politics, the Millennium Democratic Party, or the Democratic Party—took the Blue House, the Presidential Residence of Korea, twice: 1998 to 2002, with Kim Dae Jung (Kim Tae Jung) as president, and 2003 to 2007, with Roh Mu Hyun (No Mu Hyön) as president.

Table 2
The Results of Local Elections for All Contested Seats (1995-2006)

<table>
<thead>
<tr>
<th>Year</th>
<th>Governor</th>
<th>Mayor</th>
<th>Provincial council</th>
<th>Governor</th>
<th>Mayor</th>
<th>Provincial council</th>
<th>Governor</th>
<th>Mayor</th>
<th>Provincial council</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>DLP</td>
<td>DP</td>
<td>ULD</td>
<td>DLP</td>
<td>DP</td>
<td>ULD</td>
<td>DLP</td>
<td>DP</td>
<td>ULD</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td>230</td>
<td>70</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>875</td>
<td>284</td>
<td>353</td>
<td>86</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1998</td>
<td>Governor</td>
<td>Mayor</td>
<td>Provincial council</td>
<td>Governor</td>
<td>Mayor</td>
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<td>Mayor</td>
<td>Provincial council</td>
</tr>
<tr>
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<td>6</td>
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<td></td>
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<td>271</td>
<td>82</td>
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<tr>
<td>2002</td>
<td>Governor</td>
<td>Mayor</td>
<td>Provincial council</td>
<td>Governor</td>
<td>Mayor</td>
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<td>4</td>
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<td>232</td>
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<td>121</td>
<td>29</td>
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<tr>
<td>2006</td>
<td>Governor</td>
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<td>Provincial council</td>
<td>Governor</td>
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</tbody>
</table>

DLP: Democratic Liberal Party; DP: Democratic Party; ULD: United Liberal Democrats; NCNP: National Congress for New Politics; OOP: Our Open Party. Continuity in Korea’s party system allows one to define DLP and GNP as Major Party 1, and DP, NCNP, DP and OOP as Major Party 2. Even though they have different names, the parties have a lot in common in terms of party leadership and regional bases of support.

The president’s party was the DLP in 1995, the NCNP in 1998, the DP in 2002 and the OOP in 2006 (marked in bold).

The parties holding the presidency have been less than successful in local elections. As shown in table 2, with the exception of the 1998 local election, the president’s party has always lost to the opposition. In 1995, the president’s party won fewer seats than the primary opposition party, the Democratic Party—not counting gubernatorial seats, for which it outnumbered the opposition party by only one. In the 1998 local elections, the president’s party, the National Congress for New Politics (NCNP), won the most seats among the three major parties. However, this victory was far from a landslide. The major opposition party, the Grand National Party (GNP), was as successful as the president’s party, winning six governorships and as many seats as the president’s party in the mayoral and council elections. The NCNP won fewer seats than the two major opposition parties combined. The results of the 2002 and 2006 local elections were disastrous for the president’s party. In 2002, the party failed to win even half the seats garnered by the primary opposition party, the GNP. In the 2006 election, the president’s party suffered its worst result ever, losing in a landslide to the opposition parties. Of the three major parties in the 2006 local elections, the president’s party was the least successful.

Figure 2 suggests a possible explanation for these trends. This figure shows that the president’s approval rating and the votes gained by the president’s party move roughly in the same direction. The figure also shows that a high
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Approval rating does not translate into comparably high vote gains for the president’s party. In 1998, when the president’s approval rating was fairly high, the number of votes gained by the president’s party was not much different than in other election years. This implies that, although the president’s popularity is somehow related to election results, a positive evaluation of the president does not necessarily mean victory for the president’s party.

Theories

National vs. Local Referendum Voting

The fluctuations in the electoral fortunes of the president’s party in Korea’s local elections illustrate the close relationship between the president’s party and local election results. In general, the voters’ evaluation of a president’s performance and the state of the national economy are two good examples of national issues which influence subnational elections. Tufte has asserted that economic conditions and the president’s popularity can explain the results of congressional elections in the United States.10 In the same vein, Pierson has claimed that the relationship between a president’s popularity and election results extends to all electoral levels, including races for the US Senate, House of Representatives, state governorships and lower subnational offices.11 If national economic conditions and the level of presidential support determine the outcomes of subnational elections, these elections could function as referenda on the president and the president’s party. According to the national referendum hypothesis, regardless of the office, voters choose their candidates based on the president’s performance.

Whereas the above studies focused solely on the midterm elections in the US, Simon and his colleagues have suggested the most general model to explain the relationship between the president’s party and subnational elections.12 They hypothesize that at all levels, US elections serve as a referendum on the president’s party (generalized referendum voting hypothesis), and they demonstrate that the evaluation of the president affects subnational election results.

Contrary to the national referendum voting theory, voters’ evaluation of governors and mayors, along with regional economic conditions, can be viewed as counterparts to national issues, which influence the election results on a local scale. When these local issues are reflected in voters’ choices, local elections can be seen as referenda on incumbent governors or the congressional majority. Research comparing how national and local issues

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affect voters’ choices in local elections has been conducted in the field of economic voting. Early studies of this subject have found local factors to be relatively unimportant,13 because local governments have fewer resources than national governments to decide and implement economic policies, and thus less impact on the local economy.14 According to Stein, local economic conditions are heavily influenced by national and international economic policies. Since voters understand local government’s limited ability to determine economic policies, they do not hold local officials responsible for the conditions of the local economy.

On the contrary, recent studies put more emphasis on local factors.15 According to these studies, the condition of the local economy can influence the results of local elections for several reasons. First of all, the singular nature of governorships makes it easier for voters to evaluate and hold governors responsible for their state’s economy.16 Furthermore, since the 1980s, many US states have undergone institutional changes that have increased the power of local executives, such as longer gubernatorial terms and more independence in budget making.17 The increased impact of local economic policies on the state economy has also provided a reason for voters to hold state officials responsible.18

Even though the relative importance of national and local economic conditions in local elections has not been settled, most studies recognize that election results are in fact influenced by national factors, especially the president’s job approval rating.19 However, these studies do not take the popularity of governors into consideration, thus exaggerating the importance of the president’s popularity. The voters’ evaluation of the chief executive (i.e., the president or the governor) is more inclusive than economic conditions. Therefore, in order for the comparison between national and local factors to be valid, the governor’s popularity should be included in the

18 Lonna Rae Atkeson and Randall W. Partin, “Economic and Referendum Voting,” p. 100.
analysis. King found that the governor’s popularity is more influential than the president’s popularity in voters’ choices for governor.\(^{20}\)

In Korea, there have been concerns about local elections being overwhelmed by the national agenda.\(^ {21}\) However, the degree to which national issues matter in Korea’s local elections has thus far not been subjected to rigorous empirical scrutiny. Kang argues that Korea’s local elections are referenda on the president’s party but does not present convincing evidence.\(^ {22}\) On the contrary, based on regression analyses of 1998 mayoral elections, Hwang concludes that local elections are more influenced by local factors than are national ones.\(^ {23}\)

The importance of local vs. national factors has to do with how much autonomy local governments can have. If local affairs are exclusively controlled by the central government, voters would not find it rational to punish or reward local governments in local elections. On the contrary, if local governments exert a significant influence on local issues, local factors, such as the governor’s popularity, could matter a great deal.

In general, local governments in Korea are known to be dependent on the central government.\(^ {24}\) This asymmetric relationship between central and local governments is the source of scholars’ concern about local elections being dominated by national concerns. Meanwhile, the reestablishment of local self-government in 1991 can be viewed as increasing the power of local governments, thus providing an institutional basis for local voting. Furthermore, given that the chief executives of local governments in Korea have enough resources to influence local policies,\(^ {25}\) the popularity of mayors and governors can be expected to influence voters’ choices in local elections.


\(^{24}\) C.S. Ahn, ed., *Han’guk chibang chŏngch’i wa mimpjau: 10nyŏn ŭi sŏngg wa wa kwaie* [New Developments in Local Democracy and Decentralization in East Asia: Korea in Comparative Perspective] (Seoul: Nanam, 2002); W.K. Hong, *Han’guk chibang chŏngbu ŭi chŏngch’ak kyŏlch’ong yoin* [The Determinants of the Public Policy of Local Governments in Korea] (Kyŏnggi: Han’guk haksul chŏngbo, 2008).

\(^{25}\) See, e.g., W.K. Hong, *Han’guk chibang chŏngbu ŭi chŏngch’ak kyŏlch’ong yoin* [The Determinants of the Public Policy of Local Governments in Korea] (Kyŏnggi: Han’guk haksul chŏngbo, 2008).
Electoral Timing, Negative Voting and the Presidential Parties

Low-turnout elections, which do not form a government (e.g., subnational elections in the US or European Parliament elections) tend to be influenced by the national election cycle. For example, in European Parliament elections, the governing party benefits from its relatively high popularity early on, but a swing to the opposition is obvious in midterm elections. In his analysis of the institutional sources of divided government, Shugart found that the loss of seats by the president’s party is greater the later congressional elections are held during the president’s term. These findings show that the fortunes of the governing party can be determined by the timing of elections, or the election cycle.

The well-known phenomenon of “mid-term decline” in US elections can be regarded as a generalization of these patterns. In the US, congressional elections are held biennially, whereas presidential elections are held every four years. The congressional and presidential elections coincide in a presidential election year, whereas they are held separately in midterm years. In presidential election years, the turnout rate and votes for the president’s party increase, whereas in midterm election years, fewer people turn out to vote and the president’s party loses seats in Congress. This “surge and decline” pattern indicates that the timing of elections matters for the president’s party.

The decline that the president’s party suffers during midterm election years can be made steeper by the voters’ tendency to vote negatively. Taking a social psychological approach, Kernell argues that negative evaluations exert a greater influence on people’s behaviour than positive ones. According to him, if voters have negative feelings toward a president, they turn out to vote in order to punish the president’s party, even though they normally do not vote at all. Therefore, voters who do not like what the incumbent president has done turn out in greater numbers than do others. The negative evaluation of a president can also influence who the voters choose if they do turn out. Even voters who identify with the president’s party may vote for the opposition if they disapprove of the president. On the other hand, voters who identify with the opposition party will not necessarily vote for the president’s party just because they evaluate the president positively.

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Because of this asymmetry in the influence of negative and positive evaluations of the president on voters’ choices, the president’s party suffers in midterm elections.31

Hypotheses

The theories outlined above can be utilized to explain the (mis)fortunes of the president’s party in local elections. In this section, I propose two sets of hypotheses. The first set deals with the relative importance of local and national factors in local elections. Economic conditions are excluded as a variable from the analysis for two reasons. First, there has been no survey asking voters to evaluate local economic conditions. Second, an evaluation of a president is more inclusive than an evaluation of economic conditions. If these two variables were both included in an analysis, it is unlikely that the economic variable would be statistically significant.32 Therefore, only governors’ or mayors’ popularity and the president’s popularity will be included as variables in testing the hypotheses.

HYPOTHESIS 1 Voters’ choices for governor or mayor will be influenced by the president’s popularity (National Referendum Hypothesis).

HYPOTHESIS 2 Voters’ choices for governor or mayor will be influenced by the incumbent governor’s or incumbent mayor’s popularity (Local Referendum Hypothesis).

A second set of hypotheses is intended to test the negative voting theory, that is, whether negative evaluations of voters are more influential than positive ones. If these hypotheses are true, the candidates from the president’s party will suffer more than they deserve.

HYPOTHESIS 3 The turnout rates among voters who disapprove of the president will be greater than the turnout rates of other voters (Negative Voting Hypothesis 1).

HYPOTHESIS 4 Negative evaluations of the president will have a greater influence on voters’ choices than positive evaluations (Negative Voting Hypothesis 2).

31 This negativity effect also would prevent the president’s party from benefiting much from the president’s popularity, even if the election were held during the honeymoon period of the presidency, when the newly elected president enjoys broad support from the electorate.

Sources of Data

Post-election survey data were used to test the hypotheses concerning the fortunes of the president’s party in Korea’s local elections. There have been four simultaneously held local elections since 1995, and I used data from those held in 1995, 1998 and 2006. The Hyundae Research Institute conducted the survey for the 1995 election, and the Korean Social Science Data Center conducted the 1998 and 2002 surveys. However, because of flaws in the 2002 data, I had to exclude these cases from the analyses. For the 2006 election, I used panel survey data reported by the East Asia Institute. The sample sizes for the 1995, 1998 and 2006 elections are 1,200, 1,501 and 1,001 respectively.

Results

National Referendum vs. Local Referendum and Timing of the Election

The hypotheses about the relative influence of national and local issues on voters’ choices were tested using survey data from the 1998 and 2006 elections. Since the survey for the 1995 election did not include questionnaires evaluating governors or mayors, this year was excluded from the analyses. The analyses were also limited to regions where incumbent governors or mayors were running for reelection. Thus, I could analyze only two elections, the 1998 mayoral election and the 2006 gubernatorial election. To test the hypotheses, I employed a logit analysis, in which the dependent variable was voter choices, which were coded 1 if the voter chose candidates from the president’s party and 0 otherwise. The national issue chosen as an independent variable was the president’s popularity; the local issue chosen as an independent variable was the governor’s or the mayor’s popularity. The control variables were party preference and region (Honam, Yeongnam or Choongcheong).

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33 In the 1998 gubernatorial election, only one of 16 incumbent governors ran for reelection. The sample size of one province was too small to yield statistically significant results. Therefore, I dropped the 1998 gubernatorial election. I also dropped the 2006 mayoral election, because the 2006 election survey does not provide information about the respondents’ districts.

34 For the coding procedure, see the appendix.

35 This party preference variable cannot be regarded as representing party identification, for two reasons. The first reason is the immaturity of Korea’s party system; it is widely accepted that political parties in Korea are organizationally weak. Therefore, the history of political parties is marked by name changes, realignments and dissolution. If party identification refers to voters’ long-term predispositions, it is hard to apply it to an unstable party system. Voters would not have enough time to develop psychological ties to a party that is frequently dissolving or changing. Second, although the concept of party identification is applicable to Korea’s party system, the questions used in this survey were not designed to measure voters’ long-term psychological ties to parties. Furthermore, the questions were worded differently in the different surveys (see appendix). For these reasons, instead of utilizing the party identification concept, I used the term “party preference,” which is vaguer than party identification.

36 These three geographical areas are considered to be bulwarks of regionalism in Korea.
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Table 3
Votes for Mayor and Governor: Incumbent Races

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1998</th>
<th>(Mayor)</th>
<th>2006</th>
<th>(Governor)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Party preference</td>
<td>0.968***</td>
<td>(0.183)</td>
<td>0.967***</td>
<td>(0.246)</td>
</tr>
<tr>
<td>President’s popularity</td>
<td>0.010</td>
<td>(0.006)</td>
<td>0.817***</td>
<td>(0.309)</td>
</tr>
<tr>
<td>Mayor’s (or governor’s) popularity</td>
<td>0.012**</td>
<td>(0.005)</td>
<td>0.665</td>
<td>(0.464)</td>
</tr>
<tr>
<td>From Yeongnam</td>
<td>-0.030</td>
<td>(0.315)</td>
<td>-0.202</td>
<td>(0.717)</td>
</tr>
<tr>
<td>From Choongcheong</td>
<td>-0.730**</td>
<td>(0.303)</td>
<td>-0.130</td>
<td>(0.695)</td>
</tr>
<tr>
<td>Constant</td>
<td>-1.351***</td>
<td>(0.495)</td>
<td>-4.367***</td>
<td>(1.416)</td>
</tr>
</tbody>
</table>

-2 log likelihood                     | 549.288    | 212.094    |
Model chi-square                       | 92.565 (d.f.6)*** | 48.173 (d.f.6)*** |
Cases predicted correctly              | 71.9%      | 84.2%      |
Number of cases                        | 466.0      | 276.0      |

*p<0.1; **p<0.05; ***p<0.01.

The incumbent mayor ran for reelection in 57 of the 80 districts covered by the survey. Lists of these districts are available upon request.

The incumbent governors in Busan, Jeonnam, Gyeongnam and Jeju served less than one term, because they were chosen in by-elections.

The results of the analyses are presented in table 3. For both the gubernatorial and mayoral elections, the coefficients of party preference are large and highly significant. This result is to be expected, because voters naturally vote for the party they prefer. If the effect of the president’s popularity, or that of a mayor or governor, remains significant after taking into account party preference, it can be concluded that the relevant popularity independently influenced voters’ choices, regardless of which party they preferred. It is also worth noting that some of the region effects are not statistically significant when party preference, which is correlated with region, is partialled out.

The analyses yielded interesting results concerning the effect of national

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37 In Korea, parties are considered to have a regional base. For instance, the Democratic Liberal Party in 1995 and the Grand National Party since 1998 have received the greatest support from the Yeongnam region, whereas the Democratic Party in 1995, the National Congress for New Politics in 1998, and the Democratic Party since 2002 were the most successful in the Honam region. Therefore, regionalism in Korea is presented as a form of party support.

38 If the effect of party preference is contingent on region, regionalism can be expected to increase the impact of party preference on voters’ choice. This possibility can be ruled out, however, because none of the interactions between party and region were statistically significant. The results are available upon request.
versus local issues. As shown in table 3, the coefficient for the president’s popularity is positive and statistically significant for the 2006 gubernatorial election, whereas the same variable fails to reach statistical significance for the 1998 mayoral election. These results partially support hypothesis 1, which assumes that a positive evaluation of the president increases the probability of choosing candidates from the president’s party. The analyses yielded similar results for hypothesis 2, which predicts a positive relationship between a mayor’s or governor’s popularity and voters’ choices, but in the opposite direction. Whereas the coefficient for a mayor’s popularity is positive and significant for the 1998 election, the coefficient for a governor’s popularity is not significant for the 2006 election. When the president’s popularity is important, as it was in 2006, a governor’s popularity fails to be a significant predictor of voters’ choices. However, in 1998, when evaluation of the president was not relevant to voters’ choices, the mayor’s popularity becomes a significant influence on voters’ choices.

These results are related to the timing of the election. Local elections in 1998 were held within six months after president Kim Dae Jung (Kim Tae Jung) took office. This six-month period was not long enough for voters to evaluate the president’s performance. In contrast, the 2006 election was held four years after the inauguration of president Roh Mu Hyun (No Mu Hyŏn). Unlike in 1998, voters in 2006 had enough time to form an opinion about the incumbent president. Furthermore, the president’s popularity was remarkably low in 2006; thus, the voters were susceptible to the opposition parties’ campaign slogan, “Punish the president’s party in the local election.” Since punishing the incumbent government was not a relevant issue in 1998, due to the timing of the election, the effect of the president’s popularity failed to reach statistical significance for the mayoral election. However, when the voters are disenchanted with the incumbent government, as was the case in 2006, punishing the president’s party becomes a salient issue, thus making the effect of the president’s popularity significant.

The extent to which a mayor’s or governor’s popularity influences voters’ choices depends on the salience of the national issues. In the 1998 election, when the evaluation of the president was not an important issue in determining voters’ choices, the popularity of mayors or governors could be more easily recognized. However, in the 2006 election, the president’s popularity became so salient that it eclipsed the local issue, i.e., the governor’s popularity.

39 In cases where the incumbent governors or mayors were affiliated with an opposition party, the popularity of the mayor (or governor) was reverse-coded, since the positive evaluation of the opposing parties’ incumbent governors or mayors would lower the probability of choosing challengers from the president’s party. This procedure was also adopted by King (2001, 594-595). See appendix.

40 According to the survey conducted by Gallup Korea on 11 September 2006, the president’s job approval rate was 16.2 percent; see <http://www.gallup.co.kr/gallupdb/gallupdb.asp>.
To sum up, the relative importance of national and local issues varies as the context of the local election changes. In Korea, the interval between the presidential election and the local election is not fixed. Therefore, the timing of the election matters when it comes to the salience of national issues in local elections. If local elections are held during the early stages of a president’s term, the degree to which the president’s popularity matters in the local election is not so significant. On the other hand, if voters have enough time to judge the incumbent president’s job performance, national issues do become salient. When a local election is significantly influenced by national issues, the relative importance of local issues diminishes.

**Negative Voting**

The negative voting hypotheses were tested using survey data from the 1995 and 2006 elections. The wording of the questions for the 1998 election survey was not suitable for testing this hypothesis. Therefore, I excluded this year from the analyses, leaving the 1995 and 2006 elections to test the hypotheses.41

The relationship between voter turnout and evaluation of the president is presented in table 4,42 where voters are divided into six groups based on

<table>
<thead>
<tr>
<th>Year</th>
<th>Party preference</th>
<th>Evaluation of president</th>
<th>Turnout (%)</th>
<th>N</th>
<th>chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>President’s party</td>
<td>Negative</td>
<td>94.8</td>
<td>58</td>
<td>0.673 (0.412)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>91.5</td>
<td>177</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Opposition party</td>
<td>Negative</td>
<td>89.1</td>
<td>239</td>
<td>0.334 (0.563)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>90.7</td>
<td>237</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No preference</td>
<td>Negative</td>
<td>79.8</td>
<td>218</td>
<td>2.498 (0.114)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>85.2</td>
<td>271</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>President’s party</td>
<td><strong>Negative</strong></td>
<td><strong>68.0</strong></td>
<td><strong>122</strong></td>
<td><strong>13.888 (0.000)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td><strong>92.3</strong></td>
<td><strong>65</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Opposition party</td>
<td>Negative</td>
<td>87.7</td>
<td>610</td>
<td>0.350 (0.554)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>89.7</td>
<td>107</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No preference</td>
<td>Negative</td>
<td>81.3</td>
<td>19</td>
<td>1.289 (0.256)</td>
</tr>
</tbody>
</table>

41 Comparing the 1998 and 2002 local elections would have been a better strategy for testing the hypotheses. First, both elections were held under the same president, Kim Dae-Jung. Second, these are two very extreme cases in terms of election timing. The 1998 local elections were held during the first year of Kim’s presidency, whereas the 2002 election was held during his last year. However, because the data were not available, I had to opt for the second choice.

42 This table is a replication of Kernell’s analysis in Samuel Kernell, “Presidential Popularity and Negative Voting: An Alternative Explanation of the Midterm Congressional Decline of the President’s Party,” *American Political Science Review*, vol. 71, no. 1 (1977), pp. 44-66. However, the categorization is slightly different.
party preference (president’s party, opposition party and no party), and evaluation of the president (disapprovers, and others). For the 2006 election, the only statistically significant difference in the turnout rate between disapprovers of the president and others is found among the supporters of the president’s party (bold in table 4). However, this result contradicts the theory’s prediction. Whereas Kernell argues that disapprovers have a greater incentive to vote, thus creating a bigger turnout, the results show that the 2006 turnout among those disapprovers of the president who still prefer the president’s party is smaller than that of the others. Based on these results, hypothesis 3, which posits that voters who are unhappy with the president will show a greater turnout rate than others, is not supported.

Second, the impact of negative evaluations of candidates of the president’s party on voters’ choices was analyzed. Using the logit regression explaining voter’s choice for the candidates of the president’s party as a base model, I estimated the relative importance of negative and positive evaluations of the president. Table 5 presents the results of the base model for the 1995 and the 2006 gubernatorial races. The model shown in table 5 is the same as the one shown in table 4, with two exceptions. First, since the focus in table 5 is the president’s popularity, the popularity of mayors and governors is excluded from the model. Second, to estimate the relative importance of these negative and positive evaluations on voters’ choices, I coded the president’s popularity differently for table 5 than for table 4, naming it “Presidential Popularity 2” in table 5. In this model, evaluation of the president is coded 1 for positive, 0 for neutral, and -1 for negative.

Table 5

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1995</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Party preference</td>
<td>1.576***</td>
<td>1.121***</td>
</tr>
<tr>
<td></td>
<td>(0.133)</td>
<td>(0.110)</td>
</tr>
<tr>
<td>President’s popularity 2</td>
<td>0.318**</td>
<td>0.469***</td>
</tr>
<tr>
<td></td>
<td>(0.128)</td>
<td>(0.112)</td>
</tr>
<tr>
<td>From Honam</td>
<td>0.368</td>
<td>0.727***</td>
</tr>
<tr>
<td></td>
<td>(0.293)</td>
<td>(0.261)</td>
</tr>
<tr>
<td>From Yeongnam</td>
<td>1.159***</td>
<td>-0.408</td>
</tr>
<tr>
<td></td>
<td>(0.197)</td>
<td>(0.267)</td>
</tr>
<tr>
<td>From Choongcheong</td>
<td>0.420</td>
<td>0.275</td>
</tr>
<tr>
<td></td>
<td>(0.268)</td>
<td>(0.288)</td>
</tr>
<tr>
<td>Constant</td>
<td>-1.273***</td>
<td>-0.596***</td>
</tr>
<tr>
<td></td>
<td>(0.160)</td>
<td>(0.200)</td>
</tr>
</tbody>
</table>

-2 log likelihood       917.809  693.437
Model chi-square         331.475 (d.f.5)*** 186.719 (d.f.5)***
Cases predicted correctly 80.2%  81.9%
Number of cases         1022.0  822.0

*p<0.1; **p<0.05; ***p<0.01.
Standard errors are in parentheses.

43 For the coding procedure, see the appendix.
Does Presidential Popularity Matter in Korea’s Local Elections?

**Table 6**

**Probability of Choosing the Candidates of the President’s Party as a Function of the Evaluation of the President and Party Preference**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>President’s party</td>
<td>Opposition party</td>
<td>None</td>
</tr>
<tr>
<td>Neutral</td>
<td>0.6236</td>
<td>0.0661</td>
<td>0.2551</td>
</tr>
<tr>
<td>Positive</td>
<td>0.6948</td>
<td>0.0887</td>
<td>0.3200</td>
</tr>
<tr>
<td>Neutral x Negative</td>
<td>- 0.0712</td>
<td>- 0.0226</td>
<td>- 0.0649</td>
</tr>
<tr>
<td>Neutral x Positive</td>
<td>+ 0.0629</td>
<td>+ 0.0292</td>
<td>+ 0.0726</td>
</tr>
<tr>
<td>Neutral</td>
<td>0.5327</td>
<td>0.1081</td>
<td>0.2710</td>
</tr>
<tr>
<td>Neutral x Negative</td>
<td>- 0.1130</td>
<td>- 0.0542</td>
<td>- 0.1017</td>
</tr>
<tr>
<td>Neutral x Positive</td>
<td>+ 0.0987</td>
<td>+ 0.0742</td>
<td>+ 0.1144</td>
</tr>
</tbody>
</table>

To test the hypotheses, I simulated this model as follows. Holding all other variables constant at their mean values, I changed the evaluation of the president from 0 to -1 and from 0 to 1. The corresponding probability change represents the impact of the negative and positive evaluations on voters’ choices. Table 6 presents the results of these analyses. Voters are divided into three different groups: supporters of the president’s party, supporters of the opposition party, and those who do not support any party. The entries in table 6 represent the probability of choosing the candidate from the president’s party. For instance, the probability that an opposition party supporter who evaluated the president positively in the 1995 election voted for the president’s party is 0.1179. At the bottom of each year’s analysis is the probability change resulting from the evaluation change. For example, in the 2006 election, if supporters of the president’s party changed their evaluation of the president from neutral to positive, the probability of their voting for the president’s party increased by 0.0987.45

If the negative voting hypothesis is true, a change in the evaluation of the president from neutral to negative should lead to a greater change in the probability of voting for the president’s party than an evaluation change from neutral to positive. The analyses revealed only two such cases, involving

44 Considering the overall goodness-of-fit of the model, the results of this simulation can be regarded as proving (or disproving) the hypotheses. However, in the strict statistical sense, this analysis does not test the hypotheses directly.

45 The calculation is as follows: (the probability of presidential party supporters who evaluate the president positively choosing the presidential party) – (the probability of presidential party supporters who evaluate the president neutrally choosing the presidential party) = 0.7444 - 0.6457 = 0.0987.
supporters of the president’s party in the 1995 and 2006 elections respectively (bold in table 6). Therefore, hypothesis 4, which assumes that the voters would react more strongly to negative evaluations than positive ones, is not supported by the results.

In summary, the negative voting hypotheses (3 and 4) are not supported by the analyses. The results imply that voters who were disenchanted with the president did not necessarily rush to the polling stations and punish the president’s party on local election days. Based on these results, the electoral failures of the president’s party in local elections seem to have little to do with voters’ tendencies to vote negatively. However, the analyses have limitations. First, the relative impact of negative and positive evaluations on voter choice was not tested directly using statistically rigorous methods. Although the results based on the simulation can be interpreted as evidence against the theory, they do not disprove it directly. Second, there were not enough cases to allow testing of all the issues that might have affected the results, such as the president’s party affiliation or the level of the president’s popularity. Testing the negative voting theory using a statistically rigorous method remains for future research.

Discussion

To explain the cause of the unsuccessful record of the president’s party in local elections, I tested two sets of hypotheses. First, I assessed the validity of the negative voting theory. Despite some limitations, my analyses revealed no evidence of negative voting, thereby suggesting that voters are not unfair judges when it comes to punishing the president’s party in local elections. The negative voting theory, which presumes that voters rely exclusively on negative rather than positive evaluations of a president, is of little relevance to the failure of a president’s party.

The results also show that voters based their choices on local as well as national issues. However, the importance of the evaluations of mayors and governors in local elections depends on the salience of the national issues. If punishing the president’s party becomes the focus of an election campaign, the local election will fail to function as a local referendum for either mayors or governors. The salience of national issues, in its turn, is affected by the timing of the local election. Based on these results, it is the institutional context that explains the misfortunes of the president’s party in local elections, rather than voters’ tendency to vote negatively.

Figure 3 provides a possible explanation for this phenomenon. It depicts how a president’s job approval rating changes over time: high during the so-called honeymoon period and declining thereafter. As the results of this study indicate, if the local election is held during the early stages of a president’s term, the president’s popularity becomes less important in voters’ choices. Given that the president’s job approval rating is normally high during
Does Presidential Popularity Matter in Korea’s Local Elections?

Figure 3
The President’s Job Approval Rating and Election Timing

YS: Kim Young Sam (Kim Yŏng Sam); DJ: Kim Dae Jung (Kim Tae Jung); Roh: Roh Mu-Hyun (No Mu Hyŏn).


this early period, the candidates affiliated with the president’s party do not benefit much from the president’s popularity.

On the other hand, if the local election is held several years after the president takes office, national issues, reflected in the president’s popularity, exert a greater influence on voters’ choices. Because voters tend to become disillusioned with the government soon after the inauguration of a newly elected president (see figure 3), the president’s party would be expected to suffer from the president’s low popularity if the local election is held during the latter stages of the president’s term. The electoral debacles of the president’s party in the 2002 and 2006 local elections serve as cases in point.

Analyzing Korea’s local elections can help us understand some important features of subnational elections, and low-turnout elections in general. First, this study shows how national and local factors influence voters’ choices and, consequently, affect the election results. Previous research on this subject has focused on the relative importance of these two factors. However, the degree to which local and national issues become salient depends on the institutional context of the election. In this case, the context was the timing of the election. Second, the results add evidence to the existing literature
on the effects of the electoral cycle in low-turnout elections.\footnote{See, e.g., Reif, “National Electoral Cycles,” pp. 244-255; Soberg Shugart, “The Electoral Cycle,” pp. 327-343; Marsh, “Testing the Second-Order Election Model,” pp. 591-607.} Whereas early timing is not harmful to the president’s party in low-turnout elections, it is detrimental to both the president and the president’s party in midterm or later elections. However, the generalizability of the results of this study is limited. Because local elections have been held in Korea for less than two decades, there are very few cases to analyze. Furthermore, the problems with the data further restrict the number of available cases. As data on Korea’s local elections accumulate, the relationship between the timing of elections and the fate of the president’s party in local elections may become more apparent.

\textit{Massachusetts Institute of Technology, USA, June 2008}

\textbf{Appendix: Coding of Independent Variables}

\textit{Party preference}: president’s party = 1, opposition party = -1, no preference = 0

“Which party do you feel closest to?” (1995)
“Which party do you prefer?” (1998)
“Which party is ideologically closest to your position?” (2006)

\textit{President’s popularity}: 1995: very low = 1, low = 2, not low = 3, high = 4, very high = 5; 1998: 0-100 scale; 2006: very low = 1, low = 2, high = 3, very high = 4

“Can you rate the performance of Kim Dae Jung (Kim Tae Jung) as a president?” (1998)
“How do you rate Roh Mu Hyun (No Mu Hyŏn)’s handling of his job?” (2006)

\textit{President’s popularity 2}: This variable is based on the \textit{President’s Popularity} variable.
Positive evaluation = 1, negative evaluation = -1, neutral evaluation = 0 (1995, 2006)
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Mayor’s popularity (1998): 0-100 scale.
The codes are reversed when the incumbent mayor does not belong to the president’s party.
“How do you rate the job performance of these people?”

Governor’s popularity (2006): very low = 1, low = 2, high = 3, very high = 4
The codes are reversed when the incumbent governor does not belong to the president’s party.
“What do you think about the incumbent governor’s job performance?”

Region variables
Voters from Honam = 1, others = 0
Voters from Yeongnam = 1, others = 0
Voters from Choongcheong = 1, others = 0
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The Attitudes of Urban Chinese Towards Globalization: A Survey Study of Media Influence
Francis L.F. Lee, Zhou He, Chin-chuan Lee, Wan-Ying Lin and Mike Yao

Introduction

Since Deng Xiaoping’s southern tour in 1992 to reenergize the marketization drive in China, the Chinese government’s policy towards “globalization” has been one of active engagement. His successor Jiang Zemin, and current President Hu Jintao, with their respective proclamations of “Three Represents” and “Harmonious World,”¹ have continued the push to embrace global capitalism. Opening the country to global capital is seen by Chinese national leaders as a way to further the country’s market reform. At the same time, China has also been eager to participate in the international community in various manners to strengthen its international standing and portray itself as a peaceful rising power. Prompting nationalist sentiments in the global context is a way to restore the Communist regime from the brink of legitimacy crisis caused by the Tiananmen crackdown in 1989.²

Notably, the shift of policy by China since the early 1990s also coincided with Washington’s abandonment of the containment policy and shift towards attempting to integrate China into the global community.³ Meanwhile, the most important symbols of China’s coming of age are its long-awaited accession to WTO in 2001 and its hosting of the 2008 Olympic Games. The idea of active engagement with globalization also underlies various domestic

¹ Chinese politics must be legitimated by appealing to a set of “correct” and selective interpretations of communist theory. Former president Jiang Zemin promulgated the concept of “Three Represents,” arguing that the Party must represent the most advanced productive forces, the most advanced culture, and the interest of wide segments of the population. This concept paved the way for capitalists, the former class enemy, to join the Party. His successor, Hu Jintao, promotes the concept of “a harmonious society,” emphasizing social stability as a prerequisite for further economic development. Critics say that Hu uses this concept to muffle public discontent about rampant official corruption and the increasing rich-poor gap.


and foreign policies, including the country’s increasingly active participation in multinational treaties and cooperative initiatives,\(^4\) setting up special economic zones to facilitate and control the inflow of global capital,\(^5\) changing migration policies,\(^6\) and initiatives in creating media conglomerates to compete with foreign media giants.\(^7\)

Quite expectedly, such an important policy direction was accompanied by a rhetoric carefully constructed to justify it.\(^8\) The rhetoric was propagated by the national leaders through their speeches and promoted by the state-controlled national media.\(^9\) It highlighted the benefits that China presumably stands to gain from engaging in “globalization,” understood primarily in economic terms. It redefined the place of China in the world community, resolved or hid the contradictions between past and present policies, and undermined or dismissed the potential dangers of such a policy direction. In short, the rhetoric articulated why active engagement with globalization is consistent with China’s national interests.

The actual desirability of globalization, certainly, is highly contested. It is questionable whether economic globalization can indeed deliver prosperity, political globalization can deliver peace, and cultural globalization can deliver pleasure. Even optimistic proponents of globalization cannot deny that it has its fair share of potential problems. There will be winners and losers in the process. To the extent that the Chinese government’s rhetoric undermines and/or dismisses the problems of globalization, the rhetoric can be regarded as strongly ideological, in the sense of being “meanings in service of power.”\(^10\) It follows that the Chinese media are playing more or less their conventional propaganda role when they promote the rhetoric of the state.

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Against the above background, this article empirically examines urban Chinese residents’ attitudes towards globalization. To what extent do urban Chinese regard “globalization” as beneficial to China? How do their nationalistic sentiments relate to their attitudes towards globalization? To what extent do urban Chinese recognize that “globalization” can have both a positive and negative impact? As the national media have largely toed the government’s line in discussing globalization, does national news media consumption shape people’s attitudes towards globalization?

Tackling such questions can give us insights into the amount of social resistance the Chinese government is likely to encounter as it continues to move along its current direction. Even without being a democracy, embarking on unpopular policies has non-negligible social costs and may damage the regime’s legitimacy. The above-mentioned official rhetoric was exactly aiming at shaping people’s opinions to reduce social resistance. In this sense, examining media effects on people’s attitudes towards globalization can also inform us about the capability of the Chinese state, with the help of a media system still largely under its control, to promote a worldview justifying its rule and policies. Hence, besides addressing the topic of globalization, another major aim of this study is to help us better understand the relationship among official rhetoric, media discourses, and public opinion in contemporary China. It should be noted that, despite the presence of a large body of conceptual discussions and research about globalization and/or media reform in the Chinese context, there is still a general lack of survey-based empirical evidence regarding public opinion towards globalization and the presence or absence of media effects on public opinion. This article should contribute to rectifying this limitation of the existing literature.

Moreover, although the empirical analysis of this study does not involve an explicitly comparative element, several issues addressed by the analysis, such as the relationships among nationalistic sentiments, media use and attitudes towards globalization, are pertinent to many countries in the Asia Pacific region. Hence this article should also provide findings and materials which can be compared to the cases of other Asian countries.

This article begins by giving a brief account of the Chinese official rhetoric and media discourses related to globalization. We then explicate the arguments based upon which we expect media effects on public opinion to exist. The conceptual discussions lead to four research hypotheses. Data derived from a four-city survey are then analyzed. The concluding discussions highlight the implications of the findings and put some of the findings into comparative perspectives.

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Official Rhetoric and Media Discourses on Globalization

It is widely noted that the term “globalization” entered the official discourses of the Chinese government only in the year 1997. It was also the year of the Asian financial crisis, an event clearly demonstrating the perils facing developing countries which want to engage in global capitalism. Together with the range of economic and social problems already existing in the early 1990s as a consequence of China’s economic reform, let alone the history of semi-colonial status in the latter half of the nineteenth century, Chinese leaders were certainly aware of the potential challenges and problems that further engagement with global capitalism could bring about. As scholar of Chinese politics Nick Knight stated, there were debates within the Communist Party about, among other issues, whether China and other developing countries in general are to gain or lose in the process of globalization, and whether China should hold a positive or negative attitude towards it.

Despite the internal debates, national leaders from Jiang Zemin to Hu Jintao have “in the main been positive, and in some cases extremely enthusiastic” when talking about globalization. At the same time, a number of inter-related themes and rhetorical means were used to handle the problematic aspects of globalization. For example, Knight noted that the speeches by national leaders portrayed globalization as a process which can be brought under control by the state. The belief was that the harm possibly caused by globalization can be reduced, if not eliminated, as long as the state remains in charge. Second, when discussing the potential negative impact of globalization, the leaders focused primarily on the political impact on national sovereignty instead of the impact on issues such as income inequality or cultural autonomy. This not only directed people’s attention from some issues to others, but also reinforced the notion that the crucial issue is whether the state can remain autonomous and in control. Meanwhile, political scientists Yong Deng and Thomas Moore pointed out that the Chinese leaders maintained a distinction between “globalization” and the “international economic system.” Problems “associated elsewhere in the world with globalization … were attributed to defects in the international economic system rather than to globalization per se.”

Moreover, Chinese leaders reconceptualized the relationship between the nation and global capital. As political scientist George Crane explained, integration into the world economy “requires a retelling of the national story so that the embrace of capitalist practices … will seem consistent with the

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12 Knight, “Imagining Globalisation”; Lee, “Bound to Rise.”
13 Knight, “Imagining Globalisation.”
14 Knight, “Imagining Globalisation,” p. 319.
15 Knight, “Imagining Globalisation,” p. 319.
16 Yong Deng and Thomas G. Moore, “China Views globalization: Toward a New Great-power Politics?” Washington Quarterly, vol. 27, no. 3 (Summer 2004), p. 120.
historical unfolding of the nation.” In the Mao era, global capital was considered as the perpetrator of imperialism and the cause of historical humiliation and sufferings of the Chinese. But into the late 1990s, past victimization was attributed to “traitors” and disasters such as the cultural revolution as much as to imperialism, whereas the fact of China being underdeveloped became the reason why market reform is needed.

The leaders’ rhetoric not only professed a belief that the advantages of engaging with globalization, defined primarily but not exclusively in economic terms, would outweigh the disadvantages and risks; it posited engaging with globalization as the way to realize the century-old dream of a strong, modernized nation. In this sense, the official rhetoric surrounding globalization was built upon the “state-led pragmatic nationalism” which the Chinese government has promoted since the early 1990s to fill up the ideological vacuum left by the decline of communist worldviews. In other words, in China’s official discourses, globalization is not the antithesis of nationalism. “Entering the world” and “strengthening the nation” were portrayed as two sides of the same coin.

The official rhetoric was more or less faithfully reported by the national news media. Media reform in China since the 1980s has led to the proliferation of media outlets, a more diverse press structure, the media’s increasing reliance on advertising revenues, emergence of innovative practices and media types ranging from the tabloid press to investigative journalism programmes, and in the past decade the process of state-led conglomeration. Yet ideologically the media are still under the heavy-handed control of the state. The media may no longer attempt to be a brainwashing propaganda machine. Nowadays they work more like publicity agents for the state, or what communication scholar Zhou He and his associates called the “Party Publicity Inc.”

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17 Crane, “Imagining the Economic Nation,” p. 228.
18 Crane, “Imagining the Economic Nation,” p. 228.
19 See Jonathan Unger, ed., Chinese Nationalism (New York: M. E. Sharpe, 1996); Rebecca E. Karl, Staging the World: Chinese Nationalism at the Turn of the Twentieth Century (Durham: Duke University Press, 2002). More precisely, the idea of “modernization through Westernization” was a major theme among Chinese intellectuals in the late nineteenth century. In that discourse, “Westernization” referred mainly to the appropriation of Western technologies and sciences for practical purposes, whereas Chinese cultural values should remain the basis for social cohesion. The contemporary Chinese official rhetoric on globalization has a similar selective appropriation of “the West.”
The media thus cannot be expected to provide a truly diverse range of viewpoints on important policy matters. For example, media scholar Yuezhi Zhao’s detailed examination of how 11 newspapers in China covered the US-China bilateral WTO negotiations in 1999 found that all newspapers fervently supported China’s entrance into the WTO.23 The Chinese media treated WTO membership as “not just about China’s right to participate in the making of global trade rules [but also] concerns China’s place, China’s face, China’s inspirations, and China’s identity in the world.”24 The media portrayed WTO membership as beneficial to “common people,” with the latter referring mainly to investors and consumers. The voices of business leaders and selected experts were employed to give authority and credibility to the messages, whereas the voices of the farmers and the labourers, who were the likely losers, were systematically excluded.

Media scholar Chin-chuan Lee made a similar observation in his study of the Global Times, China’s official English newspaper. Analyzing the discourses of foreign policy advisors and interpreters published from 2000 to 2005, Lee found that most writers were supportive of China’s active participation in the international division of labour as a way for the country to climb up the economic ladder, and most narratives “were mindful of the opportunities and challenges but came to conclude that gains would be greater than costs.”25 Moreover, the Global Times directly repeated the official emphasis on China’s peaceful rise in the world order. Lee argued that the Chinese media treated globalization as reducible to economic and geopolitical opportunities for China to rise as a great power. At the same time, Beijing-defined national interest was emphasized, whereas other “local” perspectives were suppressed.26

Zhao and Lee thus provided two case studies highlighting the similarities between China’s official rhetoric and media discourses on issues related to globalization. While more content-based studies are probably needed, given what we know about the state-media relationship in China, we have reason to believe that the findings are representative of the major characteristics of media discourses surrounding globalization in at least the national media in China (which also tend to be the most tightly controlled by the state). They are the background against which we set up hypotheses regarding media effects on urban Chinese people’s attitudes towards globalization.

**Research Hypotheses on Media Effects**

To recapitulate, this study attempts to examine Chinese people’s attitudes towards globalization under the context of a public discourse environment

23 Zhao, “Enter the World.”  
25 Lee, “Bound to Rise.”  
26 Lee, “Bound to Rise.”
largely unified in its support for China’s active engagement with the global political and economic order. Hence we are interested in whether citizens’ opinions are consistent with the views promoted by the state, and whether national media consumption would bring citizens’ opinions further in line with official ideologies.

Two issues need to be discussed before stating the hypotheses. First, we need to select aspects of the discourses surrounding globalization to focus on. China’s official rhetoric on the matter involves a number of themes, tropes and rhetorical moves articulated into a holistic narrative. It is hardly possible to do justice to the complexities of the discourses in a survey context. Moreover, it is unrealistic to expect media effects to be so all-encompassing that even the nuances of the discourses are taken up by the audience. Instead, media effects are more likely to exist when we focus on certain general themes. Therefore, we focus on two themes in the analysis: 1) the advantages for China to engage with globalization outweigh the disadvantages, and 2) national development and globalization are compatible goals.

Second, even after narrowing the focus to two general aspects of the discourses, it remains questionable whether one should expect the media to have a persuasive effect on people’s opinions. For more than half a century, the general consensus among media researchers is that media messages have an effect on people’s attitudes only under specific conditions. Various research traditions have also explored audience members as active creators of meanings who interpret media messages according to their own cultural and social background. Specific to contemporary China, phenomena such as political jokes circulating through mobile messaging services and the oral culture of shunkouliu, the contents of which often include parodies of official discourses and actions, illustrate a distinction between the private and public discourse universes in the country. This distinction, in turn, highlights Chinese people’s resistance towards official discourses.

In fact, empirical research has provided mixed results regarding the “political mobilization” power of the Chinese media. Political scientist Wenfang Tang, analyzing a six-city survey conducted in 1999, found that media consumption was positively related to support for regime, nationalism and holding of official ideology in China. Yet political scientists Xueyi Chen and Tianjian Shi found the opposite in their study using survey data in the early 1990s: those who consumed media more frequently were more alienated

27 Shunkouliu refers to popular sayings which are particularly memorable because of their rhyme and rhythm. These popular sayings are often created by citizens themselves and then widely circulated in society. For the social and political significance of Shunkouliu, see Perry Link and Kate Zhou, “Shunkouliu: Popular Satirical Sayings and Popular Thought,” in Perry Link, Richard P. Madsen and Paul G. Pickowicz, eds., Popular China (Lanham: Rowman & Littlefield, 2002), pp. 89-110.

from the present regime. The difference in findings may be due to the different political atmosphere in the early and the late 1990s. This illustrates exactly the point that the existence or absence of a media effect can be the result of differences in contextual conditions.

Therefore, our expectations regarding the existence of a media effect is premised on the argument that two conditions for media effects do apply in the case under study. The first condition is monopoly of media messages, i.e., media messages are consistently propagating one single view, rather than providing competing views on the matter concerned. In the present case, the Chinese national media, as discussed above, have not given much serious attention to the negative consequences of globalization. In other words, while the media promoted the “dominant reading” of globalization as preferred by the state, they provided little resources for the construction of alternative understandings. This makes audience acceptance of the dominant message more likely.

Certainly, as long as the Chinese national media are heavily state-controlled, the condition of monopoly would usually apply when major policy matters are concerned. What is distinctive in the case of official rhetoric and media discourses about globalization, therefore, is the condition of canalization. The concept refers to the argument that “propaganda is most successful when it channels pre-existing attitudes and values, and is far less likely to create [new behavior] or bring about radical conversions” of people’s attitudes. In the current context, it means that the Chinese official-cum-media discourses on globalization are likely to be persuasive if people are already predisposed to believe that active engagement with globalization is beneficial to China. In fact, as discussed in the previous section, the Chinese government’s rhetoric surrounding globalization was not all novel and alien ideas. It was built upon the nationalistic discourses the state began to promote in the early 1990s, whilst ideas of “modernization through Westernization” have a history in China dating back at least to the late nineteenth century. On the whole, positing global engagement as a means to realize the national dream of modernization should resonate with Chinese people’s rising nationalistic sentiments.

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Hence, while we retain the terminology of a “media effect” in accordance with our survey and statistical methods, we do not intend to imply the media’s ability to inject ideological meanings into a passive audience. What appears as a media effect can be the result of an active audience taking up the messages which they find agreeable.

Based upon the above discussions, we posit the following four hypotheses:

H1: Urban Chinese residents tend to believe more in the advantages of globalization than in the disadvantages of globalization.

H2: Nationalistic sentiments relate positively to beliefs in the benefits of globalization.

H3: National media consumption relates positively to beliefs in the benefits of globalization.

H4: National media consumption strengthens the relationship between national sentiments and beliefs in the benefits of globalization.

H1 and H2 are about the extent to which the opinions of urban Chinese individuals are consistent with the views promoted by the state. The hypothesized consistency is based on our argument about the likely resonance the state’s discourses would strike among the urban population in China. If H1 and H2 are supported, the condition of canalization could be regarded as existent. It provides part of the explanation of why the media can affect people, if the effects hypothesized in H3 and H4 are indeed found.

Urban Chinese Attitudes Towards Globalization

Data analyzed in the following section were gathered through a representative survey conducted in Beijing, Shanghai, Chengdu and Xian between December 2006 and January 2007 by a commercial research corporation. There are both practical and substantive reasons for the survey to focus only on urban cities. Practically, the infrastructure for conducting survey research with representative sampling is much better developed in urban cities. Substantively, when compared to rural areas, urban cities are more directly engaged in the processes of globalization. Questions regarding the benefits and dangers of “globalization” should be more pertinent to urban residents. Nonetheless, we will return to the rural-urban divide in the discussion section.

Target respondents were Chinese-speaking residents of the four cities between the ages of 18 and 65. People over 65 were excluded because the questionnaire is lengthy and interviews with elderly citizens would be difficult to complete. The commercial corporation first delimited the geographical areas under study, which are largely those near the city centre (i.e., the outer districts and areas further away from the city centres were not included). It then randomly selected residential committees within each administrative district in each city. Trained interviewers were instructed to follow a systematic sampling procedure.
maximum response rates ranged from 30.3 to 36.9 percent in the four cities and the minimum response rates ranged from 24.8 to 28.9 percent.\textsuperscript{35}

The survey questionnaire included a set of 32 items asking respondents whether they regarded “globalization” as having different types of impact on the Chinese society and on themselves. Nevertheless, we could not assume that all respondents were going to understand the term globalization (\textit{quan qiu hua}). Hence we prefaced the set of items by stating:

\begin{quote}
In recent years we often heard of discussions about “globalization.” Some people think that the world market is overcoming national boundaries. There are more and more cultural exchanges between nations. Countries around the world are increasingly interdependent on political, environmental, and safety issues. But there are also people who disagree with such views. I am going to read out a number of views, please tell me if you strongly agree, agree, are neutral, disagree, or strongly disagree with the views.
\end{quote}

This preface defines globalization in terms of increasing global interconnectedness.\textsuperscript{36} The definition should be uncontroversial and easy for the respondents to grasp. The preface also highlights the fact that globalization has numerous dimensions. As typical in survey questionnaire design, the preface stresses the existence of people who disagree so as to minimize acquiescence effects in survey response.

The 32 specific items were then read out one by one. The items were designed with three distinctions in mind: 1) the distinction between positive and negative impact; 2) the distinction between political, economic, cultural...
and environmental impact; and 3) the distinction between impact at the national, city and individual level. For example, the statement “globalization will enhance the transparency of the Chinese government” refers to a positive political impact at the national level, whereas “globalization will lead this city to lose its own cultural tradition” refers to a negative cultural impact at the city level.

Due to space and efficiency concerns, we created indices for the following analysis. Based on the conceptual contents of the statements and the results of factor and reliability analyses, we combined the 32 items into eight indices representing the perceived positive or negative impact of globalization on politics, economics, culture and the environment.\(^{37}\) We then further combined the four perceived positive impact indices into an index of perceived overall positive impact of globalization.\(^{38}\) An index of perceived overall negative impact was created likewise.

Table 1 shows the descriptive statistics of the indices. The figures allow us to tackle H1, which states that urban Chinese are likely to perceive the advantages of globalization to outweigh the disadvantages. Indeed, all five perceived positive impact indices have mean scores substantially higher than the mid-point of the scale (i.e., 3). It shows that the average respondent expected globalization to have various types of positive impact on China. In

<table>
<thead>
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<th>Positive impact</th>
<th>Mean</th>
<th>S.D.</th>
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<td>Political</td>
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<td>.56</td>
</tr>
<tr>
<td>Economic</td>
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<td>.52</td>
</tr>
<tr>
<td>Cultural</td>
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<td>.60</td>
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<td>Environmental</td>
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<td>.59</td>
</tr>
<tr>
<td>Overall</td>
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<td>.45</td>
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<table>
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<th>Mean</th>
<th>S.D.</th>
</tr>
</thead>
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<td>.60</td>
</tr>
<tr>
<td>Economic</td>
<td>2.90</td>
<td>.59</td>
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</tbody>
</table>

Note: The indices range from 1 to 5. All mean scores differ significantly from the mid-point of the scale in one-sample t-tests (\(p < .05\)). Mean scores sharing the same subscript (i.e., the subscript a, b and c in the above table) do not differ from each other in paired-samples t-tests. Otherwise, they differ from each other at \(p < .05\). N = 1999.

\(^{37}\) The reliability coefficients of the indices range from .45 to .65. One point which can be clarified here is that the notion of “culture” as employed in the questionnaire does not explicitly involve political values such as democracy and human rights. In any case, the full list of the items, from which readers can discern the concrete operationalizations of the variables, is available from the authors.

\(^{38}\) The reliability coefficients of the two overall impact indices are both .80.
contrast, the mean scores of the perceived negative impact indices are all significantly, though only slightly, below the mid-point of the scale. That is, the average respondent neither strongly agreed nor disagreed with the possibility of globalization having a negative impact on China. Comparing the indices of perceived positive and negative impact, H1 is strongly supported. People’s perceptions of the likely impact of globalization are in line with the official rhetoric: the impact is perceived to be more positive than negative.

There are only limited differences between the mean scores of the five positive impact indices and the five negative impact indices. It suggests that the respondents did not make sharp distinctions between political, economic, cultural and environmental impact. Table 2 also points to this lack of differentiation: the five positive impact indices are highly correlated among themselves, and so are the five negative impact indices.

More interestingly, table 2 shows that there are some significantly positive correlations between the negative and positive impact indices. For example, the correlation between perceived overall positive impact and perceived overall negative impact of globalization is .10 ($p < .01$). It means that people who considered globalization to have a positive impact on China also tended, albeit only slightly, to believe that globalization would have a negative impact on China. We contend that this data can be read as a sign of many urban Chinese people’s recognition of the paradoxical impact of globalization. People’s attitudes towards globalization can be ambivalent.\footnote{One might question if this finding indicates that many respondents were mindlessly agreeing (or disagreeing) with the interviewers. We checked this possibility by analyzing other parts of the}

\begin{table}[h]
\centering
\caption{Correlations among the perceived impact of globalization indices}
\begin{tabular}{lcccccccc}
\hline
Perceived impact & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\hline
\textbf{Positive} & & & & & & & & & \\
1. political & .51** & .41** & .47** & .75** & .15** & .04 & .07** & .14** & .13** \\
2. economic & .53** & .52** & .79** & .08** & .05 & .01 & .02 & .05 & \\
3. cultural & .60** & .81** & -.01 & .03 & .02 & .06** & .03 & \\
4. environmental & .83** & .06* & .01 & .09** & .16** & .11** & \\
5. overall & .09** & .04 & .06* & .12** & .10** & \\
\textbf{Negative} & & & & & & & & & \\
6. political & & .51** & .51** & .52** & .79** & \\
7. economic & & .51** & .51** & .78** & \\
8. cultural & & .50** & .80** & \\
9. environmental & & & .81** & \\
10. overall & & & & & \\
\hline
\end{tabular}
\end{table}

Predictors of Perceived Impact of Globalization

We can now examine how perceptions of the positive and negative impact of globalization are related to other factors. Since tables 1 and 2 show that the specific positive or negative impact indices are highly correlated, they are not likely to perform very differently in statistical analysis. Therefore, for simplicity, we focus only on the overall positive and overall negative impact indices.

H2 states that nationalistic sentiments should relate positively to attitudes towards globalization. An item in the survey asked the respondents to rate, with a five-point Likert scale, whether they see “strong nation” as an important value. Not surprisingly, most respondents regarded it as “highly important,” as the mean score of the variable is 4.72 (highly important = 5). We use this item to represent people’s nationalistic sentiments. The expectation is that this variable should relate positively to perceived positive impact of globalization and negatively to perceived negative impact of globalization.

Similarly, H3 expects national media consumption to relate positively to perceived positive impact of globalization and negatively to perceived negative impact of globalization. Media use was measured by a set of questions asking the respondents to report the number of times they used a specific type of media belonging to a specific geographical region in the week previous to the interview. There were six types of media and seven geographical regions involved. Hence there were 42 items in total. We added up the six national media items to represent national media use, added up the six local media items to represent local media use, and added up 24 foreign media items to represent foreign media use.

Table 3 shows the bivariate relationships between perceived impact of globalization and other variables, including nationalistic sentiments, media use and demographics. The findings support H2. Nationalistic sentiments relate significantly, and in the predicted directions, to both perceived positive and perceived negative impact of globalization. Urban Chinese people with stronger nationalistic sentiments hold more positive attitudes towards globalization. At the same time, there is also some evidence supporting H3. National media consumption is significantly and negatively related to perceived overall negative impact of globalization. The correlation coefficient

survey which used a similar matrix question format, and we did find certain conceptually meaningful negative correlations among people’s agreement with different statements. Therefore, we believe that the problem of response set is not the main factor behind the correlations between the perceived positive and negative impact indices.

40 The six types of media are newspapers, radio, television, films, websites and informational books, whereas the seven geographical regions are “national,” “local,” “Hong Kong, Macau, Taiwan,” “Japan and Korea,” “US and Canada,” Europe and the Middle East.

41 The items regarding consumption of Hong Kong, Macau and Taiwan media were not used. The media use indices variables are highly skewed, as most of the values cluster to the lower end of the scale. The variables were square-rooted to eliminate the skewness.
Another notable finding from table 3 is that education relates positively to perceived overall positive impact and negatively to perceived overall negative impact of globalization. It shows that the more educated urban Chinese people are more positive towards globalization. This finding is consistent with studies of people’s opinions towards economic globalization or trade liberalization in other countries. The usual explanation is that better-educated people are better positioned to capture the benefits of economic globalization, while some other researchers have suggested that the economic knowledge people gain through education can also contribute to the relationship.

Moreover, we see that local media consumption relates significantly and negatively to both perceived impact variables, whereas foreign media consumption relates significantly and negatively to the perceived overall negative impact of globalization. We have not posited hypotheses regarding how consumption of these two types of media may relate to attitudes towards globalization. This is because we believe the contents of these two types of media should be relatively more diverse and less tightly controlled by the government. Yet the findings in table 3 show that they are far from being irrelevant.

Note: Entries are Pearson correlation coefficients. * $p < .01$; ** $p < .001$.

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Meanwhile, we have yet to address H4, which states that national media consumption would strengthen the relationship between nationalistic sentiments and beliefs in the benefits of globalization. In other words, the positive relationship between nationalistic sentiments and perceived positive impact of globalization should become even stronger when people consume national media frequently. Technically, testing H4 would require us to examine the interaction effect between national media consumption and nationalistic sentiments on perceived impact of globalization in a multiple regression analysis. When perceived positive impact is the dependent variable, the interaction variable (i.e., national media consumption X nationalistic sentiments) should have a significant positive coefficient. By the same token, the coefficient of the interaction variable should be negative when perceived negative impact of globalization is the dependent variable.

Certainly, besides testing H4, multivariate analysis would also be useful for us to examine if the bivariate relationships shown in table 3 would remain when other variables are kept constant. Table 4 thus reports the results of the multiple regression analysis conducted. The independent variables include those in table 3, with the addition of an interaction variable between nationalistic sentiment and national media consumption.43

Table 4

<table>
<thead>
<tr>
<th></th>
<th>Overall impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td>Sex (F = 2)</td>
<td>-.04*</td>
</tr>
<tr>
<td>Age</td>
<td>-.02</td>
</tr>
<tr>
<td>Education</td>
<td>.09**</td>
</tr>
<tr>
<td>Family income</td>
<td>.04</td>
</tr>
<tr>
<td>Shanghai</td>
<td>.07*</td>
</tr>
<tr>
<td>Chengdu</td>
<td>.08**</td>
</tr>
<tr>
<td>Xian</td>
<td>.17***</td>
</tr>
<tr>
<td>Nationalistic sentiments</td>
<td>.14***</td>
</tr>
<tr>
<td>Media consumption:</td>
<td></td>
</tr>
<tr>
<td>National</td>
<td>.10**</td>
</tr>
<tr>
<td>Local</td>
<td>-.14**</td>
</tr>
<tr>
<td>Foreign</td>
<td>-.06*</td>
</tr>
<tr>
<td>Nationalistic sentiments × National media consumption</td>
<td>-.02</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>5.6%**</td>
</tr>
<tr>
<td>N</td>
<td>1993</td>
</tr>
</tbody>
</table>

Note: Entries are standardized regression coefficients. * p < .05; ** p < .01; *** p < .001.

43 The construction of the interaction term followed the centreing method to avoid multicollinearity.
Interestingly, the number of significant relationships increases rather than decreases. For example, in table 3 only Xian people were found to have more positive evaluations of the potential positive impact of globalization. In table 4, however, all three “city” variables obtain a statistically significant and positive coefficient. It means that our respondents in Beijing, the city used as the reference category, were significantly less likely to perceive globalization as having much positive impact when compared to respondents in the other three cities. Besides, the city variables also obtain significant negative coefficients in the second column of table 4; people in Shanghai, Chengdu and Xian were less likely to perceive globalization as having negative impact. In short, our Beijing respondents emerged as the most critical towards globalization.

The relationships between nationalistic sentiments and the perceived impact indices remain unchanged. The same applies to education. We have strong evidence showing that educated and more nationalistic people are more positive towards globalization. Meanwhile, the positive relationship between national media consumption and perceived positive impact of globalization became statistically significant when other variables were controlled. In other words, support for H3 becomes stronger in the multivariate analysis.

Last but not least, table 4 shows that there is a significant interaction effect between nationalistic sentiments and national media consumption on perceived overall negative impact of globalization. Consistent with our expectation, the negative coefficient suggests that the negative relationship between nationalistic sentiments and perceived negative impact of globalization became even stronger when people pay more attention to national media. However, the interaction term fails to attain a positive and significant coefficient in the first column of table 4. Therefore, H4 is only partly supported.

Discussion

In sum, our analysis finds that the attitudes of urban Chinese people towards globalization are largely consistent with the views propagated by the state and the media, at least when certain key themes are concerned. They tend to believe that globalization has more of a positive than negative impact on China, and concerns with national strength were positively related to positive attitudes towards globalization. Our earlier argument is that such a consistency should not be surprising because the state’s discourses about globalization were inflections of the century-old theme of modernization through Westernization, and they were also built upon the rise of nationalistic sentiments since the early 1990s.

Admittedly, the survey data do not directly confirm these latter arguments. Longitudinal data, which unfortunately could hardly be found, would be
required to examine how the consistency between state discourses and public opinion actually came about. But as long as the consistency existed, it means that active engagement with globalization is a policy direction unlikely to encounter substantial social resistance in contemporary urban China.

Whether this is considered to be a desirable situation depends on one’s own perspective on globalization. Proponents of globalization may see this as an opportunity for the engagement policy to go forward. Critical scholars, however, may lament this as an ominous and hegemonic situation in which it would be even more difficult for the voices of the already marginalized would-be losers in the process to be heard and taken seriously.

Debates about the impact of global capitalism on China continue, and empirical studies of key questions such as the actual impact of China’s entrance into WTO have just begun to appear.44 But regardless of one’s overall belief, as pointed out at the beginning of the article, even the most optimistic believers and national leaders cannot deny that globalization does have its fair share of potential problems. Our survey shows that urban Chinese residents on average tended to disagree rather than to agree with statements about various potential negative consequences of globalization. There is a case for the argument that, even though Chinese people are not completely naive, higher levels of awareness about the challenges of globalization are probably needed.

Nonetheless, it should be noted that, when put in a comparative perspective, the urban Chinese are not exceptional in their positive view towards globalization. For example, a ten-country cross-national survey conducted in 2005 shows that the average citizen in countries ranging from the US to India and the Philippines all regarded the WTO as bringing more benefits than harm to both the developing and the developed countries, though relatively speaking citizens in developing countries such as India, Mexico and Congo were less positive.45

However, we would also contend that, if citizens around the world are nowadays mostly positive towards globalization, the development and causes of such positive views would need to be understood within the social and historical contexts of each country. In this sense, one contribution of the present article is that it analyzes survey data showing urban Chinese people’s positive views towards globalization while putting such public opinion findings within the socio-political context of China.

In addition, the relationship between nationalism and attitudes towards globalization in China can also be compared to the situation in other


45 The survey was conducted by different university institutions or research companies in the respective countries. The findings cited here were derived from the Public Opinion Programme at the University of Hong Kong, which was in charge of the Hong Kong survey.
countries. We may take South Korea as an example. Some scholars argued that national pride has been a major “anti-globalization force” in the country. Yet others argued that nationalism and its relationship with globalization has been transformed and rearticulated to become less antagonistic since the Asian financial crisis. In other words, articulating the complementarity between national development and economic globalization seems to be a task many Asian governments have taken up. It is possible that a positive relationship between nationalism and attitudes towards globalization can also be found in other Asian contexts.

Besides public opinion towards globalization, the other major concern of the present study is the question of media effects. Our analysis shows that national media consumption was indeed related to more positive views about globalization. There is also partial support for the hypothesis that national media consumption would strengthen the linkage between nationalistic sentiments and positive views towards globalization.

Hence this study demonstrates the capability of the contemporary Chinese state to propagate its views through the media and mobilize citizens to support its policies. This is consistent with the findings of Wenfang Tang about media impact in China on regime legitimacy. As discussed earlier, however, this study is also premised on the argument that studies of media effects in China should move beyond the question of whether there are political mobilization effects in general to focus on effects in specific cases under different sets of conditions. There is no reason to expect the media to have a persuasive effect all the time. This is why we emphasize the conditions of monopoly and canalization in this article. While the condition of monopoly is usually applicable in China as long as the media remain tightly controlled by the state, canalization—the consistency of media messages and audience predisposition—may not exist all the time. Our interpretation of the findings in this study, therefore, is that the “media effects” discovered should be understood as reinforcement of existing beliefs rather than as a radical change of opinion.

Here, it is also possible to put the question of media effects on public opinion towards globalization in comparative perspective. Although, to the authors’ knowledge, there has not been much research about this specific

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47 Younghan Cho, “The National Crisis and De/reconstructing Nationalism in South Korea During the IMF Intervention,” *Inter-Asia Cultural Studies*, vol. 9 no. 1 (March 2008), pp. 82-96.
49 An additional qualification is that, employing a cross-sectional survey, the data cannot convincingly demonstrate the direction of causality. However, given the context of globalization discourses in China and the nature of globalization as a relatively abstract issue, it is conceptually much more plausible to treat media use as the cause.
Urban Chinese Attitudes Towards Globalization

topic, it can be noted that similar media effects on public opinion towards globalization can be seen in liberal democracies. Critical scholars have pointed out that the mainstream media in many democratic countries, while not under formal state control, are nonetheless deeply embedded in the political and economic structure of the society. The degree of “agreeability” between the media and the power centre can be particularly substantial when foreign affairs are concerned. Therefore, it is plausible that media in other countries would also play a role in generating citizens’ positive views towards globalization when engagement with globalization is the prevailing state policy. However, same as the point made above regarding the generalizability of the attitudes of urban Chinese towards globalization, if similar media effects on public opinions towards globalization exist in different countries, the media effects should still be understood as the products of different configurations of contextual conditions and media-power relations.

Going back to the Chinese context, it should be acknowledged that, as a single article, the present study cannot provide a comprehensive analysis of Chinese people’s attitudes towards globalization. There are many issues which need further examination. First of all, the present survey covers only four urban cities. As explained earlier, our focus on urban cities is based on both practical and substantive reasons. Yet it has to be acknowledged that rural residents may see globalization in a different light. On one hand, when compared to the urban residents, the rural residents’ living experiences are presumably further away from the various phenomena of globalization (e.g., the presence of tourists and foreign media). But at the same time, their livelihood is by no means less influenced by the processes of economic and political globalization (just consider how certain WTO agreements might influence the livelihood of local farmers). Therefore, a more comprehensive analysis of Chinese people’s attitudes towards globalization should not ignore the rural population.

Second, individual differences in Chinese people’s attitudes towards globalization can be further examined. Especially important would be how an individual’s attitudes are related to his or her location within the social structure, which has a significant implication on whether he or she stands

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50 Certainly, there has been much research about other issues concerning media, politics and public opinions in the Asia-Pacific region. For example, see Hyung Gu Lynn, “Vicarious Traumas: Television and Public Opinion in Japan’s North Korea Policy,” *Pacific Affairs*, vol. 79, no. 3 (Fall 2006), pp. 483-508; Gary Rawnsley and Ming-yeh T. Rawnsley, “Public Television and Empowerment in Taiwan,” *Pacific Affairs*, vol. 78, no. 1 (Spring 2005), pp. 23-38; Caroline Hughes, “Introduction: Democratization and Communication in the Asia-Pacific Region,” *Pacific Affairs*, vol. 78, no. 1 (Spring 2005), pp. 9-22. However, tying the findings and analysis of the present study to the discussions in these studies, which address somewhat different topics, is probably out of the scope of this article.


to gain or lose as China engages more deeply with global capitalism. For example, our analysis shows that education levels relate significantly to the perceived impact of globalization. At the same time, some of the other unexamined demographic variables, such as whether people belong to the mobile population or whether they work for a state enterprise, may also structure people’s attitudes and beliefs.

Third, beyond the effects of national media, our analysis shows that consumption of local and foreign media also have some relationships with perceived impact of globalization. As explained earlier, we did not set up research hypotheses regarding the effects of local and foreign media use because the messages carried by these media are believed to be more diverse. Hence we believe that national media are what we should focus on if we attempt to locate the effects of official-cum-media discourses. This judgment is vindicated by the findings of the effects of national media consumption. In fact, heavy consumers of local or foreign media were neither more positive nor more negative towards globalization in the overall sense. Rather, they acknowledged both the positive and negative impact of globalization to lesser extents.

Future studies can theorize and explain such differential effects of national, local and foreign media. The existence of such differences means that researchers should pay attention to possible differences among media types in the increasingly diverse Chinese media system. With the proliferation of channels throughout two decades of media reform, treating “media” as a singular entity in today’s China could be either misleading or simply unhelpful in the search for media influence.

Last but not least, our analysis shows that Beijing residents were particularly critical towards globalization. Is it possible that being residents of the national capital also means that people are particularly used to “deconstructing” official ideologies? While it is out of the scope of this article to speculate too much on this topic, we can note one thing with certainty: when designing the survey, the four cities of Beijing, Shanghai, Xian and Chengdu were selected based on the generally acknowledged argument that globalization is an uneven process affecting various parts of China differently. Coastal cities are drawn more deeply into globalization, with Beijing, Shanghai and Guangzhou arguably being developed into what Saskia Sassen calls “global cities.” However, our findings suggest that the inland-coastal distinction is not particularly useful for demarcating public opinion towards globalization. It also implies that, when explicating differences between the cities, researchers would need to take more factors into account, such as the cities’ histories, stages and paths of economic development or their locations in the national political system.

City University of Hong Kong and Chinese University of Hong Kong, October 2008

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The post-Communist histories of the Communist bloc countries have varied considerably. Differences in their pre-Communist histories, their economic positions and their leadership, among other factors, have shaped their current status. The Czech Republic, with its generally capable leadership, its proximity to markets for its goods, its mixed manufacturing/agricultural economy, and its previous democratic heritage has been stable and has gradually moved toward democracy. On the other hand, the five Central Asian countries (popularly known as the “Stans”), with their lack of expertise, their distance from markets, their frequent dependence on one economic sector, and their lack of a democratic history, have been afflicted with authoritarian rule and have often confronted economic problems. China has fostered impressive economic growth while maintaining Communist rule and an authoritarian structure while Mongolia has developed a multi-party system, often under the leadership of a transformed Communist Party, but with a faltering economy.

The Mongolian People’s Revolutionary Party (hereafter, MPRP), the Communist party founded in 1924, has remained in power to the present except for a brief period between 1996 and 2000. Even after the collapse of Communism and the development of a multi-party system, the MPRP has continued to be a dominant force in political life. The early 1990s collapse of the Soviet Union, the MPRP’s most important patron, also did not undermine its position in Mongolia. Withdrawal of Soviet troops and technical advisers and reduction of Soviet economic assistance altered the MPRP’s political and economic orientation but did not result in its disappearance from the political scene. This alteration probably ought not to be considered a reform, for it entailed a radical deviation from earlier ideology (though not necessarily as much of a change in organization). It would be more accurate to label these changes a “transmogrification” of the MPRP’s message, which has, in fact, contributed to its survival.1

The changes were drastic, but they have not led to a dramatically more stable and equitable political and economic process. Indeed income

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1 Part of the early section of this essay is based on my book *Modern Mongolia: From Khans to Commissars to Capitalists* (Berkeley: University of California Press, 2005). Citations of important sources may be found in the book.
inequality has surged, and other social and economic problems have emerged. The political system has not been as turbulent as the economy, yet it too has witnessed convulsions. Although the government has moved away from communist authoritarianism and repression, it has been criticized for some abuses, particularly an increase in corruption.

Representatives of the international financial organizations, who have played significant roles in the country since 1990, have portrayed the changes in Mongolia as enormously successful. American visitors, from presidential spouse Hillary Clinton to President George W. Bush, the first sitting US president to visit the country, have conveyed this same message, emphasizing Mongolia’s transition to democracy and a market economy, often conflating the two. On January 22, 2007, the twentieth anniversary of the resumption of US-Mongolian diplomatic relations, President Bush praised Mongolia for its support in dispatching troops to support the US effort in Iraq and then wrote that “Your daily efforts are building a better life for your children and grandchildren … You have made the dramatic transition from communism to democracy, established a vibrant democracy, and opened up your economy to trade and prosperity.”

This view, based on reports by some of the international financial agencies and some US officials, ignores the decline of economic democracy in the country and the ensuing increase in socio-economic problems.

The scenario of MPRP survival and indeed dominance was not preordained. Instead, it was, in part, the product of adroit political maneuvering and compromises by its leaders and, simultaneously, its inexperienced and fragmented opposition. The devastatingly high rate of corruption also harmed political figures, but particularly non-MPRP leaders who had raised and then often failed to fulfill the public’s considerable expectations.

Pre-Communist Mongolia

Explanations for MPRP survival require a rapid survey of Mongolian relations with China and the USSR. Through the eighteenth and nineteenth centuries China governed Mongolia, eliciting considerable hostility. Mongolians believe that Chinese merchants exploited the country, pauperizing the population, and that Chinese and Manchu officials were repressive and dealt harshly with any evidence of Mongolian opposition.3

The collapse of the Qing dynasty in 1911 offered opportunities for independence, but disunity among the Mongolians, together with the

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2 See “Admiration for Mongolia from President Bush,” UB Post (1 February 2007); Mongol Messenger (31 January 2007). I do not cite specific pages for these Mongol newspapers because they are little more than broadsides.

intrusions of Chinese warlords, Japanese agents, Mongolian nobles, the Bogdo Gegen, the leader of the Mongolian Buddhist establishment, and White Russian military forces, dashed such hopes. The years from 1911 to 1921 were chaotic, as these various groups competed for power. Seeking to restore stability, several Mongolian nationalists appealed to the USSR for assistance. By July of 1921, with Soviet help, they had expelled most foreigners and, with Soviet advisers in tow, they gained control over the country. After initial juggling and purging of some nationalists, their leaders founded the MPRP in 1924, modelling their policies on those of the USSR. For the next six decades, political and economic initiatives in the USSR were shortly thereafter adopted in Mongolia. For example, Soviet repression and purges also characterized MPRP policies in the 1930s, leading to the deaths of tens of thousands.

MPRP as a Communist Party

The relationship between the USSR and the MPRP from the 1920s on has been a controversial topic. Some commentators have described Mongolia as a satellite and thus dominated by the USSR. Others, including Owen Lattimore, the dean of Mongolian studies who had an illustrious career at *Pacific Affairs*, have portrayed the USSR as extremely influential but with the MPRP leadership not always acquiescent. There is some evidence of MPRP disagreement and resistance to Soviet demands, although the Party generally followed the USSR line and leadership. Moreover, the MPRP organization resembled that of the Soviet Communist Party, with an elite leadership abiding by the principle of so-called democratic centralism. Like the Soviet Communist Party, the MPRP dominated the government and was the only legally permissible political party.

Also like the Soviet Communist Party, the MPRP adopted economic policies that fostered dramatic changes in ownership and in the specific sectors eligible to receive government support. In the 1950s, it successfully promoted collectivization, turning herders into workers. Herders could own a few animals, but most became the property of the collectives (negdeks). The MPRP also sought to avert reliance on pastoralism by fostering industrialization. It tapped into Mongolia’s rich copper and molybdenum reserves to initiate mining enterprises and capitalized on its abundant supply of animals to develop processing industries. Because the negdeks did not require as many herders, some moved to towns and cities and served as the growing industrial

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4 For a recent popular account of one of the leaders of these groups, see James Palmer, *The Bloody White Baron* (New York: Basic Books, 2009).

labour force. The government’s pro-natal policy added additional workers for these enterprises, but labour remained in short supply, despite a tripling of the population from 1950 to 1989.  

By the mid-1980s, MPRP policies had generated impressive gains in the economy, which had translated into benefits in education, health and social welfare. The MPRP government invested significantly in the social sectors. It supported boarding schools for herders’ children, increased the number of schools and teachers and provided food, textbooks and uniforms for students, among other benefits. To be sure, it mandated a curriculum that had a heavy dose of Marxist-Leninist propaganda and ideology. Nonetheless, its efforts yielded a high rate of literacy and an educated elite. Medicine also consumed a significant percentage of the MPRP budget. Although medical facilities were rudimentary by Western standards, the system eliminated many infectious and parasitic diseases, provided basic care for herders in remote areas, reduced maternal and infant mortality, and lengthened the life span.  

MPRP cultural policies encouraged links with the USSR. The Russians helped to found the first Mongolian university, and the best Mongolian students often pursued graduate studies in Soviet universities and academies. Russian was the second language taught in the schools, and in the 1940s, the MPRP, under Soviet pressure, replaced the old Uyghur script with the Cyrillic alphabet for the transcription of the Mongolian language. Problems arose with the arrival of Russian scientists, engineers, artisans and other experts and consultants to promote the development of the Mongolian economy and society. Enjoying privileged access to consumer goods and housing and earning much higher salaries than comparably well-qualified Mongolians, the Russians were, to put it mildly, unpopular. Nonetheless, the Mongolians were in a weak position in relation to the USSR, particularly after 1964. From 1950 to 1964, the MPRP enjoyed a strong bargaining position with the USSR due to its relations with China. The establishment of the People’s Republic of China and the ensuing resumption of Sino-Mongolian diplomatic relations in 1950 meant that the MPRP had a counterbalance to Soviet political and economic influence. For the next decade and a half, China provided economic assistance, as well as workers, for such large-scale projects as railway construction and apartment and office building. However, the onset of the Sino-Soviet split in the late 1950s and early 1960s compelled Mongolia to choose between its two neighbours. In

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1964, the MPRP opted to ally itself with the USSR and severed its relationship with China. After 1964, hostile pronouncements and provocations between Chinese and Mongolian officials offered the Soviets a pretext to station about 100,000 troops in Mongolia, mostly along the border with China.

MPRP’s rupture with China resulted in almost total dependence on the USSR and Eastern Europe, with some limited contact with Cuba and North Korea as well. The USSR and Eastern Europe were, by far, the country’s most important trading partners, investors and providers of aid, particularly after Mongolia became the only Asian country admitted into the Council of Mutual Economic Assistance (COMECON), the Communists’ principal economic organization, in 1962. Mongolian officials currently maintain that the USSR capitalized on the country’s limited opportunities for trade to obtain access to Mongolia’s resources cheaply. At the same time, according to contemporary Mongolian accounts, prices for Russian supplies, including energy, were inflated, as were demands for Mongolian payments for Russian technical expertise. Thus, after 1990, the MPRP challenged the Russian claims about the enormous debts owed for loans and assistance.

Whatever the tensions, the MPRP, sometimes to its detriment, followed the Soviet line. Its leadership occasionally resisted implementation of specific instructions, but for almost seventy years it typically adopted Soviet policies shortly after they were announced in the USSR. Yet the MPRP was clearly caught by surprise by the USSR’s reversal of its policies with Mikhail Gorbachev’s calls for glasnost and perestroika in the mid-1980s. Gorbachev’s speech in Vladivostok in July of 1986, in which he pledged a gradual withdrawal of the Soviet troops stationed along the Sino-Mongolian border, attested to these changes. After the Vladivostok announcement, the pace of change in Mongolia and the MPRP quickened. The government initiated commercial and political relations with Inner Mongolia and then with the rest of China. It pledged at least limited support for private entrepreneurship and for greater democracy, government accountability, and a freer press. In January of 1987, the US and Mongolia agreed to accord each other diplomatic recognition.

Greater MPRP openness, as well as the breakup of the Communist bloc in the late 1980s, set the stage for confrontation between reformers and the government. In December of 1989, a group composed principally of well-educated young people, a few of whom derived from elite backgrounds, started a demonstration in Freedom Square in Ulaanbaatar. Over a period of three months, the number of demonstrators increased, and non-violent demonstrations spread to areas outside the capital, culminating in a hunger strike in Sükhbaatar Square, the Red Square or Tiananmen of Ulaanbaatar. They demanded a multi-party system, a free press and respect for human rights. Splits in the MPRP and relatively weak leadership led to indecisiveness and lack of action. Meanwhile popular support for the hunger strikers grew, compelling the MPRP to make dramatic concessions in March of 1990. It
permitted the establishment of rival political parties and agreed to a multi-party election in July.

**MPRP’s Critical Decisions**

Having relented on these issues, the Old Guard in the MPRP would shortly thereafter make two critical decisions that have shaped Mongolia since then and that have ensured the Party’s survival but with a different ideology. Its first decision was to recruit a select few of the so-called reformers into high positions in the Party. A possible explanation for this shift in tactics was to co-opt the younger generation and to retain power in their own hands. The Old Guard appeared to assume that promotion of a few younger leaders into positions of authority would defuse criticism of its domination of the Party and government. It adopted this tactic despite its victory in July of 1990 in the first multi-party election in Mongolian history. The MPRP emerged victorious because it had a strong following, particularly in the rural areas, and because its opponents were divided and naïve. Nonetheless, Dashiin Byambasüren, the new premier, chose Davaadorjiin Ganbold, one of the dissidents, as first deputy premier. This choice would prove to be significant because Ganbold “would seek to implement an economic program that ‘he recalls proudly, was exactly according to Milton Friedman’s ideology.’”

The second fateful decision involved the changes wrought by the USSR’s decline and collapse. Almost all of Mongolia’s trade, investment and aid had been tied to the Soviet Union and, to an extent, Eastern Europe. The spillover from the Soviet Union’s meltdown could thus be devastating to the Mongolian economy, which required assistance in the transition to more diverse economic partners. China, its other close neighbour, would have been a natural choice as its partner, but the history of Chinese exploitation from the 1690s to 1911 militated against this option.

Instead the MPRP chose to turn to international financial agencies, including the Asian Development Bank, the World Bank and the International Monetary Fund and such national agencies as the Japanese International Cooperation Agency (JICA), the US Agency for International Development (AID), as well as NGOs like the Konrad Adenauer Foundation and the International Republican Institute. Resident representatives and consultants from these organizations, as well as private contractors supported by these agencies, have streamed into the country for the past 19 years. For the most part, these agencies promoted Mongolia’s transition to a pure market economy, with an immediate dismantling of the planned economy, a policy

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rightly known as shock therapy, which entailed privatization of the herds and the closing of state enterprises and the attendant unemployment.9

In my book Modern Mongolia, I have described the economic and social results: a growing disparity in incomes, an increasing incidence of poverty and crime, a weaker government (a principal objective of the pure market advocates), declines in health, education and public welfare, and damage to the environment and to arts and culture. Philanthropic agencies ameliorated the resulting social and economic dislocations and averted even greater dire consequences. The social safety net was frayed, and the government, shorn of revenues, increasingly beset by corruption, and adopting the pure market philosophy of gradually turning over many educational, health and social welfare functions to private entities, did not even cope with the pressing situation of street children in Ulaanbaatar, a problem that had not existed earlier.10 While I focused on these social and economic problems in my book, I praised the political changes that led to a multi-party system and free elections. However, between elections, there have been repeated irregular changes in government. Moreover, corruption has accelerated, particularly in government. Here, I want to focus on the MPRP’s survival due to a change in its philosophy. It no longer serves as a revolutionary party in support of a particular social class.

As of July, 1990, the MPRP’s Old Guard appeared to have saved itself by bringing a few reformers, even those who had founded their own political parties, into the government. At the same time, it held the young, so-called reformers within the MPRP at bay. It still held the levers of power and yielded only non-national security bodies, such as the Ministry of Culture, to the younger MPRP members. This strategy worked again in the 1992 elections. The MPRP won and installed a member of the Old Guard, Puntsagiin Jasrai, as the prime minister. Leaders of the other parties, as well as representatives of the younger MPRP group, were elected but were relegated to minority status in the Ulsiin Ikh Khural (or Parliament).

However, the policies that the Old Guard had accepted in 1990 generated changes that would shortly undermine its dominance. Its cooperation with the international financial agencies necessitated a dismantling of the planned economy. The almost immediate shift toward a market economy, with scant concern for proper training in the rule of law, a solid banking system, appreciation of contracts, government officials’ understanding of the need for a strict division between their public responsibilities and their private commercial gains, and stringent rules curtailing nepotism and favoritism, generated considerable profiteering and corruption. A few would profit, but


10 Eighteen years after the appearance of several thousand street children in Ulaanbaatar, the government has not taken adequate steps to address the problem; see Damien Dawson, “Street Children Remain Neglected,” UB Post (29 March 2007).
the vast majority of the population would be excluded, for example, from the division of state assets and would lose many state benefits and many of their social welfare guarantees. As one Fortune magazine journalist, who visited just a few years later, noted, it had been a “Wild Ride to Capitalism.”

The MPRP government elected in 1992 sought to limit the rapid pace of privatization of state assets and to preserve features of the social safety net. However, some Old Guard MPRP insiders profited through their positions, and the attendant increase in corruption offset their efforts at stability and harmed them. Then, too, the Old Guard faced international financial agencies, which demanded a smaller government, a balanced budget, and a reduction of expenditures on social welfare.

Four years of such Old Guard rule, with restrictions from international agencies such as the International Monetary Fund, generated considerable social dislocations. Unemployment, poverty and crime increased; many industries, including ones in which Mongolians ought to have had a competitive advantage (such as shoemaking and butter making) had closed; banks charged impossibly high rates of interest for loans, and some simply offered loans to friends, officials or other favoured clients; annual growth of gross domestic product (hereafter, GDP) did not meet rosy expectations. Many Mongolians blamed the MPRP Old Guard for these social and economic problems.

Moreover, the Old Guard’s second decision came back to haunt it in the elections. By seeking economic assistance from the mostly Western financial institutions, it had also provided opportunities for foreign activist non-governmental organizations (hereafter, NGOs) to operate in Mongolia. Most of these NGOs had charitable or philanthropic goals, but a few had decidedly political objectives. The Konrad Adenauer Foundation and the International Republican Institute (hereafter, IRI), in particular, intended to train new leaders and helped to found a Political Education Academy, mostly for the anti-MPRP leaders, while the IRI provided study tours and seminars to the same group. Naturally, training sessions on democracy and on multi-party systems could be considered valuable, but these NGOs may have crossed the line in assisting specific political parties in devising anti-MPRP tactics and strategy. They certainly offered funding for the anti-MPRP groups to develop grassroots organizations and, most important, fostered the development of the Democratic Union, a coalition of the anti-MPRP political parties, which offered a greater opportunity for victory in the elections. The IRI advised the new coalition to issue a “Contract with the Mongolian Voter,” in imitation of the 1994 US Republican Party’s “Contract with the US Voter.”

12 IRI Annual Report, p. 9; Werner Prohl and Peter Staisch, Dschingis Khan Lächelt: Die Mongolei auf dem Weg zur Demokratie (Bonn: Bouvier Verlag, 1998) deals with the Adenauer Foundation’s involvement in the political process and, in particular, in the 1996 election.
Disillusionment with the MPRP and strong foreign support for the Democratic Union resulted in the MPRP’s first loss in Mongolian election history. The anti-MPRP forces won 50 seats in the Parliament while the MPRP emerged with only 25 representatives. The IRI and the Asia Foundation, which generally emphasized non-political projects, boasted about their roles in the Democratic Union’s success. IRI cited in its promotional literature the words of T. Elbegdorj, the Democratic Union’s Co-Chair: “The victory is as much IRI’s victory as it is ours.” Similarly, the Asia Foundation noted that 36 percent of the non-MPRP members elected to the Parliament had benefited from its fellowship programme. In an interview, the new Speaker of the Parliament R. Gonchigdorj, echoing the views of the international agencies, said “that the main task of government was to generate a favorable environment for business.” The first Democratic Union Prime Minister M. Enksaikhan asserted that the “best economic policy is the best social policy”—that is, economic growth would “automatically take care of the country’s social development problems through … the trickle-down effect.”

The MPRP Loses Power

The MPRP itself would witness dramatic changes or a transmogrification of the Party. The Old Guard was now in disrepute both with the population at large and with the international financial agencies. Some younger members of the Party had, even before the election, recognized that the MPRP needed a change in orientation to survive. A few knew about a poll conducted early in 1996 which revealed that less than 35 percent of the population perceived of the MPRP as the best party to deal with the unemployment, the poverty, and the decline in living standards that had plagued Mongolia since 1990. Recognizing these trends, several members, including the bright and ambitious previous minister of Culture N. Enkhbayar (who would become prime minister in 2000 and was elected president in 2005), did not stand for reelection to the Khural. They now capitalized on the weakened Old Guard to make a bid for leadership. Like the leaders of the non-MPRP political parties, some of them had received at least part of their education in the West. The new secretary of the Party N. Enkhbayar, for example, had pursued graduate studies in Great Britain, and one of his successors as secretary of the MPRP and prime minister, S. Bayar, had received a graduate degree at the University of Washington. Unlike the Old Guard, they had close links with the West and sought to cooperate with foreign agencies. More and more of the top MPRP leaders accepted the agendas of the international financial agencies. As they supported the policies of a pure market economy, they too started to receive support from the foreign agencies.

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13 Rossabi, Modern Mongolia, pp. 69-70.
Many Mongolians considered the Democratic Union’s performance from 1996 to 2000 to be dismal. Internecine squabbling, personal ambitions and corruption led to the dissolution of the coalition and to the fall of three prime ministers and governments in this four-year period. Such instability, as well as adherence to a pure market agenda, actually resulted in limited economic growth, a devastating crisis in the pastoral economy, increasing use of regressive forms of securing revenue (VATs, user fees, etc.), an inability to devise an effective anti-poverty programme, a deterioration in health, education and welfare, and a greater Chinese involvement in trade and investment. Three bad winters, from 1999 to 2002, exposed the perils of privatization of herds and the lack of government support for the pastoral infrastructure (building of wells, provision of veterinarians, sufficient fodder and hay, low-interest loans, etc.), as the animal census declined by one-quarter.\textsuperscript{14} Banking scandals and a casino bribery case, which led to the imprisonment of three members of the Parliament, further clouded the tenure of the Democratic Union.

The New MPRP Regains Power

By 2000, the MPRP thus had a great opportunity in the elections owing to the turbulence, the government’s apparent inability to cope with the serious economic and social problems facing Mongolia. The new younger MPRP leadership had shifted away from its communist ideology and endorsed the privatization of some of the largest state-owned companies, as well as the most important banks. The young MPRP leaders, who had by now almost totally superseded the Old Guard, seemed less concerned about growing disparities in income, an arresting change in outlook and policy for a party reputedly dedicated to socialism and communism.

The post-2000 MPRP economic policies also differed from the traditional policies of a communist party. Because it did little to support and protect domestic manufacturing, cashmere processing and other industries in which Mongolia had comparative advantages continued to stagnate. Its leaders counted on mining and foreign direct investment rather than public investment to foster economic development and stated that private sector growth was the answer to unemployment, again significant deviations from the planned economy model.\textsuperscript{15} As it turned out, unemployment did not decline. In fact, the Government Employment Board admitted that the number of unemployed had actually increased from 220,000 in 2000 to 265,000 in 2004. Neither did the rate of poverty decline. For example,

\textsuperscript{14} The latest study of privatization of the herds calls it “disastrous.” For a description of what happened in one location, see Ole Bruun, Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market (Lanham: Rowman and Littlefield, 2006), pp. 17-22.

\textsuperscript{15} Rossabi, Modern Mongolia, pp. 96-101.
disastrous winters from 1999 to 2002, as well as lack of the government support that prevailed before 1990, devastated the pastoral economy, prompting many herders to migrate to Ulaanbaatar where they lived in poor conditions and swelled the number of unemployed. Finally, corruption did not abate during the MPRP rule from 2000 to 2004.

Reacting to criticism about the failures of a Poverty Alleviation Program, which was initiated as early as 1994, and about other social conditions, the MPRP and international financial agencies proposed a variety of social sector projects during this time. Slightly more funds were allocated to education, health and welfare. The MPRP somewhat increased pensions and wages, received foreign aid for the construction of apartments, and pledged to improve conditions for the large number of rural residents who had flocked to Ulaanbaatar, joining the pauper population and living in appalling conditions. However, the MPRP had adopted the market agenda and emphasized that economic growth and reliance on the private sector were the solutions to unemployment and other social sector problems. For example, the money for some of the new apartments would be turned over to banks, which would offer loans to prospective owners, often at high rates of interest. At the same time, more and more businessmen joined the MPRP, tilting its policies further toward a market economy.

Wild Ride in Politics

Persistent social and economic problems translated into loss of confidence in the MPRP in the 2004 elections. The Party, which had won 72 of the 76 Khural seats in 2000, wound up with only 36 members in 2004. The Motherland Democratic Coalition, which consisted of a union of quite disparate groups, had 35 seats. By this time, however, the differences between the MPRP and other parties were based primarily on personalities, not on ideology and programmes, although the MPRP remained somewhat to the left. Nearly all parties, including the MPRP, had embraced market policies as the answers to Mongolia’s problems. Thus, within a short time, the MPRP and the Motherland Democratic Coalition had forged an agreement which would permit a government to take power. The two parties would split the four-year tenure of rule, with a Motherland Democratic Coalition prime minister forming a government in the first year, followed by a MPRP prime minister for the last two years.

This unusual resolution did not work out as intended. The initial problem involved the Motherland Democratic Coalition. The Motherland part of the Coalition was really the organ of B. Erdenebat, a wealthy mine owner who was accustomed to getting his own way and, on occasion, appeared to use the Party for his own pecuniary advantage.\textsuperscript{16} He was not ideally suited for

\textsuperscript{16} \textit{UB Post} (20 January and 28 July 2005); \textit{Mongol Messenger} (19 October 2005).
cooperative arrangements, and within a year, had broken with the Democratic Party, his partners in the coalition. This breakup left the prime minister with a splintered minority party and made him vulnerable to MPRP machinations. Therefore, in January of 2006, with more than half a year remaining in his term, Prime Minister T. Elbegdorj, lacking majority support, was compelled to resign, another indication of the irregularities in the political system. As Stephen Noerper, an American political scientist who had lived in the country for some time, observed, “until recently [Mongolia] had been held out as a harbinger for new democracies in the region,” but he cautioned that “Mongolia may see a period of political turbulence.”

The new government, composed principally of MPRP politicians, did not allay such fears. M. Enkhbold, the new prime minister, had been the mayor of Ulaanbaatar when the privatization of the capital’s land had taken place and land licenses had been allocated, a process that witnessed considerable irregularities. His Cabinet appointments did not inspire confidence. B. Erdenebat, president of one of the largest gold mining companies, would head the Ministry of Energy and Fuel, and I. Erdenebaatar, one of the gold miner’s employees, became minister of the Environment, posing apparent conflicts of interest. B. Jargalsaiyhan, the new minister of Trade and Industry, owned a cashmere processing company that had earlier received a private government guarantee for a loan granted by a Japanese firm; he had, in fact, defaulted on the loan, prompting a serious lawsuit against the Mongolian government.

The political turbulence continued. The Civil Will Party observed that “confidence in Parliament is under a cloud” and noted that the “President wants MPs to improve [their] behavior.” In February, 2007 the minister of Trade and Industry was compelled to resign amid accusations that he illegally granted mining licenses and that he directed government construction projects to his own firm. The MPRP-dominated Parliament also repeatedly ignored the demands of one of its most honest and zealous members to compel MPs to make public their tax forms, to act vigorously against corruption, and to force political parties to reveal their sources of financing, a rejection which contributed to public cynicism about politicians. It is no accident that over 55 percent of the population lacked confidence in the Parliament, 68 percent in state institutions, 71 percent in political parties, and 77 percent in the judiciary. In another irregular development, Prime Minister Enkhbold was forced to resign in October of 2007, and S. Bayar, the leader of the government as of this writing, became prime minister.

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18 UB Post (19 January 2006); Mongol Messenger (8 February 2006).
19 UB Post (25 January, 8 February 2007); Mongol Messenger (7 February 2007).
20 L. Sumati, Politbarometer (Ulaanbaatar, March 2007).
Turbulence in late June and early July of 2008 was the culmination of this political instability. The MPRP won the Parliament elections, but the Democratic Party charged that considerable fraud characterized the election and demanded recounts and other changes. Although nearly all foreign election observers disagreed with the Democratic Party, demonstrators, supporting the dissenters, met in the centre of Ulaanbaatar. Violence erupted, and the demonstrators torched the main MPRP building, damaged the State Opera and Ballet Theater, a bank, Philharmonic Hall, and destroyed 4,000 paintings in the Modern Art Gallery. The police shot into the crowd and killed five demonstrators.\(^{21}\) The demonstrators and the government blamed each other for the violence. One respected commentator stated that “the fragility of Mongolia’s political landscape dived following four days of post-election violence.”\(^{22}\) Toward the end of summer, the Democratic Party accepted the results, and the government stabilized, with some Democratic Party participation in leadership.

Meanwhile the public continued to be uneasy about increasing corruption in the MPRP, the government and the economy. Transparency International attested to this increase. In 2004, it had ranked Mongolia 85th of 146 countries surveyed on its corruption index, but by 2006, Mongolia had slipped to 99th.\(^{23}\) A USAID study confirmed the Transparency International findings, citing conflicts of interest, lack of transparency and corruption in the police departments, the government, and the tax and Customs offices, and adding that government attempts to combat corruption were “nascent and rudimentary.” One of the survey’s researchers asserted that only 42 percent of income was reported to the government.\(^{24}\) The report did not mention that the international financial agencies had, for more than a decade, promoted deregulation and a minimalist government, limiting the state in efforts to deal with corruption.

Yet the MPRP’s response has not been encouraging. It finally enacted an anti-corruption law, but controversies have swirled around the effectiveness of the enforcement agency. The most recent surveys have concluded that, as the newspaper headlines note, “People Think Corruption Has Increased” and that “Bribe Taking Officials Get Easy Ride from the Law.”\(^{25}\) No doubt low salaries for civil service officials (including teachers and physicians) have contributed to demands for bribes for the delivery of basic government services, for entrance into superior schools and good grades, and appropriate

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\(^{21}\) *UB Post* (3 July 2008).

\(^{22}\) *Mongol Messenger* (9 July 2008).

\(^{23}\) *Mongol Messenger* (10 November 2004; *UB Post* (9 November 2006).


\(^{25}\) *UB Post* (27 October 2005 and 1 March 2007). A poll conducted by the Asia Foundation in 2008 found that 74.5 percent of the population believed that the corruption law was not working properly. See *Mongol Messenger* (10 December 2008).
medical attention. Yet a major consideration has been the transmogrification of the MPRP from an authoritarian party but with concerns for social welfare, education, government services and limitations on corruption to one which believes in minimalist government and is increasingly identified with and staffed by businessmen. Principles regarding conflicts of interest and nepotism have not been embedded in the minds of the MPRP leadership. Its communist message has eroded considerably, although it remains somewhat left of centre.

Compounding the problem of corruption, against which the MPRP has not vigorously acted, are the difficulties associated with the Party’s embrace of a pure market economy. Adopting the philosophy of the international financial agencies, it has repeatedly relied on private-sector growth to deal with poverty and has accepted grants and loans for business development, attracting foreign investment and downsizing government, certainly major deviations from the Party’s pre-1990 policies. This trickle-down approach has become the MPRP’s new banner and has often coincided with the IMF’s call for reduced government expenditures and greater flexibility for the private sector. The Party has endorsed continued privatization by the State Privatization Committee, even on at least one occasion without proper consultation with stakeholders, and unfettered free trade, policies that are not usually supported by socialist or communist parties.

The MPRP and Management of the Economy

Over the past few years, a number of organizations and individuals have begun to criticize the government’s management of the economy and the MPRP’s retreat from its concern for social welfare. A study of the pastoral economy concluded that, “We would like to note that in the last years the Government has allocated relatively little [sic] resources on introducing new technologies and equipment in livestock selection and breeding work, on importing highly productive animals of good breeds and their embryo, on fodder production or on other activities.” Another study, supported by US AID, sharply questioned the MPRP’s view and a former AID analysis which portrayed the informal sector or the shadow economy as a positive embodiment of the entrepreneurial spirit. Contrary to the results reported by the earlier study produced by a private contractor for AID, the new survey found the following: more than 40 percent of the respondents did not pay taxes; 30 percent bribed (with cash) and 20 percent provided gifts to government officials; about 20 percent smuggled goods into the country;
and 80 percent believed corruption to be widespread throughout Mongolia. The researchers discovered that “regulatory concerns and the perception that there is a lack of serious consequences for non-compliance are two factors associated with many of the illicit behaviours that respondents admitted.”\textsuperscript{29} The MPRP has done little to root out such illegal behaviour, not to mention a lack of attention to the health and safety issues relating to these largely unregulated private enterprises, again deviating from the socialist and communist principles of public regulation.

Critics noted that one indication of the MPRP’s transformation was the growth in income inequality and the Party’s lack of effort to reduce such disparities. The Gini coefficient continues to increase, despite growth in GDP until the middle of 2008, fueled by mineral extraction and export.\textsuperscript{30} Even the Asian Development Bank noted in its latest report that the “benefits from mineral wealth have not been broadly distributed.” The majority of Mongolians have not profited from the mineral bonanza, and the MPRP scarcely acted to ensure a more equitable sharing of the wealth.

Reacting to such critiques, MPRP ministers have, on several occasions, spoken about deviating from the international financial agencies’ agenda, but MPRP policies have not been altered. Critiques noted that the IMF’s emphasis on austerity and limited government spending exacerbated social problems, and they stated that the government and aid organizations needed to focus on unemployment, poverty and income disparity.\textsuperscript{31} Yet MPRP policies have not truly deviated from the pure market policies, still another indication of the shifts in the Party’s ideology.

Developments in mining have witnessed either still another example of the MPRP’s deviation from its past or, perhaps, its lack of skilled experts in this field. The MPRP-dominated government could not help but notice China’s voracious appetite for raw materials, including minerals, and its own abundance of copper and gold, among other minerals. Believing that Mongolia did not have sufficient indigenous capital or expertise to extract the minerals, it relied on foreign investment to tap into these resources. And perhaps controversially, it counted on mining to be a substantial part of GDP and the most important export item. Party leaders knew that mineral resources were not renewable and that the so-called Dutch disease, in which countries receive substantial income from such natural resources and the attendant inflow of foreign investment and the rise in exchanges, could lead to declines in manufacturing and could subvert sustainable economic growth.

\textsuperscript{29} IRIS Center of University Research Corporation, International University of Maryland for USAID, \textit{The Size and Character of the Informal Sector and Its Shadow Economy in Mongolia} (Ulaanbaatar, 2005), p. 79.

\textsuperscript{30} \textit{UB Post} (29 March 2007).

\textsuperscript{31} \textit{Mongol Messenger} (2 November 2005).
The MPRP’s involvement with Robert Friedland, the executive chairman of Ivanhoe Mines, has been controversial. Friedland, who had been labeled “Toxic Bob” owing to the alleged damage his earlier mining company had caused in the Colorado River, had managed to secure exclusive licenses for exploration of vast tracts in the south Gobi Desert. He asserted that he had discovered “the largest copper and gold project in the world,” which also had coal reserves, within a short rail distance from China. In a speech delivered to potential investors, he said that “nothing of the scale has been found on Planet Earth in the last 30 years.” He also noted that China had committed itself to building a railroad near his site (as he stated, “we don’t have to pay for any of this stuff”), that he had a neighboring airport and 1200 people working there, that his men had found water which would facilitate mining, and that he was in the midst of negotiating a favourable Stability Agreement regarding his Oyu Tolgoi site with the Mongolian government.32

Friedland harmed his prospects with his own words. He described the Oyu Tolgoi mine as a “cash machine” because the tax rate he sought in the stabilization agreement with the Mongolian government would be a paltry 5 to 6 percent. In addition, he noted that he would enjoy a five-year tax holiday from the government, which he asserted had a pro-business mentality. Shifting to profits, he used a comparison: “You’re making T-shirts for 5 bucks and selling them for $100. That is a robust margin.” His admission about damaging the Mongolian environment and earning 95 percent of the profits from the mines certainly raised Mongolian hackles when the speech became public. In the spring of 2006, demonstrators in Ulaanbaatar protested against Ivanhoe and even burned an effigy of Friedland.33

Finally, the World Bank and foreign experts, recruited by the Open Society Forum, weighed in on Ivanhoe’s proposed Stability Agreement. Both the World Bank and the independent consultants criticized the Stability Agreement, asserting that it deviated from “international good practices” and offered extraordinarily favourable terms for Ivanhoe. They found the proposed royalty rates to be extremely low and the tax holiday too generous, concluding that the “expected return to Ivanhoe is … far above the normal range and 50 percent higher than shown in the study’s base case.” Questioning Ivanhoe’s assumptions about gold and copper prices, they noted that the company’s misleading figures would, if accepted, mean that “the annual return to Ivanhoe over the life of the project would be astonishing.” Under the agreement, the government would not receive income for almost a decade and much of the increase in the Mongolian GDP would, in reality, be enjoyed.

33 UB Post (16 March 2006); Mongol Messenger (26 April and 3 May 2006).
by foreigners. In addition, “the largest part of the permanent infrastructure [would] benefit China. The major roads, the railroad, the sale of power … [would] all be directed to China. While … Mongolia [would] provide the resources and the water and have to absorb the waste and environmental degradation.” Finally, Ivanhoe’s projections of employment gains for Mongolia were “overstated.” Nonetheless, the government continues its negotiations with Ivanhoe and other mining companies.

The global financial crisis of 2008-09 has, in any case, impinged on mining prospects and the entire economy, creating almost insurmountable problems. Before 1991 and its involvement with the IMF, the Asian Development Bank, and other international financial organizations, the MPRP and Mongolia had few concerns about foreign economic developments beyond the Soviet bloc. However, their dependence on the global economy, as well as their emphasis on a generally deregulated market economy, has contributed to difficult conditions. Prices for cashmere, gold and copper have declined, pushing concerns about mining to the background. Foreign investment has been considerably reduced, and at least one bank has collapsed and others are not offering loans. As a result, some mining and construction projects have been delayed, leading to layoffs and even more significant unemployment and increases in poverty. As of February, 2009, Mongolian labourers abroad also have been sending 40 percent less money to their families in Mongolia. Such decreases have led to an unfavourable balance of trade, have undermined the Mongolian exchange rate, and have resulted in a spurt in the rate of inflation. The IMF and other international financial organizations have responded with the same formulaic advice: a balanced budget, a decline in government spending, which translates into cutbacks in social welfare, health and education. This advice is the exact opposite of the Obama administration’s response to the economic crisis. Dependence on the market and deregulation still appear to be the international financial organizations’ philosophies. It remains to be seen how Mongolia and the MPRP will fare if they adhere to this approach.

The MPRP and Mongolian Society

The catalog of problems and abuses that the MPRP has scarcely tackled is substantial. For example, the March 29, 2007 headline of a newspaper article, “Street Children Remain Neglected,” indicates that, 17 years after the appearance of several thousand poor or abused children living or at least spending much time on the streets of Ulaanbaatar, the MPRP has not devoted much effort to coping with even this seemingly tractable problem.

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35 Mongol Messenger (15 October 2008; 4, 11, and 18 February 2009).
The natural environment, which the Mongolians have revered throughout their history, should be at the top of the list of problems that need attention. The land, the water, and the air have traditionally, via shamanism and other customs and practices, been at the centre of their spiritual lives, and they have been proud of their pristine environment, and their ability to accommodate their lifestyles to Nature. However, report after report, sponsored by the World Bank, the World Wildlife Federation, and other agencies, have highlighted the damage to the environment. Yet the MPRP government provides a minimal amount of its budget to the Ministry of Nature and the Environment. The Ministry of Nature and the Environment simply does not have the resources, the manpower, and the skilled expertise to enforce the laws relating to the environment and to educate the public about conservation. The MPRP’s and the international financial agencies’ dependence on “market-based mechanisms” has not halted environmental degradation and improper use of land, water and air resources. Immediate self-interest and profits have superseded long-term considerations.

The lack of decisive MPRP action has led to deteriorating environmental conditions. Pastureland degradation, owing to an increase in the number of goats for cashmere production and poor access to transport and markets, which compels herders to remain close to the larger population in cities, has accelerated. Legal and illegal mining has often ravaged the land and either polluted or dried up water supplies.\textsuperscript{36} A recent World Bank report found that “lack of planning and active management, lack of investment, loss of capacity, and corruption have together led to a significant degradation of forest quality and have created virtual anarchy in the industry.”\textsuperscript{37} Still another World Bank report concluded that the illegal wildlife trade had decimated the saiga antelope, red deer, argali, marmot and saker falcon populations. The authors blamed the lack of legislation, the paucity of expertise and money in the Ministry of Nature and the Environment, and corruption for the crisis in wildlife management and advocated a greater government role to remedy the situation.\textsuperscript{38}

The educational system has also continued to deteriorate despite MPRP claims of improvement after the significant drop-out rate in the 1990s. Gita Steiner-Khamsi and Ines Stolpe, two respected academics with long experience in Mongolia, challenged the MPRP’s claims, writing that “[t]he fact that drop-outs and non-enrollees almost disappeared from official

\textsuperscript{36} World Bank, \textit{A Review of Environmental and Social Impacts in the Mining Sector} (Washington, May 2006), p. 1 states that “The environmental record of the Mongolian mining companies is mixed at best.”


statistics suggest that the government and international donor organizations decided not to treat these children with priority any longer." They contended that the figures on drop-outs had been distorted or falsified. They also offered a withering critique of the MPRP’s and Asian Development Bank’s so-called educational reforms, which aimed “at drastically reducing public spending for education” rather than improving education. Then a survey conducted by the National University of Mongolia disclosed the demanding lives endured by the several thousand child domestic workers in Ulaanbaatar and the approximately thirty thousand children working for other families in the countryside. Yet again, the MPRP has not provided much assistance for these young people.

Other problems to which the MPRP has scarcely accorded much attention reveal why the United Nations Development Programme recently ranked Mongolia 114th of 177 countries in its Human Development scale. The incidence of tuberculosis, a signifier of poverty and limited public health resources, has continued to increase. Declining health facilities, limited access to medical care and inadequate insurance coverage, and deteriorating quality of medicine remain serious problems. Air pollution in Ulaanbaatar has worsened. Recent articles in the press have dealt with increased incidence of human trafficking, adulterated food and medicines, domestic and child violence, and inadequate and sometimes dangerous handling of garbage and other waste. After summarizing these problems, an economist with the Open Society Forum remarked, “I worry that if this situation persists for another couple of years, there will be social unrest.”

Many of these problems originated with the MPRP’s decision to transform itself from a communist party to an advocate of a pure market economy. The MPRP survived after the collapse of communism in Mongolia, but its political ideology and its economic policies have changed. It adopted the pure market economy and shock therapy ideologies of the international financial agencies, which the Polish economist Grzegorc W. Kolodko had described as “ill-advised.” He stated that “[m]ost postsocialist countries have paid dearly for the ensuing mismanagement, especially due to the negligence of gradual …
process of institutional building. There is nothing like shock therapy in postsocialism. Transformation is a big lasting process of institutional building and restructuring.” He added that “[o]ne should be very careful about downsizing the government.”43 The MPRP has become increasingly associated with a new elite base principally in the capital city of Ulaanbaatar and has done little to stem the disparities in income observed by an American journalist: “While the newly rich in Ulan Bator [sic] drive Land Cruisers and live in modern apartments or villas, roughly half the residents are clustered in slums on the city’s outskirts that lack plumbing, sewage or other public services.”44

In short, Mongolia faces an array of social, economic, environmental, educational and medical problems which the newly configured MPRP, the bastion of communism from 1924 to the early 1990s, has been unable to resolve. Corruption and mismanagement have contributed to its relative ineffectiveness in dealing with poverty, unemployment and related issues, but its wholehearted devotion to the market economy and minimalist government may also be stumbling blocks. A recent UNDP study has questioned even the Party’s and Mongolia’s oft-publicized move toward democracy.45

To be sure, in less than two decades, the MPRP and Mongolia have been transformed from a single party and dictatorial regime to a multi-party system and state. They have veered away from the generally repressive Central Asian States, their closest neighbours in the old Soviet bloc. Elections have been fair, and human rights violations are, by far, the exception. Yet the MPRP, in breaking away from its communist past, adopted shock therapy, market fundamentalism, deregulation, and limited government, which have resulted in high rates of unemployment and poverty, growing disparities in income, fraying of the social safety net, declines in health and education, degradation of the environment, and increasing economic dependence on a few natural and mineral resources. The MPRP is no longer repressive, but its economic policies and the devastating results pose a potential threat to democracy.

City University of New York and Columbia University, USA, March 2009

43 Mongol Messenger, 2 August 2005.
44 Kurtenbach, “Mongolia”; Mongol Messenger (3 August 2005).
The Communist Party and Financial Institutions: Institutional Design of China’s Post-Reform Rural Credit Cooperatives

Lynette Ong

Introduction

Financial-sector reform is a cornerstone of economic restructuring in China. Described by Nicholas Lardy as the “Unfinished Economic Revolution,” the path of reform followed by China’s financial sector, which holds the country’s enormous savings, has been a rocky one. It is widely recognized that the impediments to financial reforms stem in large part from the complex political-economic realities facing transitional China. Scholarship on the political economy of financial-sector reform has tended to examine it either from the angle of institutional politics at the central level (for example, Heilmann) or from the perspective of elite politics (for example, Shih and Liew).

What is largely missing from the literature is the configuration of the Communist Party’s power in the financial organizations. Beset by lack of access to valuable data, a majority of researchers studying China’s financial sector have tended to treat Communist Party institutions as non-existent or something exogenous to the system. Notable exceptions are Heilmann, who looks at policy making and institutional politics in Shanghai’s financial

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industry,4 and Shih, who deals with elite politics in the banking industry.5 However, the party’s influence over the financial organizations is so great that it must be a focus for analysis. Apart from some work on the party’s influence on the corporate governance of state-holding corporations6 and on cadre management,7 how Party institutions operate and how they exert authority in financial organizations is almost a “black box” to the Western world. As this paper will establish, unraveling this “black box” is crucial in getting to the crux of the issue.

Scholars studying the former economic top performers such as Japan and the “Asian Tigers” will find much that is familiar in this paper’s findings. Though China’s Communist Party institutions are not replicated in other Asian countries, the hard lessons that the Asian neighbours learned from the Asian financial crisis—the problems caused by a politically cozy relationship between governments, banks and enterprises—are transferable.

The Rural Credit Cooperatives (RCCs), or nongcun xinyong hezuoshe, have been the core credit institutions in rural China, where three-quarters of the country’s population still reside, since the Communist revolution in 1949. As the only formal credit organizations with a network extending to the grassroots level (township), the RCCs are the major—and often the only—formal providers of credit to rural households. However, the RCCs are not very effective in meeting the credit demands of the very constituencies that they are supposed to serve. Rural households consistently contribute more than 80 percent of total deposits,8 but account for only one-third of total loans. Moreover, the RCCs are saddled with mountains of bad debt, much of which is nonperforming loans to township and village enterprises (TVEs).9 This robs the credit cooperatives of valuable funds for lending, further reducing the supply of credit to rural households.

Reforms of the rural credit cooperatives epitomize the complexity of China’s political economy and highlight the obstacles with regard to financial-

8 Zhongguo jinrong xuehui, Almanac of China’s Finance and Banking [Zhongguo jinrong nianjian] (Beijing: Almanac of China’s Finance and Banking Editor Board, various years).
sector reforms. Since the mid-1980s, the central government has planned new institutional design to make the credit organizations genuinely accountable to member households. After separation from the state-owned bank in 1996 until 2003, the grassroots RCCs were loosely managed by central bank branches, predominantly at the provincial and county levels. The lack of strict vertical management structure made them easy targets for control by local governments. There was no substantial progress in reform until 2003, when the central government put the provincial governments in charge, introduced three institutional models—rural commercial banks, rural cooperative banks, and the original rural credit cooperatives—and implemented a pilot reform programme in eight provinces and municipalities. After completion of the pilot programme, the reform was rolled out to the rest of the country, starting in 2004. As part of the reform effort, the central government also provided a range of financial subsidies to assist the RCCs in cleaning up their historical losses and balance sheets, including 170 billion yuan debt-for-bonds swaps, and earmarked central bank loans at a subsidized interest rate. This present study, based on fieldwork from 2004 to 2006, evaluates the institutional design of the post-reform rural credit organizations.

Despite being nominally “cooperatives,” which implies organizations owned, managed and operated by members and designed to serve their needs, the RCCs were in fact managed as local branches of a state-owned bank from 1979. Since the RCCs were made independent of the state bank in 1996, central policy makers have been searching for an institutional model to improve the operation of the RCCs in serving the credit demands of member households.

In organizational analysis, “agency problems” are usually inevitable when there is a separation of ownership and management. Since the principal (owner) and agent (manager) have divergent objectives, the agent will be investing effort in pursuing matters not necessarily in the inherent interests of the principal. With regard to the RCCs, since member households very rarely take part in member representative meetings, the manager holds an informational advantage that gives them enormous power over the credit organizations, resulting in insider control, an issue familiar in the literature on corporate governance.


The eight provinces which were included in the pilot reforms included Zhejiang, Jiangsu, Shandong, Shaanxi, Shanxi, Guizhou and Chongqing.

Furthermore, member households face the collective action problem in monitoring the agent’s behaviour.\textsuperscript{14} This is a problem recognized in studies of corporate governance: being part of a large number of dispersed corporate shareholders, individual members have little personal incentive to monitor the agent’s actions. The large number of rural households or depositors in a township credit cooperative—from 5,000 to 25,000 in the areas where my field studies have been conducted—means that the gains resulting from any mobilized action will also accrue to those who do not invest any effort.

Those problems aside, the RCCs, like other government or quasi-government organizations in China, are heavily influenced by Communist Party institutions at the local level. Local Party committees frequently interfere in credit institutions’ loan allocations to favour their enterprises and projects, in order to promote the local economic growth on which their political careers depend. Local Party committees influence the operation of rural credit organizations by exercising influence over cadre management or the \textit{nomenklatura} system to which RCC senior management belong.\textsuperscript{15}

Extending this line of analysis, this paper examines the extent to which the most recent institutional reforms have addressed the effects of insider control, the problem of collective action for member households, and the influence of the local Party on the operations of the rural credit organizations. The interference of local government in the allocation of loans has significant implications for how the literature has traditionally perceived the role of local government. Scholars have seen this role as positive in regard to the country’s economic development, describing the local states as “corporatist” (Oi),\textsuperscript{16} “entrepreneurial” (Duckett)\textsuperscript{17} and “developmental” (Blecher and Shue).\textsuperscript{18} To varying degrees, these studies have applauded local states for their interventionist and instrumental roles in rural industrialization. They see this activity as underpinning the wider economic expansion, on the grounds that fiscal decentralization, in giving local states an incentive to retain revenue, has prompted them to engage vigorously in income-generating business activities—put simply, to behave like “corporations” and “entrepreneurs.” Evidence presented in this paper, however, presses for a fundamental rethinking of the role of local states. The mounting problem

\textsuperscript{14} Lynette Ong, “Multiple Principals and Collective Action: China’s Rural Credit Cooperatives and Poor Households’ Access to Credit,” \textit{Journal of East Asian Studies}, vol. 6, no. 2 (2006), pp. 177-204.


\textsuperscript{17} Jane Duckett, \textit{The Entrepreneurial State in China: Real Estate and Commerce Departments in Reform-era Tianjin} (London and New York: Routledge, 1998).

of the non-performing assets of rural credit cooperatives resulting from massive loans to local government-owned TVEs shows clearly the need to reassess the effects of local government business-like behaviour.

This study aims to contribute to the literature in the following ways. First, by analyzing the configuration of Communist Party institutions, it shows that the institutional design of the post-reform rural credit cooperatives and banks is still fundamentally incompatible with effective corporate governance. Second, it adds to the literature explaining why the problem of local Party interference in the allocation of loans has persisted in China’s financial sector. The consequences of this local government interference suggest that a reappraisal of the role of local states in China’s economic development is overdue.

Empirical data for this study was collected from more than 120 semi-structured interviews with persons involved with the rural credit cooperatives from 2004 to 2006 in seven provinces and municipalities: Zhejiang, Jiangsu and Shandong (three of the eight provinces which have undergone pilot reforms) during August-December 2005; Sichuan and Hebei (where no reforms have been undertaken) during June-August 2004 and in July 2005, respectively; and Beijing and Shanghai municipalities, where financial-sector reforms are ahead of the rest of the country. This paper has also benefited tremendously from a rural credit survey of about 300 households which I conducted, and many discussions with Chinese academics and policymakers specializing in this area.

This paper is structured as follows. The next section describes the rationale for the RCCs’ reforms. Section 3 briefly reviews the two fields of literature which this paper addresses: the political economy of China’s financial reforms, and insider control and the problem of collective action in corporate governance. Sections 4 and 5 present key empirical findings and analyses: section 4 sets out the institutional structure of the provincial unions, and various post-reform models; and section 5 examines the institutional design of the post-reform credit organizations: the corporate governance structure and internal party institutions. Section 6 places the issues discussed in the broader context of China’s financial institutions and its relation with the Communist Party’s control system. The last section concludes this study.

Rationale for the Rural Credit Cooperatives’ (RCCs) Institutional Reforms

Three-quarters of China’s population still resides in the countryside. Poor rural residents in China depend critically on their access to the formal credit market to maintain basic livelihoods, while those in peri-urban areas rely on credit access to improve their living standards. Since the early 1980s, the

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19 In some parts of rural China where private enterprises are vibrant, such as Wenzhou prefecture in Zhejiang province, informal finance plays a greater role in supplying rural residents
central government in China has been trying to reform 35,000 Rural Credit Cooperatives (RCCs) nationwide—the mainstay of formal credit throughout rural China—to make them better able to meet the credit needs and demands of local communities. Despite various government policies to improve households’ access to credit, a consistent feature of the RCCs is that their loans are often allocated to local government-owned enterprises and projects, rather than to rural households involved in either farming or small trading. Throughout the 1980s and 1990s, loans to local government-owned collective enterprises consistently accounted for about half of the RCC loans, leaving the rural households with a quarter or less, despite the fact that more than 80 percent of the RCCs’ capital has consistently come from the savings of rural households, as indicated in the Almanac of China’s Finance and Banking (Zhongguo Jinrong Nianjian) (see figures 1 and 2 for details).

Because local government-related borrowers typically have higher default rates than household borrowers, the RCCs suffer chronic financial losses, and are saddled with mountains of bad debt; the non-performing loan (NPL) rate nationwide was estimated at 50 percent in the late 1990s.20 The immense

![Figure 1](https://example.com/figure1.png)

**Figure 1**

Composition of RCCs’ Loans Nationwide (Various Years)

<table>
<thead>
<tr>
<th>Year</th>
<th>Other commercial and industrial</th>
<th>TVEs</th>
<th>Household loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>11.0%</td>
<td>46.8%</td>
<td>33.0%</td>
</tr>
<tr>
<td>1994</td>
<td>25.8%</td>
<td>53.4%</td>
<td>21.5%</td>
</tr>
<tr>
<td>1999</td>
<td>21.5%</td>
<td>45.1%</td>
<td>31.1%</td>
</tr>
<tr>
<td>2004</td>
<td>33.4%</td>
<td>35.8%</td>
<td></td>
</tr>
</tbody>
</table>


financial burdens have also drained the liquidity of these small credit organizations and constrained their ability to lend to households.

After the launch of Deng Xiaoping’s market reforms in 1979, the central government made the RCCs, which were previously subordinated to the rural communes, report to a state-owned bank, the Agricultural Bank of China (ABC). For one-and-a-half decades, the RCCs functioned as grassroots branches of the state-owned bank, though they kept separate accounts, and their employees were subject to a different compensation system, which usually paled in comparison to their state-owned bank colleagues.²¹

The RCCs formally severed their relationship with the Agricultural Bank of China in 1996 following an overhaul of the state-owned bank’s operations. Instead, the central bank set up more county credit unions to manage grassroots cooperatives.²² Since then central policymakers have been looking for a suitable institutional model for the RCCs to make them “truly

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²¹ From the author’s field interviews with retired RCC officers.

²² The county credit unions in turn had to report to the central bank’s offices at the local level.
accountable to member households” and to become “commercially sustainable.”

In June 2003, the central government implemented pilot reform in eight places, which included Zhejiang, Jiangsu, Shandong, Jiangxi, Shaanxi, Guizhou and Jilin provinces, and Chongqing municipality. The major contents of the reforms included:

(a) Transfer of management rights (guanli quan) of the RCCs to the provincial governments, which are responsible for overseeing the RCC management, and are not to be involved directly in detailed operations.

(b) The RCCs can adopt an institutional model from a choice of three, including the rural commercial banks, the rural cooperative banks and the original rural credit cooperatives. Localities with a higher degree of industrialization and a lesser need to support agricultural households can adopt the profit-maximizing commercial banking model. Localities that still have disproportionately large numbers of subsistent households are to retain the original cooperative model, while the cooperative banks are suitable for those locales that are neither highly developed nor poor and subsistent. The qualifying criteria for the models also differ in terms of financial performance of credit organizations, with the commercial banking model requiring the best performance, followed by the cooperative banking and the credit cooperative models, respectively. We will return to the specifics of the models later.

To relieve the RCCs of their financial burdens, the central bank implemented a variety of policies to make them financially viable. The biggest ongoing aid programme is an interest-rate subsidy, under which the RCCs can borrow funds from the central bank at around 2 percent and yield a handsome profit when the money is lent to farmers at market interest rates. In addition, the central bank also provided 30 billion yuan worth of subsidies to those credit cooperatives that suffered losses due to the central government’s interest-guarantee policy in the period from 1994 to 1997. The central government also reduced business tax (yingyeshui) and fully exempted the credit cooperatives, in the relatively poor central and western regions, from paying corporate income tax.

The non-performing loans (NPLs) of the RCCs are largely made up of non-recovered loans to local government-related enterprises and projects.

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25 During the years of high inflation, in order to guarantee positive savings rates to the savers, some of the RCCs were forced to pay out such high savings rates that it ate into their profitability.
From the borrowers’ perspective, the mirror image of the NPLs is the mounting local government debt, primarily from township authorities which have relied on lending from the RCCs the most. Official figures suggest that at least half of the RCCs’ aggregate NPLs of 515 billion yuan in 2002 were owed by local governments. The likelihood of local governments repaying these loans is slim, particularly in capital-strapped localities. My field study data in two poor counties in Sichuan suggests that township debts owed to RCCs range from 1.4 to 40 times the townships’ annual fiscal revenues.26 Hence, the central government’s financial subsidies forming part of the recent reform package—168 billion yuan debt-for-bonds swaps and 930 million yuan earmarked central bank loans27—and having the effects of not only assisting the RCCs to dispose of their bad assets and historical losses, but also bailing out local governments.28 Further, according to the central bank’s policy, the respective provincial governments are supposed to match the central government’s 168 billion yuan contribution to clean up the RCCs’ balance sheets.29

**Literature Review**

To evaluate the rural credit cooperatives’ institutional reforms, this paper addresses two bodies of literature: the politics of China’s financial-sector reform and the problems of insider control and collective action in corporate governance.

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27 In Chinese language, they are known as “zhuangxiang zhongyang yinhang piaoju” (earmarked central bank bill) and “zhuangxiang zhongyang yinhang daikuan” (earmarked central bank loans). All the provinces undergoing reforms have chosen to have the earmarked central bank bills, with the exception of Jilin and Shaanxi, that opted for the earmarked central bank lending. Those poor-performing RCCs that have an excess of liabilities over assets (zibudizhai) based on their financial figures in 2002 year-end were qualified to apply for the earmarked central bank’s bills or earmarked central bank’s lending. The excess is calculated based on a formula taking into account the value of non-performing loans, and liability-offsetting assets (dizhaizichan). Sources: China Banking Regulatory Authority, “Operation of the Central Bank’s Earmarked Bills for the RCCs in Pilot Reform Areas,” Document No. 181 (3 September 2003), China Banking Regulatory Authority, “Management of the Rural Credit Cooperatives’ Earmarked Lending in Pilot Reform Areas” [Nongcun xinyongshe gaige shidian zhuanshi jiekuan guanli banfa]. Document No. 181 (3 September 2003). The bonds pay an annual interest rate of 1.89 percent, and cashing-out of the bonds are conditional upon the RCCs meeting requirements on capital adequacy ratios, and certain nominal changes in corporate governance structure. Further, the earmarked Central Bank’s loans came with a low annual interest rate of 0.945 percent.
29 That said, the author has seen little evidence that the provincial governments have matched the central government’s contribution. According to some rural finance specialists in China, local government’s matching is spotty; rich provinces typically contribute more than poorer ones do.
Politics of Financial-Sector Reforms in China

It is widely recognized that financial-sector reforms in China face complex political and economic realities. Analyzing the central party’s supervision of the financial sector, Heilmann\(^\text{30}\) expounds that central political leaders have centralized financial-market supervision starting from 1998 using the party’s control over senior financial executives and party-sponsored institutional reorganization. However, the rigid and hierarchical party institutions have caused frictions with emerging forms of corporate governance, and have failed to suppress financial mismanagement and corruption.

From the angle of elite politics, Shih argues that financial reform outcomes are a result of “a series of short-term political calculations aimed at strengthening the power of individual leaders.”\(^\text{31}\) He reasons that the financial reform pushed by Zhu Rongji’s administration was incomplete because “the technocrat’s concern for political survival [had] produced a bundle of financial policies [that] maximize[d] his financial control, bolster[ed] his administrative accomplishments, and minimize[d] policy risks.”\(^\text{32}\)

These studies aside, there is a dearth of studies that explain financial sector outcomes from the perspective of controls over financial institutions. Few studies exist to account for why local government interference is persistent in the financial sector, despite numerous reform attempts to tackle this very issue. A notable exception is Heilmann, who illustrates the party’s role in policy making and supervision of Shanghai’s financial industry.\(^\text{33}\)

The Problems of “Insider Control” and “Collective Action” in Corporate Governance

In any organization not managed directly by the owner, a familiar “principal-agent” problem exists where managers, as agents, may not act in the interests of the owner or principal.\(^\text{34}\) A key agency cost is insider control, where managers gain control of the organizations at the expense of the owner’s interests.\(^\text{35}\)


\(^{33}\) He notes that “as long as local Party Committees control executive appointments, local financial institutions will serve as a policy tool for politicians that are eager to support economic growth in their jurisdiction, or their personal prestige projects, by pumping money into the economy while ignoring the inherent risks to the financial system.” Heilmann, “Policy-making and Political Supervision in Shanghai’s Financial Industry,” p. 666.


Moreover, the RCCs’ member households also face the collective action problem in monitoring agents’ behaviour, as I have argued in my earlier work. The problem arises from the challenge of mobilizing a large group of dispersed members to monitor an agent’s actions. Since monitoring is costly, if any gain goes to everyone in the group, those who contribute nothing to the monitoring effort will benefit as much as those who have contributed, any rational individual will have no incentive to exert any effort.

The collective action problem has many applications in the corporate governance of modern enterprises. As Gourevitch has argued, collective action is a major cause of the Enron case: the fact that no one (not even the pension funds, and institutional investors) owns a large enough share of the company to have an incentive to pay the transaction costs required to monitor the managers creates the need for external monitors, who are the “reputational intermediaries” (accountants, bond and stock analysts, banks and lawyers). When these “reputational intermediaries” collude, the interests of shareholders are significantly compromised.

This study evaluates the recent institutional reform of the RCCs on the basis of whether the recent reform has addressed the problems of insider control, collective action and control by local Communist Party committees. Given that most provinces only began implementing the RCC reforms in 2006 and 2007, it is still too early to draw any firm conclusions from their financial performance. Therefore, this study is based on evaluation of the corporate governance of the post-reform credit institutions.

**Provincial RCC Union and Various Post-Reform RCC Models**

**Provincial RCC Union**

All provinces undergoing reform have formed RCC unions at the provincial level. The provincial unions perform several functions: managing industry (hangye guanli); making personnel appointments, appraisals and dismissals; setting province-wide remuneration systems; vetoing large loans; approving major capital expenditures; auditing (technical investigations of financial misconduct), and providing services such as province-wide management and support of IT systems and professional personnel training.

It is noteworthy that, unlike the grassroots RCCs, the provincial unions do not accept savings or issue loans. They are purely administrative

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36 Ong, “Multiple Principals and Collective Action: China’s Rural Credit Cooperatives and Poor Households’ Access to Credit,” pp. 177-204.
38 This function is called *shencha* or *jihe* in Chinese. Auditing that is technical in nature should be differentiated from the role of the Party’s disciplinary committee, which is in charge of disciplinary actions on Party members who have been found guilty of financial misconduct.
39 From the author’s interview with a senior official from a provincial union.
organizations (xingzheng jiguan) that represent the interests of the provincial Party committees or governments in the RCC reform. The provincial unions are headed by senior provincial government officials who used to hold finance or economic-related portfolios. A provincial union’s Party committee that I have investigated consists of four members: the Party secretary, who heads the committee, is also the head of the board of directors (dongshizhang); the assistant Party secretary, who is the union director (zhuren); and two members, who have no effective professional functions in the union. One of the two members has actually failed the professional assessments by the banking sector watchdog, the China Banking and Regulatory Committee (CBRC), and therefore does not qualify to perform any banking function. The other member serves as the Party disciplinary committee member (dangjilv jiancha weiyuan).

**Rural Credit Cooperatives**

There are two types of post-reform rural credit cooperatives: one with a county union as a unified legal entity (while township RCCs in the county are merely branches); and the other involves each township RCC as a first-tier legal entity, with the county union being a second-tier legal entity. The credit cooperatives that retain the original multi-tier legal entity structures are those with very poor financial performance that have been denied the reform opportunity.

**Rural Cooperative Banks**

A majority of the RCCs adopt the rural cooperative banking model. When this happens, the previous legal entity status of township RCCs is abolished.

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40 In the case of Shandong province, the head of the Shandong provincial union was previously a secretary to the deputy provincial head in charge of economic affairs. His previous portfolio was related to finance and economics, and his move to head the Shandong provincial union is a promotion from a deputy provincial administrative rank (jutingji) to a main provincial administrative rank (zhengtingji). From the author’s interview with a senior official from the Shandong provincial RCC union.

41 Some observers have criticized the formation of provincial RCC unions in all the reform provinces. Shen argues that the province-wide unions create monopolies in the rural credit sector. Since a provincial RCC union is formed on the basis of all county unions in the province (no county union can opt out of the provincial union), and since the county unions are aggregations of all grassroots or township credit cooperatives in a province (no township credit cooperative can opt out of a county union), a provincial union has monopoly powers to set the rules for all the credit cooperatives in a province. As a result, there is little room for local institutional innovation to tailor to the specific credit needs of the localities. For further details, see Minggao Shen, “Monopoly by Provincial Unions Creates Moral Hazards” [Shenglianshe Longduan Yunniang Daode Fengxian], Caijing [Finance and Economics], (January 2004).

42 I am puzzled as to why poorly performing local credit cooperatives are denied the reform opportunity when they are supposed to be the financial organizations that need the most assistance. Given that the financial assistance given by the central government comes with some conditions, such as improved performance indicators, the restriction may have been imposed by provincial unions to ensure that those undergoing reform will qualify for the financial subsidies.
and the county union becomes a rural cooperative bank, and the united legal entity in the counties. This means if a county has ten township RCCs, in the previous system, there would be 11 RCC legal entities (ten at township level, and one at county level), while in the current system, there is only one legal entity at the county level. A united legal entity reduces duplicated administrative functions performed by each of the legal entities, and brings some savings in tax expenses.43

**Rural Commercial Banks**

Only a handful of rural credit cooperatives in industrialized southern Jiangsu have adopted this model. The criteria for becoming rural commercial banks are more stringent than for the other two models, including a higher capital adequacy and lower nonperforming loan ratios.44 Similar to the case of rural cooperative banks, a county union becomes a rural commercial bank, while township RCCs become branches of the united legal entity.

Figure 3 represents the institutional hierarchy of the post-reform RCC models. Provincial unions that were previously non-existent now become provincial-wide administrative organizations. With the exception of a few in the poor central and western regions, the independent legal entity status of most township RCCs has been abolished. As a consequence, they become branches of the county unions. With the change in legal status, most township RCCs lose their power to make loan decisions, particularly those involving large sums, and the power becomes centralized at the county level.

At this juncture, one may wonder whether the centralization effort has made the RCCs the financing machinery of the county, instead of the township government. This is not at all impossible since county credit unions are still accountable to local party committees. Yet, compared to the pre-reform situation, local government interference has been curbed to some extent by the establishment of provincial unions and the accompanying rules and procedures which the credit cooperatives have to observe. This is not to say that local government interference has been eliminated entirely, but the vertical management control has made it harder than before for interference to occur.

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43 Because each legal entity was responsible for its own profits and losses (zifuyingkui), and liable for company income tax (qiye suodeshui), the RCCs as a whole had paid more taxes and incurred larger expenses than a unified county RCC union in this new model does. Furthermore, since county unions have now become the clearing houses for funds, flows of funds across townsips that may have been previously impeded by legally specified loan-to-deposit requirements can take place across townsips to reflect market supply and demand for credit.

44 The financial conditions for commercial banks are: no less than one billion yuan in total capital size, less than 15 percent non-performing loan rate, at least 8 percent of capital adequacy ratio, and at least 50 million yuan in equity after restructuring.
Institutional Design of the Post-Reform Rural Credit Organizations

Corporate Governance Structure

In a cooperative credit organization, the member representative meeting, made up of the ordinary members, is the highest governing body. In theory, members nominate and elect those who sit on the board of directors and board of supervisors; the supervisory board supervises the board of directors; and the head of the board of directors becomes the key decision maker.\(^\text{45}\)

Nonetheless, in the case of pre-reform RCCs, the member representative meeting (\textit{huiyuan daibiao dahui}) consists of township- and village-leading cadres (\textit{lingdao ganbu}), instead of the fee-paying members (\textit{rugu huiyuan}). Out of a sample of about 300 member households, only 12 percent had ever attended a member representative meeting; these people, or their spouses, were, at that time, either township or village heads or secretaries.\(^\text{46}\) The board of directors typically comprises only RCC officers, and is headed by the RCC manager. While the township Party secretary typically leads the board of supervisors, the supervisory board comprises township cadres exclusively.

\(^{45}\) The co-existence of the board of directors and board of supervisors is unique to China. The idea of a supervisory board is borrowed from Germany. Cooperatives in other countries may not have a supervisory board. However, the central idea of the corporate governance of cooperative organizations remains the same—the members’ representative meeting is the highest decision-making body where nominations and decisions for the people who sit on the board of directors are made.

\(^{46}\) From the author’s rural credit survey, see Ong, “The Political Economy of Credit in Rural China: The Rural Credit Cooperatives,” pp. 105-138.
How has the corporate governance structure changed as a result of the institutional reform? As illustrated in figure 4, the corporate governance structure of the post-reform credit organizations consists of the board of directors, bank governor’s office, board of supervisors and the shareholders’ meeting.

**Board of Directors (Dongshi hui)**

The composition of the post-reform BOD differs among the three models. Typically, the head of the BOD is both the credit organization’s legal representative (*faren daibiao*) and the internal Party committee’s secretary. The RCCs that have retained the original cooperative model have little change in their BOD, which is made up of RCC employees, whereas the BOD in rural cooperative banks consists of employee and non-employee member shareholders, with the number of the non-employees usually exceeding that of employees. The non-employee shareholders can be individual shareholders (*geren gudong*) or representatives of company shareholders (*qiye gudong*). Comparing the BOD of the rural cooperative banks with that of the original
cooperatives, the monopoly power of the credit organizations’ employees, or insider control, has diminished considerably.

In addition to having employee and non-employee shareholders, rural commercial banks have a number of independent directors on their BOD. Independent directors—who have no stake in the financial organizations—are supposed to be impartial, and have a long-term-oriented outlook. Independent directors are usually economics professors, successful entrepreneurs, or retired government officials familiar with banking operations who are invited to sit on the board to balance against the interests of those who hold shares in the organizations. Independent directors are appointed by the head of the BOD.47

**Bank Governor’s Office (Hangzhang shi)**

The bank governor’s office is a newly set-up institution in the rural cooperative banks and rural commercial banks, which is not found in the original RCCs. The BOD delegates (weituo) the rights to make daily operational decisions to the bank governor’s office. Prior to the reforms, the head of the BOD used to perform the function of both decision maker for strategic issues and day-to-day operations. Because the charters (zhangcheng) of the rural commercial banks and rural cooperative banks specify that the same individual cannot fill both the positions of head of the BOD and bank governor, which has been strictly followed, the previous over-concentration of power in the hands of a single person has been curbed in the new structure.

With the separation of functions between the head of the BOD and bank governor, loan approval decisions are also subject to more stringent procedures. A loan approval committee, operating under the bank governor’s office and BOD, now makes decisions on big loans that fall outside the purview of branch managers.48 It is noteworthy that these decisions used to be the exclusive prerogative of the head of the BOD. Further, various committees have been established under the BOD and the bank governor’s office to institutionalize various decision-making processes. For the rural cooperative banks, there are three committees operating under the BOD: a risk management, personnel wage and audit committee. A rural commercial

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47 From the author’s interviews with a number of members of BODs, including independent directors from rural commercial banks.

48 In the case of a rural cooperative bank in Zhejiang, the loan approval committee, made up of the bank governor, assistant governor, chief accountant, and several department heads, has the right to make decisions on any loan to an individual borrower exceeding five million yuan, or any loan to an enterprise borrower exceeding 10 million yuan. Any loans exceeding those amounts have to be submitted for consideration to a risk management committee (fengxian guanli weiyuanhui), a committee under the BOD. While the committee does not approve loans, it assesses the risk profiles of the borrowers and the projects, and subsequently passes the information to the BOD for decision making. The BOD makes decisions on a simple-majority vote based on the total number of board members.
bank has an internal transaction committee in addition to these other three. All these committees report directly to the board of directors.49

Nonetheless, the effectiveness of such micro-organizations is far from clear at this stage, but the creation of audit committees is welcome because it represents an attempt to take financial misconduct seriously. The audit committees in some rural commercial banks are increasingly playing a more prominent role, which is reflected in the fact that the banks have discovered some cases of fraud and financial crime through internal audits.50 However, it is important to draw the differences in functions between the audit committee and the Party disciplinary committee (dangjilv jiancha weiyuan hui or jijianwei). The audit function is technical in nature, as it investigates the professional aspect of financial misconduct. Upon discovering misbehaviour, the audit committee hands the relevant personnel over to the Party disciplinary committee for action. If the individuals are Party members, the committee takes action against them based on Party disciplinary rules.51 Hence, though the existence of an audit committee means enhanced vigilance against financial misconduct, the power of investigation still lies with the disciplinary committee, subject to the rules of the Communist Party.

Board of Supervisors (Jianshi hui)
The function of the BOS is different in practice from what is stated in the organization charter. In theory, members of the board of supervisors (BOS) are supposed to be appointed in the shareholders’ meetings, and the BOS supervises the BOD and the bank governor. In practice, the effectiveness of the BOS is very limited, more so in the case of the RCCs and rural cooperative banks than in the rural commercial banks.52

Interestingly, among the post-reform rural credit organizations that I have interviewed, the bank executives are the same people as those before the reform. Usually the head of the BOD was the previous director of the county union (zhuren), the deputy head of the BOD was the deputy director (fu zhuren), and the head of the BOS was the office manager. Rarely is there any

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49 Further, there are eight departments operating under the bank governor office: security, audit, technology, finance and accounts, business expansion, human resources and general administration. All departments report directly to the bank governor office. This information was obtained during the author’s conversations with high-ranking banking officers during dinner or other informal events.

50 This information was obtained during the author’s conversations with high-ranking banking officers during dinner or other informal events.

51 If it is a major crime, the committee hands the individual over to the police. Source: the author’s interviews with a few party committee members in credit cooperatives and banks.

52 The senior management of the rural commercial banks has been able to tell me what the heads of the BOS have done, such as monitor whether the BOD decisions abide by the banks’ charters. Most of the rural cooperative bank and RCC managers openly admit that the BOS exists only in nominal terms.
injection of new blood into the top management after reforms. That said, this may be a reflection of the lack of qualified banking personnel in the localities and new qualified banking practitioners may be employed as the banks develop over time.\textsuperscript{53}

\textit{The Collective Action Problem and Insider Control}

One of the persistent corporate governance problems with the original RCCs is the collective action problem. As a large and dispersed group, the RCCs’ member households have little incentive to organize themselves to pay for the costs of monitoring managers. This results in relatively weaker control of member households over the RCCs’ officers.\textsuperscript{54} It is interesting to see how credit cooperative senior management perceives this problem. An internal document prepared by the head of the BOS\textsuperscript{55} in a Zhejiang RCC notes that “because of the small number of shares owned by member households and members of the BOD and the BOS, they do no more than raise their hands and eat buns (jujuquantou, chichimantou) during meetings!”

The relevant question here is the extent to which this problem has been addressed by the institutional transformation. The RCCs that retain the original model have had little change in their share structures, even though the size of their capital base has expanded. Here, we compare the share structures of a pre- and post-reform rural cooperative bank and those of a rural commercial bank.\textsuperscript{56} Generally, shares of rural cooperative banks are divided into “natural person” shares, (ziran rengu) owned by individuals including employees, and “legal person” shares (faren gu), owned by companies. Each type of share has a basic “eligibility threshold” (zige gu), and the rest are “investment shares” (touzi gu).

The collective action problem still exists in the post-reform rural cooperative bank, though its degree may have diminished somewhat. Table 1 suggests that the number of shareholders has reduced from 60,000 to 13,500, the shares are still rather thinly spread, with the top ten shareholders holding only slightly over 10 percent of total shares collectively. The largest

\textsuperscript{53} The Shanghai City Commercial Bank was previously the Shanghai Urban Credit Cooperatives. When the commercial bank was first established, the top management consisted of the same people as those in the urban credit cooperatives. However, there was a gradual replacement in top management by recruiting qualified banking professionals from the industry as the bank grows over time. Source: Author’s interview with a senior officer from the Shanghai City Commercial Bank.

\textsuperscript{54} See Ong, “Multiple Principals and Collective Action: China’s Rural Credit Cooperatives and Poor Households’ Access to Credit,” pp. 177-204.

\textsuperscript{55} The internal document was made available to the author.

\textsuperscript{56} All comparisons in this paper are done using one example from each institutional model because I have discovered little difference in rural cooperative banks or rural credit cooperatives between different provinces. And in the case of rural commercial banks, there were only a handful in southern Jiangsu, the institutional designs of which hardly differ.

\textsuperscript{57} The “eligibility threshold” that is equivalent to one vote is 1,000 shares for a “natural person” and 10,000 shares for a “legal person.”
shareholders are bank employees, with the single largest owning 1.5 percent of total shares. In fact, the banks’ charters have imposed restrictions on maximum share ownership. A corporation and its related companies or the “legal person” can only hold a maximum of 0.5 percent of total shares, while bank employees and other “natural persons” can hold 1.5 and 0.5 percent, respectively. It is noteworthy that these restrictions are established by the provincial unions to preclude domination by any large shareholders in order for them to exert control over the RCCs.58

Table 1
Comparison of share structures between a pre- and post-reform rural cooperative bank

<table>
<thead>
<tr>
<th></th>
<th>Rural Cooperative Bank</th>
<th>Previously RCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of members/shareholders</td>
<td>13,567</td>
<td>60,000</td>
</tr>
<tr>
<td>Total members’/shareholders’ equity (yuan)</td>
<td>200 million, of which 155 million are “natural person” shares (55 million of which are held by employees) and 45 million are “legal person” shares</td>
<td>24.6 million</td>
</tr>
<tr>
<td>Shares held by employees (% of total)</td>
<td>50 million (25%)</td>
<td>N.A.</td>
</tr>
<tr>
<td>Voting rights</td>
<td>In addition to an “eligibility threshold” that is equivalent to one vote, for a “natural person” every additional 2,000 investment shares provides one extra vote; for a “legal person” every additional 20,000 shares provides one extra vote</td>
<td>One-person-one-vote</td>
</tr>
<tr>
<td>Maximum shares held (% of total shares)</td>
<td>“Natural person,” including employees: 301,000 yuan (1.5%)</td>
<td>N.A.</td>
</tr>
<tr>
<td>Shares held by top 10 shareholders (% of total shares)</td>
<td>11.3%</td>
<td>N.A.</td>
</tr>
<tr>
<td>Number of representatives in members’ representative meetings (% of total share)</td>
<td>75: 19 are employees (25%), 39 other “natural person” (52%), 17 “legal person” (23%)</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

N.A.: not available or not applicable
Source: the rural cooperative bank’s charter

58 From the author’s interview with a retired official from a provincial office of the People’s Bank of China. This was later confirmed by an interview with an economics professor who has been an advisor to the provincial government on RCC reforms.
With respect to insider control, despite the absence of pre-reform comparative data, employees, as a group, own a sizeable one-quarter share of the post-reform rural cooperative bank, as indicated in table 1. Given the large and dispersed nature of the bank’s shareholders, bank employees are by far the single largest group of shareholders, indicating that insider control is still a thorny issue in the post-reform rural cooperative bank.

Turning to the rural commercial bank, the collective action problem has diminished by a large extent after the institutional reform. As table 2 indicates, the number of shareholders fell from 120,000 to 1,656, and the top ten shareholders now hold more than one-third share in the rural commercial bank.

Table 2
Comparison of share structures between a pre- and post-reform rural commercial bank

<table>
<thead>
<tr>
<th></th>
<th>Rural Commercial Bank</th>
<th>Previously RCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of members/shareholders</td>
<td>1,656, consisting of 1,545 “natural persons” of whom 797 are employees and 111 are “legal persons”</td>
<td>120,000</td>
</tr>
<tr>
<td>Total members'/shareholders’ equity (yuan)</td>
<td>315 million</td>
<td>14 million</td>
</tr>
<tr>
<td>Composition of shares (% of total shares)</td>
<td>“Natural persons”: 161.9 million (51.4%) of which employees are 50.9 million (16.95%) “Legal persons”: 153.1 million (48.6%)</td>
<td>“Employee”: 7.9 million (56.6%) “Natural person”: 2.9 million (20.9%) “Legal person”: 3.2 million (22.5%)</td>
</tr>
<tr>
<td>Shares held by employees (% of total shares)</td>
<td>16.9%</td>
<td>56.6%</td>
</tr>
<tr>
<td>Minimum and maximum shares</td>
<td>Min: 1,000 yuan</td>
<td>Min: 10 yuan (1 share)</td>
</tr>
<tr>
<td>Voting rights</td>
<td>One-share-one-vote</td>
<td>One-member-one-vote</td>
</tr>
<tr>
<td>Max shares held (% of total)</td>
<td>“Natural person”: 0.5% “Legal person”: 10%</td>
<td>N.A.</td>
</tr>
<tr>
<td>Shares held by top 10 shareholders (% of total shares)</td>
<td>34.7%</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

N.A.: not applicable or not available
Source: the rural commercial bank’s charter
commercial bank. Having a bigger stake in the commercial bank provides large shareholders greater incentive to monitor the manager’s actions. Hence, everything else being equal, the collective action problem has been curtailed to a greater extent in the rural commercial bank than in the rural cooperative bank. Some may argue that dominance by large shareholders will hinder participation by small shareholders, but the amount of shares held by the top ten shareholders in the rural commercial bank (only one-third of the total) does not seem to be large enough to preclude participation by others.

The problem of insider control has also been attenuated significantly, as indicated by the fall in magnitude of employee-held shares from 56.6 to 16.9 percent. This means that in the previous system, the employees used to have a majority in the member representatives meeting. But, as a group, they now account for less than one-fifth of total shareholders’ votes. Further, given the fact that shareholders are more dispersed in the rural cooperative bank than in the rural commercial bank, insider control is more of a problem in the former than in the latter.

**Internal Party Committees in the Credit Organizations**

The most pivotal institution within the credit organizations—the internal party committee—does not exist on paper. Neither the charter of the credit cooperative nor of the bank mentions a “party committee,” though it is the core decision-making body in these organizations.\(^{59}\)

The RCC’s Party committee is headed by the Party secretary, who is also the head of the board of directors. He is undoubtedly the top decision maker in the organization (yibashou). The Party committee usually comprises the deputy head of the BOD, who is the second in-charge; the bank governor (hangzhang, in the case of rural commercial banks and rural cooperative banks) or the bank director (zhuren, in the case of rural credit cooperatives); the head of the supervisory board, who is also the Party disciplinary committee member (jilv weiyuanhui); and assistant bank governors, or heads of key departments, such as credit.

It should be noted that some but not all of a bank’s typical key executives are Party committee members. The Party committee members are the core decision makers who have major powers over personnel nominations, appointments and dismissals of branch managers. This implies that not every bank executive has substantive and equal power; only those selected into the Party committee are the core decision makers in the organization. Among

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\(^{59}\) This conclusion is drawn from my previous work on the RCCs. The supreme power of the Party committee is also confirmed in scholarly work on state holding companies and other financial institutions in China, such as McNally, “Strange Bedfellows: Communist Party Institutions and New Governance Mechanisms in Chinese State Holding Corporations”; Heilmann, “Regulatory Innovation by Leninist Means: Communist Party Supervision in China’s Financial Industry,” pp. 1-21.
the banks I have interviewed, while the head of the BOD and bank governor are always in the Party committees, the other key executives, such as head of BOS and assistant bank governors, may or may not be Party committee members.

Interestingly, the executive appointment and appraisal system has an uncanny resemblance to the cadre evaluation system of the Communist Party. The Party committee members themselves—the first-tier personnel—are determined and appraised by the Party committee one level above them. The Party committee of a county union determines that of township RCCs, and the Party committee of a provincial union determines that of county RCCs. Second-tier and ordinary employees in the financial organizations are akin to the ordinary cadres (yiban ganbu) in the Party. Their personnel information, or dossiers, are held by the leadership group or leading cadres (lingdao ganbu) at the same level. Personnel information of the members of the leadership group—akin to leading cadres (lingdao ganbu) in the Party—are evaluated by the Party committee one level immediately above them.\(^6\)

The Communist Party’s authority on personnel matters includes nominations, appointments, appraisals, reallocations and dismissals of individuals. Aside from personnel decisions, major capital expenditure is also a prerogative of the Party committee. For instance, if a credit cooperative needs to build a new building for one of its fast-growing branches, the decision needs to be studied and approved by the Party committee.\(^6\)

With the exception of those grassroots RCCs that still retain their independent legal entity status, the power of the township Party committees over the post-reform township RCCs has diminished considerably.\(^6\) The post-reform township RCC Party branches are now accountable to the county RCC unions’ Party committees. This means that as Party members, they are now evaluated by the county unions’ Party committees: township Party committees have no formal control rights over the grassroots RCC officials, though one could argue that informal rights to influence or sway their

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\(^6\) From the author’s interviews with a few Party committee members, and high-ranking rural bank officers.

\(^6\) Previously, each township RCC had a Party committee (dangwei): a Party unit containing a Party secretary leading a group of Party members. On the contrary, after the reforms, each township RCC only has a Party branch (dangzhibu), which is nothing more than a constellation of Party members (more than three), that has no decision-making power over major Party issues, such as utilization of funds or personnel appointments, management or dismissals. Local (township) Party committees should not be confused with Party committees in township RCCs. The former is the Party organization at the township administrative level, to which all Party units in local enterprises and units report; and the latter is the Party organization in the credit organization.
decisions still exist. Most importantly, since loan decision-making power has been centralized at the county level, the county union’s accountability to the local Party committee means that the post-reform credit organization still have to toe the local Party’s lines.

In short, the collective action problem of member households and insider control have been attenuated to a greater extent in the post-reform rural commercial bank than in the rural cooperative bank. However, the Party’s influence remains forceful in both post-reform credit organizations.

Reconciling Internal Party Institution with the Corporate Governance Structure?

After examining the corporate governance structure and Party institution, a logical question to ask is how could the Party’s prerogatives be reconciled with those of the board of directors and members’ representative meetings or shareholders’ meetings?

The scope and strength of the power of these institutions differ between areas, and the division is by no means clear-cut. On personnel matters, including appointments, promotions and dismissals, the Party committee, irrevocably, has an upper hand. Furthermore, the Party committee also has prerogatives over major financial expenditures, such as employees’ remuneration, and building renovation and construction expenditures.

Personnel (yongren) and finance (yongqian) are clearly the two areas where the Party committee has power over the formal corporate governance bodies, namely the BOD, or members’ representative meeting or shareholders’ meeting. As far as loan allocation decisions are concerned, it is far from clear whether the formal corporate governance bodies or Party committees dominate. All my interviewees have told me that the Party committees in the post-reform credit organizations are not involved in loan allocations. It is impossible to tell whether they were “toeing the official line” or speaking the truth. Nonetheless, it is inconceivable that the coterie that makes a range of decisions from personnel to expenditure can abstain from getting involved in the bank’s core business: loan allocations.

A conflict that has arisen in the post-reform corporate governance structure, due to the persistence of Party institutions, is the clashing of the

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63 From the author’s interview with a township RCC manager.
64 This has been repeatedly confirmed by a dozen interviews with Party committee members and banking professionals.
65 Interestingly, the provincial union in Zhejiang has formally reaffirmed the status of the Party committee as the supreme decision-making body in these credit organizations. The Zhejiang provincial union has issued a document instructing (zhishi) all rural credit cooperatives and rural cooperative banks in the province that all major decisions have to be studied (yanjiu) by the Party committees before they are broached for discussions at the shareholders’ meetings or board meetings. See Fangyi Zhu, “Identify the Circumstances, Strengthen Leadership, Improve Implementations, Ensure Annual Work Objectives are Realized: Zhu Fangyi’s Speech at the Inaugural Members’ Representative Meeting at the Provincial Rural Credit Union” (2005).
heads of the BOD and the BOS, and the bank governor. In terms of professional functions, as set out in the charter, the head of the BOD is the bank’s legal representative and strategic decision maker, while the bank governor, whose power is delegated by the BOD, makes decisions on day-to-day operations, and the head of the BOS plays a supervisory role over the other two. Hence, according to the formal corporate governance rules, there exists a separation of functions between these three positions, and checks and balances against each other’s power. Yet, in terms of Party hierarchy or administrative ranking, the head of the BOD, who is also the Party secretary, clearly outranks the other two; and, as Party members, they have to report to the Party secretary. How could a subordinate supervise the Party superior when his performance is in fact evaluated by the superior? By the same token, how could a subordinate prevent the superior from intervening in his work when his failure to follow the superior’s instructions will likely result in a dismissal?

**The Communist Party and Corporate Governance: What Does it Imply for the Role of Local States in China?**

Scholarly work that examines the nexus between politics and business in China has shed light on the fact that the Communist Party institutions are fundamentally incompatible with effective corporate governance structure.\(^{66}\) Here, I highlight some issues pertinent to the financial institutions.

**Matrix Muddle: Functional and Party Accountability**

All financial institutions in China, including the rural credit organizations, are subject to two sets of accountability system: the functional/industry and the Communist Party. Figure 5 maps out the accountability system at various administrative levels.

It is exceedingly clear that the two sets of accountability systems are aimed at serving different goals and objectives. On the one hand, the local Party committee has its own interests and priorities, which differ from those of the provincial unions. Based on the Communist Party cadre evaluation system, the local Party committee is evaluated by the Party bosses one level above it. Studies on the Party cadre evaluation criteria show that local economic growth takes priority over other areas of development, such as the environment, education and healthcare.\(^{67}\) Local economy needs finance to

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\(^{66}\) On the corporate governance of state holding companies, see McNally, “Strange Bedfellows”; on the financial sector reform in Shanghai, see Heilmann, “Policy-making and Political Supervision in Shanghai’s Financial Industry,” pp. 643-668.

fuel its growth, and the local Party committee uses its political tentacles to pressurize the local financial institutions to extend credit to favoured enterprises and projects. Local government interference in credit expansion has been blamed for the bouts of inflation between the late 1980s and early 1990s, and the credit boom in China in the early 2008, despite a slowing down in the global economy.

On the other hand, the interests of the provincial unions, which represent the provincial governments’ stake in RCC reform, are not as clear-cut. Several points can be inferred from their operations thus far. Given that a key central government’s objective in the reform is to transfer financial responsibility of the loss-making credit institutions to the provincial governments, the provincial unions have an inherent vested interest in the commercial sustainability of the RCCs. This profit orientation is reflected in the professional evaluation criteria, to which RCC officers are subjected, and on which the magnitude of their bonuses depend. The RCC’s professional evaluation criteria assess the employees based on an increase in savings, reduction in non-performing loan rates, collection of interest income, profitability and agricultural loan issuance.

If RCC officers are to strictly follow their professional evaluation criteria, they will be allocating loans based on the expected returns of applications. This may not favour local government’s enterprises and projects. If profit orientation is the ultimate criterion, RCC officers will favour lending to private enterprises and member households, given the historically high non-performing loan rates of local government-related loans. Hence, it is evident that the Communist Party accountability system is fundamentally incongruent with an effective corporate governance structure and efficient functioning of the financial system.

What does this imply for the role of local states in China? It is taken for granted that fiscal decentralization provides an enormous incentive for the local states to develop industries and promote industrialization. While this behaviour is seemingly “entrepreneurial” or “corporatist,” it is noteworthy that enterprises need capital financing, and industries require capital

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70 Ping Xie, Xu Zhong and Minggao Shen, “RCC Reforms: What Have We Done? What Do We Still Need to Do?,” (2006). Since the provincial governments have taken over financial responsibility of the RCCs in their jurisdictions, any financial losses in the future will be, theoretically speaking, borne by the provincial authorities. That said, this remains a policy intention, as no provincial government has yet been put to test on this. On a related note, there is little sign that the respective provincial governments have matched the central government’s 168 billion yuan debt-for-bonds swaps to help get rid of the RCCs’ mounting bad debt. A number of Chinese scholars specializing in rural credit had indicated to the author that the matching of funds is sporadic, with wealthy provinces contributing more than poor provinces do.
71 From the author’s interviews with RCC managers.
Investment. Where is the money coming from? This is the question that the existing literature has often failed to ask. When a local government pressures the local credit cooperative to allocate loans to its township-and-village enterprises or industrial projects, the money must be redirected from somewhere else. The loans could have gone to private enterprises and rural households who consistently contribute 80 percent of the RCCs’ savings base, and who require credit for a range of production and consumption activities. Further, the mountains of non-performing loans of the RCCs make it abundantly clear that a majority of the loans to local government-related enterprises and projects have gone sour. In short, when the costs of local industrialization are fully taken into consideration, the role of local states is far from “developmental,” as the existing literature has depicted.

**Conclusion**

In this study, I have examined how far the recent institutional reforms have succeeded in improving the rural credit organizations’ corporate governance and reducing local Party interference in their operation.
On the positive side, the post-reform rural cooperative banks and rural commercial banks have dispersed the power held by the head of the BOD by establishing the bank governor’s office, which takes over the former’s daily operational functions. The various committees and departments established under the BOD and the bank governor’s office—especially audits to investigate financial misconduct and loan approval committees to strengthen loan approval procedures—are positive developments. Insider control and small shareholders’ problems with regard to collective action in organizing themselves to monitor bank managers’ behaviour has been improved more in rural commercial banks than in rural cooperative banks.

Nevertheless, many problems remain unresolved. Critically, the reforms have failed to eliminate the entrenched Party involvement in the financial organizations that is fundamentally inconsistent with effective corporate governance structure. The revamped board of directors, board of supervisors and bank governor’s office still have limited powers compared to those of the internal Party committee and the provincial union. The checks and balances intended to operate between the heads of the BOD, the BOS and the bank governor are ineffective because the head of the BOD, who is also the Party secretary, clearly outranks the other two in the Party hierarchy. As a Party member, the head of the BOS could not supervise the head of the BOD effectively, since the latter is the Party secretary whose instructions the head of the BOS must follow. Appointments and appraisals of bank employees still uncannily resemble the Communist Party’s cadre recruitment and evaluation system.

Despite various reforms, the Party is still not able to relinquish its power over credit institutions. This provides a powerful explanation for the stubborn persistence of local government interference in the credit sector, despite many attempts by central policy makers to tinker with the institutional configuration.

What does this imply for local state theories in China? The existing literature has correctly pointed out that fiscal decentralization has unleashed the entrepreneurial spirit of local government officials. However, when we take into account the financial costs of state involvement in businesses (specifically, how local government interference in loan allocations has resulted in mounting non-performing assets in the rural credit system and deprived rural households and private enterprises of access to credit), the role of the local states in the country’s economic development is far less positive than is usually suggested. The studies that have described local governments as “corporatist” and “developmental” have tended to examine only the benefits of state involvement in businesses, such as the number of enterprises built and jobs created. By highlighting the massive indebtedness of the rural credit institutions and the persistence of Party interference, this paper has clarified the costs of such local state behaviour.
These costs should come as no surprise, however, to scholars familiar with corporate governance issues in the once economically vibrant “Asian Tigers.” The nature of the micro-institutions may differ, since China is Communist while the other Asian countries are not, but the poignant lesson provided by the problems of ineffective corporate governance and soft lending to state-related enterprises, which led to the Asian Financial Crisis a decade ago, should not be forgotten.

*University of Toronto, Canada, October 2008*
India in the Indian Ocean: 
Growing Mismatch Between 
Ambitions and Capabilities

Harsh V. Pant

In February 2008, India hosted naval chiefs from around the Indian Ocean in what was named the Indian Ocean Naval Symposium, highlighting the role of the Indian navy as an important instrument of the nation’s foreign and security policy. It was also an attempt by India to promote a multilateral approach in the management of the security of the Indian Ocean. India signalled that as a rising power it is willing to fulfil its maritime responsibilities in the region but, unlike in the past when India had been suspicious of what it saw as “extra-regional navies,” it is now ready to cooperate with other navies in and around the Indian Ocean. Whether India’s leadership will be enough to promote genuine maritime multilateralism in the region, however, remains to be seen.

The Indian Ocean has long been the hub of great power rivalry and the struggle for its domination has been a perennial feature of global politics. It is third-largest of the world’s five oceans and straddles Asia in the north, Africa in the west, Indochina in the east, and Antarctica in the south. Home to four critical access waterways—the Suez Canal, Bab-el Mandeb, the Strait of Hormuz and the Strait of Malacca—the Indian Ocean connects the Middle East, Africa and East Asia with Europe and the Americas.1 Given its crucial geographical role, major powers have long vied with each other for its control, though it was only in the nineteenth century that Great Britain was able to enjoy an overwhelming dominance in the region. With the decline in Britain’s relative power and the emergence of two superpowers during the Cold War, the Indian Ocean region became another arena where the US and the former Soviet Union struggled to expand their power and influence. The US, however, has remained the most significant player in the region for the last several years.

Given the rise of major economic powers in the Asia-Pacific that rely on energy imports to sustain their economic growth, the Indian Ocean region has assumed a new importance as various powers are once again vying for the control of the waves in this part of the world. Nearly half of the world’s

1 For details, please see the CIA website, at <https://www.cia.gov/library/publications/the-world-factbook/geos/xo.html>, last accessed 8 April 2009.
seaborne trade is through the Indian Ocean, and approximately 20 percent of this trade consists of energy resources. It has also been estimated that around 40 percent of the world’s offshore oil production comes from the Indian Ocean, while 65 percent of the world’s oil and 35 percent of its gas reserves are found in the littoral states of this Ocean. Unlike the Pacific and Atlantic Oceans, almost three quarters of trade traversing through the Indian Ocean, primarily in the form of oil and gas, belongs to states external to the region. Free and uninterrupted flow of oil and goods through the ocean’s SLOCs is deemed vital for the global economy and so all major states have a stake in a stable Indian Ocean region. It is for this reason that, during the Cold War years when US-Soviet rivalry was at its height, the states bordering the Indian Ocean sought to declare the region a “zone of peace” to allow for free trade and commerce across the lanes of the Indian Ocean. Today, the reliance is on the US for the provision of a “collective good”: a stable Indian Ocean region.

This article examines the emerging Indian approach towards the Indian Ocean in the context of the country’s rise as a major regional and global actor. This is an empirical analysis of India’s role in the Indian Ocean region, not a theoretical exposition of the issue. It argues that though India has historically viewed the Indian Ocean region as one in which it would like to establish its own predominance, its limited material capabilities have constrained its options. With the expansion, however, of India’s economic and military capabilities, Indian ambitions vis-à-vis this region are soaring once again. India is also trying its best to respond to the challenge that growing Chinese capabilities in the Indian Ocean are posing to the region and beyond. Yet, preponderance in the Indian Ocean region, though much desired by the Indian strategic elites, remains an unrealistic aspiration for India, given the significant stakes that other major powers have in the region. In all likelihood, India will look towards cooperation with other major powers in the Indian Ocean region to preserve and enhance its strategic interests.

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The Indian Ocean: India’s Backyard?

As India’s global economic and political profile has risen in recent years, it has also, not surprisingly, tried to define its strategic interests in increasingly expansive terms. Like other globalizing economies, India’s economic growth is heavily reliant on the free flow of goods through the Indian Ocean SLOCs, especially as around 90 percent of India’s trade is reliant on merchant shipping. Given India’s growing reliance on imported sources of energy, any disruption in the Indian Ocean can have a potentially catastrophic impact for Indian economic and societal stability. India’s Exclusive Economic Zone in the Indian Ocean, that according to the Law of the Seas runs 200 nautical miles contiguous to its coastline and its islands, covers around 30 percent of the resource-abundant Indian Ocean Region.  

Any disruption in shipping across the important trade routes in the Indian Ocean, especially those passing through the “choke points” in the Strait of Hormuz, the Gulf of Aden, the Suez Canal and the Strait of Malacca, can lead to serious consequences for not only Indian but global economic prospects. Unhindered trade and shipping traffic flow is a *sine qua non* for the implementation of India’s developmental process. Non-traditional threats in the form of organized crime, piracy and transnational terrorist networks also make it imperative for India to exert its control in the region.

Indian strategic thinkers have historically viewed the Indian Ocean as India’s backyard and so have emphasized the need for India to play a greater role in underwriting its security and stability. India’s strategic elites have often drawn inspiration from a quote attributed to Alfred Mahan: “Whoever controls the Indian Ocean dominates Asia. The ocean is the key to seven seas. In the 21st century, the destiny of the world will be decided on its waters.” This quote, though apparently fictitious, has been highly influential in shaping the way Indian naval thinkers have looked at the role of the Indian Ocean for Indian security. While sections of the Indian foreign policy establishment considered India the legatee of the British rule for providing peace and stability in the Indian Ocean, India’s neighbours remain concerned about India’s “hegemonistic” designs in the region.

Underlining the importance of the Indian Ocean for India, K.M. Pannikar, a diplomat-historian, called for the Indian Ocean to remain “truly Indian.” He argued that “to other countries the Indian Ocean could only be one of the important oceanic areas, but to India it is a vital sea because its lifelines are concentrated in that area, its freedom is dependent on the freedom of that coastal surface.” Pannikar was strongly in favour of Indian dominance.

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of the Indian Ocean region much in the same mould as several British and Indian strategists viewed India’s predominance of the Indian Ocean as virtually inevitable. It has also been suggested that given the role of “status and symbolism” in Indian strategic thinking, India’s purported greatness would be reason enough for Indian admirals to demand a powerful navy.

In view of this intellectual consensus, it is surprising that India’s civilian leadership was able to resist naval expansion in the early years after independence. India took its time after independence to accept its role as the pre-eminent maritime power in the Indian Ocean region and for long remained diffident about shouldering the responsibilities that come with such an acknowledgement. The focus remained on Pakistan and China and the overarching continental mindset continued to dictate the defence priorities of the nation with some complaining that the Indian navy was being relegated to the background as the most neglected branch of the armed services. As the great powers got involved in the Indian Ocean during the Cold War years, India’s ability to shape the developments in the region got further marginalized. India continued to lag behind in its ability to project power across the Indian Ocean through the early 1990s, primarily due to resource constraints and a lack of a definable strategy. It was rightly observed that “if the Indian Navy seriously contemplates power projection missions in the Indian Ocean, [the then Indian naval fleet] is inadequate … it has neither the balance nor the required offensive punch to maintain zones of influence.” India, for its part, continued to demand, without much success, that “extra regional navies” should withdraw from the Indian Ocean, which met with hostility from the major powers and generated apprehensions in India’s neighbourhood that India would like to dominate the strategic landscape of the Indian Ocean. India’s larger non-aligned foreign policy posture also ensured that Indian maritime intentions remained shrouded in mystery for the rest of the world.

It has only been since the late 1990s that India has started to reassert itself in the Indian Ocean and beyond. This has been driven by various factors: the high rates of economic growth that India has enjoyed since the early 1990s have allowed the country to invest greater resources in naval expansion; the growing threat from non-state actors that has forced India to adopt a more pro-active naval posture; and, a growing realization that China is rapidly expanding its influence in the Indian Ocean region, something that many

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in the Indian strategic community feel would be detrimental to Indian interests in the long-term. India has a pivotal position in the Indian Ocean because, unlike other nations in the region with blue-water capabilities, such as Australia and South Africa, India is at the centre and dominates the sea lanes of communication across the ocean in both directions. There are now signs that India is making a concerted attempt to enhance its capabilities to back up its aspiration to play an enhanced naval role in the Indian Ocean.

**Expanding Resource Base**

Sustained rates of high economic growth over the last decade have given India greater resources to devote to its defence requirements. In the initial years after independence in 1947, India’s defence expenditure as a percentage of the GDP hovered around 1.8 percent. This changed with the 1962 war with China, in which India suffered a humiliating defeat due to its lack of defence preparedness and Indian defence expenditure came to stabilize at around 3 percent of the GDP for the next 25 years.\(^\text{11}\) Over the past two decades, the military expenditure of India has been around 2.75 percent but since the country has been experiencing significantly higher rates of economic growth over the last decade compared to any other time in its history, the overall resources that it has been able to allocate to its defence needs have grown significantly. The armed forces have long been asking for an allocation of 3 percent of the nation’s GDP to defence. This has received broad political support in recent years. The Indian prime minister has been explicit about it, suggesting that “if our economy grows at about 8 percent per annum, it will not be difficult for [the Indian government] to allocate about 3 percent of GDP for national defense.”\(^\text{12}\) The Indian Parliament has also underlined the need to aim for the target of 3 percent of the GDP.

India, with the world’s fourth-largest military and one of the biggest defence budgets, has been in the midst of a huge defence modernization programme for nearly a decade that has seen billions of dollars spent on the latest high-tech military technology. This liberal spending on defence equipment has attracted the interest of Western industry and governments alike and is changing the scope of the global defence market.

As for the share of the three services, during the ten-year period between 1996-97 and 2005-06, the average share of the expenditure on the army, navy and air force was 57 percent, 15 percent and 24 percent respectively. Though the navy’s share is the smallest, it has been gradually increasing over the\(^\text{11}\) Jasjit Singh, *India’s Defence Spending: Assessing Future Needs* (New Delhi: Knowledge World, 2001), pp. 22-23.

years, whereas the share of other services has witnessed great fluctuations. The Indian navy saw its allocation go up by 10.5 percent and procurement spending rise by 17 percent in 2007.\(^\text{13}\) In 2008-09, the navy’s share of the total defence allocation was 18 percent, compared to 47 percent of the Army, and 53 percent of the Air Force.\(^\text{14}\) In the overall defence expenditure for the services, the ratio of revenue to capital expenditure is most significant in assessing how the services are utilizing their allocated resources. Capital expenditure is the element that is directed towards building future capabilities. While the ratio of revenue to capital expenditure has been around 70:30 for the defence forces as a whole, there is huge variation among the services with the ratio of navy being 48:52. Of the three services, it is the only one that is investing in future capabilities to a greater extent than current expenditure.\(^\text{15}\) Capital expenditure determines the trend of modernization and with 52 percent of its allocation going toward capital expenditure, the Indian navy is ahead of the other two services in its endeavour to modernize its operations. Three key acquisitions by the Indian navy—long-range aircraft, aircraft carriers, and nuclear submarines—are intended to make India a formidable force in the Indian Ocean. While India’s global aspirations are clearly visible in the modernization activities of the Indian navy, non-conventional threats to Indian and global security have also risen in recent times, which might result in a change of priorities for the defence forces.

**Growing Threats from Non-State Actors**

Non-traditional threats to global security have grown exponentially and maritime terrorism, gun-running, drug trafficking and piracy are the major threats that India is facing from the sea-borders of the country. With vital shipping lanes passing through the area, India has been emphasizing the importance of maritime security in the Persian Gulf and the Gulf of Aden. Various terrorist organizations from Al Qaeda to Jammah Islamiah use maritime routes around India in the Indian Ocean region for narcotics and arms trafficking through which they finance their operations. Indian intelligence agencies have warned the government that India might face seaborne attacks by terrorist groups against the nation’s oil rigs, involving production and support platforms, along both coasts of India.\(^\text{16}\) Piracy in various parts of the Indian Ocean, such as the Malacca Straits and the Horn of Africa, is rampant, requiring a strong Indian maritime presence. In line with this perception, the Indian maritime doctrine states: “The Indian

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maritime vision for the twenty-first century must look at the arc from the Persian Gulf to the Straits of Malacca, as a legitimate area of interest.”

Most of the attacks and hijackings on the high seas are clustered in three areas: the Gulf of Aden and the eastern coast of Somalia; the coast of West Africa, particularly off Nigeria; and the Indonesian archipelago. In the first quarter of 2008, more than half of all attacks took place in the Gulf of Aden. In 2008, at least 92 ships were attacked in and around the Gulf of Aden, more than triple the number in 2007 and an estimated $25 to $30 million was paid in ransom to Somali pirates.

Following the hijacking off the coast of Somalia in September 2008 of the merchant vessel MT Stolt Valor, owned by a Japanese company with 18 Indian crew members on board, the Indian government authorized the Indian navy to begin patrols in the Gulf of Aden and escort Indian merchant vessels. India has an economic interest in ensuring the protection of even non-Indian owned cargo ships in the Gulf of Aden shipping lanes, as around 85 percent of India’s sea trade on the route is carried by foreign-owned ships, while around a third of India’s total fleet of 900 cargo ships deployed in international waters are at risk. Patrolling by the Indian navy is intended to protect the nation’s sea-borne trade and instil confidence in the sea-faring community as well as functioning to deter pirates. Russia, NATO and the EU forces have also started patrolling the region but efforts remain disjointed. India has made a case that a peacekeeping force under a unified command is needed to provide security to international shipping in pirate-infested regions. In a first operation of its kind since the 1971 war with Pakistan, India’s stealth frigate, INS Tabar, shot at and sank a pirate “mother vessel” in the Gulf of Aden, which later turned out to be a Thai trawler. Since the trawler was under the command of the pirates who refused to surrender, the Indian naval vessel fired in self-defence. This incident once again highlighted the Indian navy’s capability on the high seas, witnessed earlier by the world in the conduct of tsunami relief operations and during the evacuation of Indian nationals in the Lebanon War of July-August 2006. Moreover, the Indian navy asserted its autonomy and ability in the service of a collective good: the protection of global maritime trade. India used this act of its navy to project India as a country capable of protecting its maritime interests and commercial sea routes in international waters.

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17 Indian Maritime Doctrine, p. 56.
While on the one hand the Indian navy demonstrated its might on the high seas, on the other, its ability to tackle terrorism in the homeland has come under scrutiny after terrorists managed to launch a severe assault on Mumbai in November 2008, hoodwinking the Indian navy and Coast Guard. The terrorists succeeded in entering Mumbai by using a trawler, indicating a systemic failure of the Indian security agencies. It is the responsibility of India’s Coast Guard to secure India’s Exclusive Economic Zone, up to 200 nautical miles, whereas the blue water beyond is the navy’s responsibility. Though dangers of terror attacks from the sea have long been apparent to Indian policymakers, no action was taken to strengthen the anti-terror defences. India’s long coastline, with its inadequate policing, makes it easy to land arms and explosives at isolated spots along the coast. This was how explosives were smuggled into India in 1993 for the bomb blasts that crippled the Indian financial capital. The same method was used again by the terrorists to attack Mumbai in 2008. The Indian Naval Chief took responsibility for inaction and underlined weak infrastructure for patrolling and surveillance of coastal areas. Despite clear intelligence inputs the Coast Guard and the navy failed to either spot or interdict the Pakistani ship that carried terrorists from an Indus creek near Karachi in Pakistan.22

It is clear that global threats from non-state actors are multiplying. India will have to work with other major naval powers, not only to tackle problems such as piracy, but also to deal with the larger issues of security for sea-going commerce. Because the navy has proven itself adept at giving the Indian government sufficient leverage in operational situations in the Indian Ocean, its utility for India in projecting power and protecting its interests is only going to increase. Yet the biggest challenge to the Indian navy might come from the expansion of the prowess of that other Asian giant in the Indian Ocean: China.

**China’s Foray in the Indian Ocean**

China emerged as the biggest military spender in the Asia-Pacific in 2006, overtaking Japan, and now has the fourth-largest defence expenditure in the world. The exact details about Chinese military expenditure remain contested, with estimates ranging from the official Chinese figure of $35 billion to the US Defence Intelligence Agency’s estimate of $80-115 billion.23 But the rapidly rising trend in Chinese military expenditure is fairly evident, with an increase of 195 percent over the decade 1997-2006. The official

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22 Shishir Gupta, “Coast Guard moved on LeT alert but was all at sea,” *Indian Express*, 11 December 2008.

figures of the Chinese government do not include the cost of new weapons purchases, research or other big-ticket items for China’s highly secretive military. From Washington to Tokyo, from Brussels to Canberra, calls are rising for China to be more open about the intentions behind this dramatic pace of spending increase and scope of its military capabilities. The Chinese navy, according to the Defence White Paper of 2006, will be aiming at a “gradual extension of the strategic depth for offshore defensive operations and enhancing its capabilities in integrated maritime operations and nuclear counter-attacks.”

China’s navy is now considered the third-largest in the world behind only the US and Russia and superior to the Indian navy in both qualitative and quantitative terms. The Peoples’ Liberation Army (PLA) Navy has traditionally been a coastal force and China has had a continental outlook to security. But with a rise in its economic might since the 1980s, Chinese interests have expanded and have acquired a maritime orientation with an intent to project power into the Indian Ocean. China is investing far greater resources in the modernization of its armed forces in general and its navy in particular than India seems either willing to undertake or capable of sustaining at present. China’s increasingly sophisticated submarine fleet could eventually be one of the world’s largest and with a rapid accretion in its capabilities, including submarines, ballistic missiles and GPS-blocking technology, some are suggesting that China will increasingly have the capacity to challenge America. Senior Chinese officials have indicated that China would be ready to build an aircraft carrier by the end of the decade as it is seen as being indispensable to protecting Chinese interests in oceans. Such an intent to develop carrier capability marks a shift away from devoting the bulk of the PLA’s modernization drive to the goal of capturing Taiwan.

With a rise in China’s economic and political prowess, there has also been a commensurate growth in its profile in the Indian Ocean region. China is acquiring naval bases along the crucial choke points in the Indian Ocean not only to serve its economic interests but also to enhance its strategic presence in the region. China realizes that its maritime strength will give it the strategic leverage that it needs to emerge as the regional hegemon and a potential superpower and there is enough evidence to suggest that China is comprehensively building up its maritime power in all dimensions. It is China’s growing dependence on maritime space and resources that is reflected in the Chinese aspiration to expand its influence and to ultimately

dominate the strategic environment of the Indian Ocean region. China’s
growing reliance on bases across the Indian Ocean region is a response to
its perceived vulnerability, given the logistical constraints that it faces due to
the distance of the Indian Ocean waters from its own area of operation. Yet,
China is consolidating power over the South China Sea and the Indian Ocean
with an eye on India, something that comes out clearly in a secret
memorandum issued by the director of the General Logistic Department of
the PLA: “We can no longer accept the Indian Ocean as only an ocean of the
Indians…. We are taking armed conflicts in the region into account.”

China has deployed its Jin class submarines at a submarine base near Sanya
in the southern tip of Hainan Island in South China Sea, raising alarm in
India as the base is merely 1200 nautical miles from the Malacca Strait and
will be its closest access point to the Indian Ocean. The base also has an
underground facility that can hide the movement of submarines, making
them difficult to detect. The concentration of strategic naval forces at Sanya
will further propel China towards a consolidation of its control over the
surrounding Indian Ocean region. The presence of access tunnels on the
mouth of the deep water base is particularly troubling for India as it will have
strategic implications in the Indian Ocean region, allowing China to interdict
shipping at the three crucial chokepoints in the Indian Ocean. As the ability
of China’s navy to project power in the Indian Ocean region grows, India is
likely to feel even more vulnerable despite enjoying distinct geographical
advantages in the region. China’s growing naval presence in and around the
Indian Ocean region is troubling for India as it restricts India’s freedom to
manoeuvre in the region. Of particular note is what has been termed as
China’s “string of pearls” strategy that has significantly expanded China’s
strategic depth in India’s backyard.

This “string of pearls” strategy of bases and diplomatic ties include the
Gwadar port in Pakistan, naval bases in Burma, electronic intelligence
gathering facilities on islands in the Bay of Bengal, funding construction of
a canal across the Kra Isthmus in Thailand, a military agreement with
Cambodia and building up of forces in the South China Sea. Some of these
claims are exaggerated as has been the case with the Chinese naval presence
in Burma. The Indian government, for example, had to concede in 2005
that reports of China turning Coco Islands in Burma into a naval base were

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29 Youssef Bodansky, “The PRC Surge for the Strait of Malacca and Spratly Confronts India and
6-13.

30 Manu Pubby, “China’s new n-submarine base sets off alarm bells,” Indian Express, 3 May
2008.


32 For a detailed explication of the security ramifications of the Chinese “string of pearls” strategy,
see Gurpreet Khurana, “China’s ‘String of Pearls’ in the Indian Ocean and Its Security Implications,”
incorrect and that there were indeed no naval bases in Burma. Yet the Chinese thrust into the Indian Ocean is gradually becoming more pronounced. The Chinese may not have a naval base in Burma but they are involved in the upgradation of infrastructure in the Coco Islands and may be providing some limited technical assistance to Burma. Given that almost 80 percent of China’s oil passes through the Strait of Malacca, it is reluctant to rely on US naval power for unhindered access to energy and so has decided to build up its naval power at “choke points” along the sea routes from the Persian Gulf to the South China Sea. China is also courting other states in South Asia by building container ports in Bangladesh at Chittagong and in Sri Lanka at Hambantota as well as helping to build a naval base at Marao in the Maldives. Consolidating its access to the Indian Ocean, China has signed an agreement with Sri Lanka to finance the development of the Hambantota Development Zone, which includes a container port, a bunker system and an oil refinery. The submarine base that China has built at Marao Island in the Maldives has the potential to challenge the US navy in Diego Garcia, the hub of US naval forces in the Indian Ocean. It is possible that the construction of these ports and facilities around India’s periphery by China can be explained away on purely economic and commercial grounds but for India this looks like a policy of containment by other means.

China’s diplomatic and military efforts in the Indian Ocean seem to exhibit a desire to project influence vis-à-vis competing powers in the region, such as the US and India. China’s presence in the Bay of Bengal via roads and ports in Burma and in the Arabian Sea via the Chinese-built port of Gwadar in Pakistan has been a cause of concern for India. With access to crucial port facilities in Egypt, Iran and Pakistan, China is well poised to secure its interests in the region. China’s involvement in the construction of the deep-sea port of Gwadar has attracted a lot of attention due to its strategic location, about 70 kilometres from the Iranian border and 400 kilometres east of the Strait of Hormuz, a major oil supply route. It has been suggested that it will provide China with a “listening post” from where it can “monitor US naval activity in the Persian Gulf, Indian activity in the Arabian Sea, and future US-Indian maritime cooperation in the Indian Ocean.” Though Pakistan’s naval capabilities do not, on their own, pose any challenge to India, the combinations of Chinese and Pakistani naval forces can indeed be formidable for India to counter.

It has been suggested that the Chinese government appears “to have a very clear vision of the future importance of the sea and a sense of the strategic leadership needed to develop maritime interest.” This is reflected

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33 For a nuanced analysis of this, see Andrew Selth, “Chinese Military Bases in Burma: The Explosion of a Myth,” Griffith Asia Institute, Regional Outlook Paper no. 10, 2007.
in the attempts that China has made in recent years to build up all aspects of its maritime economy and to create one of the world’s largest merchant fleets with a port, transport and ship-building infrastructure to match. In this respect, the Indian Ocean has an important role to play in the Chinese efforts towards establishing its predominance as the main maritime power in the region, resulting in Sino-Indian competition for influence. Despite a significant improvement in Sino-Indian ties since the late 1990s, the relationship remains competitive in nature and using its rising economic and military profile, China has been successful in containing India within the confines of South Asia by building close ties with India’s key neighbours, in particular with Pakistan.\footnote{36 Harsh V. Pant, “India in the Asia-Pacific: Rising Ambitions with an Eye on China,” \textit{Asia-Pacific Review}, vol. 14, no. 1 (May 2007), pp. 54-71.}

Yet, the notion that China aspires to naval domination of the Indian Ocean remains a bit far-fetched. China would certainly like to play a greater role in the region, protect and advance its interests, especially Chinese commerce, as well as counter India. But given the immense geographical advantages that India enjoys in the Indian Ocean, China will have great difficulty in exerting as much sway in the Indian Ocean as India can. But all the steps that China is taking to protect and enhance its interests in the Indian Ocean region are generating apprehensions in Indian strategic circles about her real intentions, thereby engendering a classic security dilemma between the two Asian giants. And it is India’s fears and perceptions of the growing naval prowess of China in the Indian Ocean that is driving Indian naval posture. Tensions are inherent in such an evolving strategic relationship, as was underlined in an incident in January 2009 when an Indian Kilo class submarine and Chinese warships, on their way to the Gulf of Aden to patrol the pirate-infested waters, reportedly engaged in rounds of manoeuvring as they tried to test for weaknesses in each other’s sonar systems. The Chinese media reported that its warships forced the Indian submarine to the surface which was strongly denied by the Indian navy.\footnote{37 Manu Pubby, “Indian submarine, Chinese warship test each other in pirate waters,” \textit{Indian Express}, 5 February 2009.} Unless managed carefully, the potential for such incidents turning serious in the future remains high, especially as Sino-Indian naval competition is likely to intensify with the Indian and Chinese navies operating far from their shores.

**India Responds to the Chinese Challenge**

The augmentation of China’s capabilities in the Indian Ocean has alarmed India and has galvanized it into taking ameliorative measures. Underscoring India’s discomfort with China’s “string of pearls” strategy, the Indian naval chief has argued that “each pearl in the string is a link in a chain of the
Chinese maritime presence” and has expressed concern that naval forces operating out of ports established by the Chinese could “take control over the world energy jugular.”\textsuperscript{38} India views Chinese naval strategy as expansionist and intent on encircling India strategically. The current Indian naval strategy is being driven by the idea “that the vast Indian Ocean is its \textit{mare nostrum} … that the entire triangle of the Indian Ocean is their nation’s rightful and exclusive sphere of interest.”\textsuperscript{39} Just as the PLA navy seems to be concentrating on anti-access warfare so as to prevent the US navy from entering into a cross-Straits conflict, the Indian navy is also working towards acquiring the ability to deny China access through the Indian Ocean.\textsuperscript{40} While the Indian Maritime Doctrine of 2004 underlined “attempts by China to strategically encircle India,” the Indian Maritime Strategy released three years later emphasized attempts by the Chinese navy to emerge as a blue-water force by pursuing an ambitious modernization programme, “along with attempts to gain a strategic toe-hold in the Indian Ocean Rim.”\textsuperscript{41}

India’s projection of naval power into the Indian Ocean and beyond is an outcome of India’s increasingly outward-looking foreign policy posture in line with its growing economic prowess. Through joint exercises, port visits and disaster relief missions, the Indian navy has dramatically raised its profile in the Indian Ocean region in the last few years. India’s rapid response to the December 2004 Tsunami was the largest-ever relief mobilization by its naval forces and underlined India’s growing role in the Indian Ocean as well as its ability to be a net provider of security in the region. India was one of the few nations affected by the tragedy that was able to respond relatively effectively and also lend a helping hand to neighbouring countries by sending its naval ships and personnel. The Indian navy also demonstrated its rapid response capability when it evacuated a large number of Indians and other nationals from Lebanon during the 2006 Israel-Lebanon conflict.

\textbf{Diplomatic Initiatives}

India is using its naval forces to advance its diplomatic initiatives overseas and in particular towards shaping the strategic environment in and around the Indian Ocean. Indian interests converge with those of the US in the Indian Ocean region and it is trying to use the present upswing in US-India ties to create a more favourable strategic environment for itself in the region.

\textsuperscript{38} Quoted in Gavin Rabinowitz, “India, China jostle for influence in Indian Ocean,” \textit{The Associated Press}, 7 June 2008.
\textsuperscript{41} Freedom to Use the Seas: India’s Maritime Military Strategy, Integrated Headquarters Ministry of Defence (Navy), 2007, p. 41.
despite its historical sensitivities to the presence of US forces in the Indian Ocean.\(^{42}\) The US has also recognized the importance of India’s role in the region as was evident in Colin Powell’s contention that it was important for the US to support India’s role in maintaining peace and stability in the Indian Ocean and its vast periphery.\(^ {43}\) In its first maritime service strategy update in 25 years, the US views its sea power as the primary instrument in the US defence arsenal to deter conflict with China, and cooperation with other countries’ naval services, including India’s, is recognized as crucial to fulfilling the strategic imperatives in the region.\(^ {44}\) The US and Indian navies have stepped up their joint exercises and the US has sold India the USS Trenton (renamed INS Jalashwa), the first of its class to be inducted into the Indian navy and marking a milestone in the US-India bilateral ties. The US would like India to join its Container Security Initiative (CSI) and Proliferation Security Initiative (PSI) but India remains reluctant. PSI is viewed as a US-led initiative outside the United Nations mandate while the CSI would result in the presence of US inspectors in Indian ports, making it politically radioactive. However, India has indicated that it would be willing to join the US-proposed 1000-ship navy effort to combat illegal activities on the high seas, given the informal nature of the arrangement.\(^ {45}\) India is seen a balancer in the Asia-Pacific, where the influence of the United States has waned relatively even as China’s has risen. India’s ties with Japan have also assumed a new dynamic with some even mothing a “concert of democracies” proposal involving the democratic states of the Asia-Pacific working towards their common goals of a stable Asia-Pacific region.\(^ {46}\) While such a proposal has little chance of evolving into anything concrete in the near term, especially given China’s sensitivities, India’s decision to develop natural gas with Japan in the Andaman Sea and recent military exercises involving US, Japan, India and Australia does give a sense of India’s emerging priorities.\(^ {47}\)

India’s decision to establish its Far Eastern Command in the Andaman and Nicobar Islands in the Bay of Bengal is aimed at countering China’s growing presence in the region by complicating China’s access to the region through the Strait of Malacca, the main bottleneck of oil transit to China. India has launched Project Seabird, consisting of India’s third operational


\(^{47}\) On India’s strategic priorities in the Asia-Pacific, see Pant, “India in the Asia-Pacific: Rising Ambitions with an Eye on China,” pp. 54-71.
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naval base in Karwar on the nation’s western seaboard, an air force station, a naval armament depot, and missile silos, aimed at securing the nation’s maritime routes in the Arabian Sea.\(^{48}\) India is set to establish a monitoring station in Madagascar, its first in another country, as it is deemed vital to guard against the terrorist threat emanating from East Africa as well as to keep an eye on China’s plans in the region. India also has its sights set on Mauritius for developing a monitoring facility at an atoll and has strengthened its naval contacts with Mozambique and Seychelles. India responded to the Chinese President Hu Jintao’s offer of military assistance to the Seychelles by donating one of its patrol aircraft to the Seychelles’ navy. India’s support in the building of Chahbahar port in Iran as well as the road connecting it to Afghanistan is an answer to the Chinese-funded Gwadar port in Pakistan. India’s air base in Kazakhstan and its space monitoring post in Mongolia are also geared primarily towards China.

Competition between China and India is also increasing for influence in Burma, as the Andaman Sea off Burma’s coast is viewed as a crucial energy lifeline for China while India also needs Burma for meeting its energy requirements. India will be rebuilding Burma’s western Sittwe port and is one of the main suppliers of military hardware to the ruling junta. China’s growing penetration of Burma is one of the main reasons India is reluctant to cease its economic and military engagement with the Burmese junta despite attracting widespread criticism from both outside and within India.

India’s “Look East” policy, originally aimed at strengthening economic ties with India’s Southeast Asian neighbours, has now led to naval exercises with Singapore, Thailand and Indonesia. The ASEAN member states have joined the Indian navy in policing the Indian Ocean region to check piracy, trafficking and other threats to sea lanes. India has also accelerated its naval engagement with a number of Persian Gulf states, making port calls and conducting exercises with the navies of Kuwait, Oman, Bahrain, Saudi Arabia, Qatar, United Arab Emirates and Djibouti, as well as engaging with the navies of other major powers in the region such as the US, the UK and France. It has also been suggested that to more effectively counter the Chinese presence in the Indian Ocean and to protect its trade routes, India will have to seek access to the Vietnamese, Taiwanese and Japanese ports for the forward deployment of its naval assets.\(^{49}\) India is already emerging as an exclusive “defence service provider” for smaller states with growing economies that seek to strengthen their military capabilities in Southeast Asia and West Asia, such as Vietnam, Indonesia, Malaysia, Singapore, Qatar and Oman, providing


it access to ports along the Arabian coast, the Indian Ocean and the South China Sea.  

**Naval Platforms and Doctrine**

The Indian navy is aiming for a total fleet of 140 to 145 vessels over the next decade, built around two carrier battle groups: *Admiral Gorshkov*, which will now be handed over to India only by 2010; and the indigenous carrier, the 37,500-tonne STOBAR Air Defence Ship, likely to be completed by 2011. India’s ambitions to equip its navy with two or more aircraft carriers over the next decade as well as its decision to launch its first indigenous nuclear submarine by 2009 is seen as crucial for power projection and to achieve a semblance of strategic autonomy. India’s emerging capability to put a carrier task force as far as the South China Sea and the Persian Gulf has boosted the Indian navy’s blue-water aspirations and India hopes to induct a third aircraft carrier by 2017, ensuring that the Indian navy has two operational carriers at any given point. The deployment of the Jin-class submarine at Hainan by China will also force India to speed up its indigenous nuclear submarine project that has been in the making for more than a decade now with the Indian navy, rather ambitiously, aiming at the induction of five indigenous ATV (Advanced Technology Vehicle) nuclear submarines. But with the first trials of the submarine slated for 2009, India will be leasing an Akula II nuclear attack submarine from Russia for personnel training. A submarine-based nuclear arsenal is considered critical by Indian strategists to retain a second-strike capability. Despite some attempts at diversification of sources, India’s dependence on Russia for military equipment remains acute and has resulted in bilateral tension in recent times. The Indian military, in particular, has been critical of an over-reliance on Russia for defence acquisition, which was reflected in the Indian Naval Chief’s view that there should be a re-evaluation India’s ties with Russia in light of the Russian demand of an additional $1.2 billion for the aircraft carrier, *Admiral Gorshkov*, purchased by India in 2004. The Indian navy is now actively looking to other states, particularly the US, for its new acquisitions.

While a focus on augmenting its platforms, systems and weapons is clearly evident in the Indian navy, concomitant changes in doctrine and organization have been relatively slow to emerge. It was only in 2004 that India released its first maritime doctrine since independence. The determination to establish its pre-dominance in the Indian Ocean region comes across quite

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categorically in the doctrine, which underlines four roles for the Indian navy: military/strategic; political; constabulary; and benign agent of humanitarian assistance. The doctrine emphasizes the shift for the Indian navy from conventional combat to include non-traditional threats and underscores the role of the Indian navy in the nation’s trade and energy policies. It calls for exercising sea control in the designated area of the Arabian Sea and the Bay of Bengal and urges the navy to contribute towards strengthening India’s credible minimum nuclear deterrent in the form of nuclear submarines equipped with nuclear missiles. It emphasizes India’s concerns about growing Chinese naval capabilities by underlining the allocation of a 24-percent share of China’s defence outlays to its navy compared to 16 percent in India’s case and the Chinese plans to configure its force levels around two-carrier groups. The doctrine, however, is a very ambitious document for a service that has always complained about a lack of resources and it does not seem to offer a clear vision for the future. The challenge for the Indian navy in the coming years will be to synergize its doctrine effectively with force planning and acquisitions.

Organizational changes have been even less visible. It has become imperative for the three services to cooperate more closely if the desired effects are to be achieved in contemporary warfare. “Jointery” or “Jointness” is the new buzzword and the distinctions between sea, land and air are becoming increasingly redundant for the conduct of expeditionary operations. Integration is essential not only for operational effectiveness but is also a force multiplier and a measure of efficiency. And in this era of “jointness,” of all the major armed forces in the world, India is probably the only one not fully integrated. India has taken some baby steps towards jointery though inter-services rivalry continues to plague Indian defence forces. The Indian army continues to insist that it should be seen as the most important element while the navy and air force continue to resent and resist the domination of the army. The result is that while an Integrated Defence Staff has been set up, the move towards a Chief of Defence Staff has come to naught as the inter-services bickering gives the government an excuse to drag its feet on this issue, essential for streamlining decision making on defence issues. Lack of cooperation among the three services also leads to duplication of purchases, hindering efficient utilization of precious resources. Yet, the acquisition and procurement processes continue to remain extremely complex and opaque. India’s much-hyped defence modernization programme is suffering because of delays in the procurement of major weapon systems.

Conclusion

With its rise as a major power in the region, India has been forced to shed some of the reticence that has characterized the conduct of its foreign policy
in the post-independence period, and the country has been called upon to
provide security in its neighbourhood, including the Indian Ocean region.
Given India’s geographical coordinates, it will always have a pivotal role in
the Indian Ocean and its littoral. Indian policymakers have only just begun
to recognize the importance of the Indian navy as a powerful tool in the
pursuit of their nation’s foreign policy objectives. The Indian navy’s ambitious
modernization programme is geared towards its emergence as a world-class
blue-water navy equipped and willing to meet regional challenges and
become a guarantor of regional peace and stability. India is looking at its
navy not only as an instrument of war fighting but also as an effective police
force in the region as well as contributing to benign and coercive diplomacy
in the littoral. Though the Indian and Chinese navies are usually placed on
par with each other as “medium regional force projection navies” when
attempts are made to classify world navies, the pace of their recent growth
might soon call for a re-evaluation. Indian naval strategists warn that despite
all the talk of quality and capability-based platforms, the Indian navy is actually
shrinking in size and that a ten-year strategic maritime gap has emerged
between China and India which will be difficult to close without radical
actions to upgrade shipbuilding and port infrastructure. Though Indian
naval aspirations are growing, the emphasis placed upon India’s sea power
has not been commensurate with the nation’s growing maritime commitments
and the ever-more sophisticated threats emerging in the waters around it.
India’s reluctance, primarily due to domestic political considerations, to
conclude the logistics support agreement with the US is also constraining
the Indian navy’s ability to compete with the Chinese thrust into the Indian
Ocean.

Both China and India would most certainly like to acquire the potential
to project power and operate independently far from their shores. Yet, it is
China that as of now seems more willing to actually commit to the expense
of building up its fleet with a clear strategic agenda as to how it wants to
utilize its naval assets. The ability of Indian policymakers to think strategically
on national security and defence issues has been questionable at best. Ad
hoc decision making has been the norm leading to a situation where long-
time observers of India argue that it’s likely that “India will be among the
medium powers … a country of great economic capabilities but limited
cultural and military influence.” With policymakers in New Delhi far
removed from the nation’s sea frontiers, there is even less understanding of

53 On the classification of world navies along various axes, see Eric Grove, The Future of Seapower
54 Arun Kumar Singh, “Navy Coast Guard must get more funds, powers,” Asian Age, 2 June
2008.
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maritime issues. This political apathy has led to the nation’s armed forces operating in a strategic void. The Indian navy’s attempt to come up with its own strategy and doctrine, though welcome in many respects, has little meaning in the absence of a national security strategy from the Indian government.

Despite the fact that some in India would like their nation to achieve preponderance in the Indian Ocean region, it remains an unrealistic aspiration as other major powers have significant stakes in the region and so will continue to operate and shape its strategic environment. A rising India is beginning to discover that major global powers have stakes in far-flung corners of the world and this realization has allowed India to shun its fundamentally flawed original argument about the need for “extra-regional navies” to withdraw from the Indian Ocean region. India’s bilateral and multilateral naval exercises with major naval powers has helped in reducing the misperceptions about India’s maritime intentions and has brought the Indian navy’s capacity to contribute to peace and stability in the Indian Ocean littoral to the forefront. India, therefore, will look towards cooperating with other major powers in the region to secure common interests that include safeguarding the SLOCs, energy security, and countering extremist and terrorist groups.

However, Asia is witnessing the rise of two giants, China and India, simultaneously and this will cause some inevitable complications. It has been suggested that much like the Japanese-American rivalry in the Pacific during the first half of the twentieth century over overlapping SLOCs, a similar degree of mutual suspicion and insecurity haunts Sino-Indian relations in the Indian Ocean. While the costs of not cooperating will be too high for both China and India, the struggle for power and influence between the Asian giants will continue to shape India’s naval posture as well as the strategic environment of the Indian Ocean region in the coming years.

King’s College London, United Kingdom, March 2009

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China Security explores a wide range of global security issues and their policy implications for China. Featuring leading scholars and influential policymakers from both inside and outside of China, the journal has become a leading forum for the analysis and resolution of conflict. China Security now serves as an authoritative source to researchers, media, military and government officials, with over 30,000 readers around the globe.

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Beijing: A New Focus
Review Article


The 2008 Beijing Olympics and the emergence of China in recent years have attracted a rising interest and new research on various aspects of this country including, for example, architecture, urban planning and the history of cities. Beijing naturally stands out as a primary focus. Many researchers have dealt with Beijing in conjunction with other cities or issues. Three books published in 2007 and 2008 focussed on Beijing exclusively: The Forbidden City, Beijing Time and Beijing: From Imperial Capital to Olympic City (hereafter referred as Beijing). All of the authors have made contributions to the existing scholarship on Beijing, yet the scope, content and approach of the three books are very different. Accordingly, the authors’ breakthroughs also differ, and are closely related to the method and perspective they adopt. Beijing provides a historical survey of the city across some six centuries, whereas the other two, The Forbidden City and Beijing Time, provide a contemporary reading of the city. While The Forbidden City focuses on famous personalities surrounding the imperial palace, Beijing Time provides a sociopolitical reading on the ground, in a tour of contemporary Beijing, revealing political meaning and historical past along the way.

The book Beijing is an ambitious undertaking. It is written by three authors, Li, Dray-Novey and Kong, who are scholars in socioeconomic history, urban social history, and Chinese language and literature respectively. With this background, the book presents a sustained survey of the city from the fifteenth century, and functions as a social history of the Chinese capital. Apart from the introduction and the epilogue, it has eight chapters arranged...
chronologically. Chapter 1 deals with early periods when Beijing was the capital of local powers (Liao and Jin) and of a world empire (Yuan Dynasty, 1279-1368); it also deals with the new city built in 1420 as the capital of the Han Chinese empire of the Ming (1368-1644). This Beijing was adopted afterwards by a Manchurian court of the Qing dynasty (1644-1911). The use of Beijing in the Qing is explained in the next three chapters: chapter 2 on the three great emperors, chapter 3 on daily life of the city, and chapter 4 on the last emperors and the decline after 1800. In these three chapters, a focus on the palace is followed by research on daily life in the city, which in turn was followed by a historical narrative of the decline. In this way, synchronic (social, spatial) and diachronic (temporal, historical) descriptions are used in alternation: temporality provides a general framework whereas social observations are made at some peak moments or periods such as high Qing (1662-1795).

The next four chapters deal with “modern” and contemporary periods: chapter 5 on the Republican period (1912-1940s), chapter 6 on Maoist Beijing (1949-1976), chapter 7 on the early stage of Economic Reform (1976-1989), and chapter 8 on the recent stage of Reform, titled “Beijing Boom, Urban Crisis, and the Olympic City” (the 1990s to the present). Again, the authors use synchronic observations inserted at crucial moments of a general historical narrative. For the Republican era, the book covers urban governance and public spaces newly emerged at that time, as well as momentous historical events such as the New Cultural Movement, shifts of the government, Japanese invasion and wars thereafter. For the Maoist period, it covers architectural changes to Beijing, especially to the Tiananmen Square, social change and daily life, as well as Mao’s campaigns including the Cultural Revolution (1966-76). For the Reform Era, it explores changes made to the Tiananmen Square, the Reform and social changes it has brought about, as well as intellectual movements and the Tiananmen Crisis. For the most recent period, the book covers a new way of life and a commercial culture in current Beijing after the economic success and participation in globalization. It also describes crises the city is facing today (such as the destruction of the urban fabric) as well as a new landscape of majestic architecture from the National Stadium to the new CCTV (Central China Television) Headquarters emerging in 2008. The epilogue, “Preserving the Past,” provides reflections on contemporary Beijing in a historical perspective. It highlights a critical problem, namely, how to retain the past when the city is reinventing itself dramatically amidst commercialization and the ruthless drive to modernity.

This book has provided a sustained and often detailed social survey of the city (including even aspects of daily life such as food, dress and hair style), in a long historical narrative from 1644 to 2008. The close observation of the city for such an extended period of time is an important contribution of the book. Beijing, however, lacks a focus on analysis and connections between the different chapters and historical periods. The book is a synthesis
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of large-scale historical evolution, with a focus on micro-scale social practice and the daily life of the city. It is a comprehensive introduction to Beijing, with detailed observations on certain periods. The book can be read selectively, and studied over time as one’s interest on Beijing deepens.

In contrast, the book *The Forbidden City* focuses on one part of Beijing, the central imperial palace and its immediate surroundings, and is concerned more tangibly with the emperors and political figures in the centre, from the Qing dynasty to the present. The author, Geremie R. Barme, is a well-known China observer and commentator. Without a disciplinary or methodological angle, however, Barme’s work concerns the specifics of the Chinese phenomena, rather than general issues for which China provides an interesting case. Great attention is paid to the specific names, personalities, events and locations surrounding the Chinese palace. The book offers a story of the dramas of the Forbidden City, covering its layout, the personalities, and the modern use when it was no longer an imperial residence.

Chapter 1, “A Palace of Blood and Tears,” deals with the fate of the palace and the use of the Tiananmen Square (newly opened in the 1950s) in the Cultural Revolution from 1966 to the early 1970s. Chapter 2 provides a reading of the palace as an ensemble of majestic architecture. Chapter 3, “Rise and Decline,” describes the three emperors of early and high Qing, and also an outline of the decline after 1800. Chapter 4, “A Day in the Reign,” provides a detailed account of 28 January 1765 in the life of the Qianlong emperor. Chapter 5, “The Dowager,” deals with the infamous Empress Dowager Cixi in the last decades of the empire, as well as the mystique and misunderstanding about Cixi. Chapter 6, “Within and Without the Palace,” deals with the fate of the last emperor Puyi, his move out of the palace, the early stages of the Palace Museum, and the opening of the palace to the public, from the 1910s to the 1940s. Chapter 7, “Three Hundred Years On,” deals with the arrival of Mao and the Communist Party in 1949, and the use of the Lake Palaces (to the west of the Forbidden City) as the residential compound of the government in the following decades. Chapter 8, “the Banquet of History,” deals with the use of open public space outside the palace, the Tiananmen Square, for national celebrations from the 1970s to 2007, and the opening of the palace itself for international spectacles since 1988 as China becomes more open to the outside. The performance of the three tenors (Pavarotti, Domingo and Carreras) inside the palace in June 2001, days before China won the bid to host the 2008 Olympics, is one such event described in the book. In these last chapters, the reader can identify a trajectory of the palace opening up gradually, in 1913, 1925, the 1950s, the early 1970s, and after 1988. This is a lively reading of the palace with a very contemporary sensibility.

The book does, however, have certain shortcomings. The source of information is not provided, as there are no footnotes. The book intends to cover all main sites of court life in and around the Forbidden City but has
systematically ignored one such critical site: the Altar of Heaven (conventionally known as the Temple of Heaven). The book has collapsed the difference between imperial rituals and communist celebrations, assuming both as “spectacles” for all to see. In reality, however, the imperial ceremonies and the communist celebrations are respectively “closed” and “open” in actual layout and in their fundamental conception of space and governance. The difference is critical and should not be ignored. This book, however, should be read for what it is intended for and what its approach offers. It is a popular reading of the palace from 1644 to 2007 with rich and detailed information throughout the book. It should be appealing to the general public and is useful to specialist scholars as well.

If The Forbidden City is a story of famous personalities at the centre of the city, Beijing Time is a sociological reading on the ground, a guided tour to the various parts of the city, central and peripheral, monumental and everyday. If The Forbidden City unfolds a story from the past to the present, Beijing Time starts from the present and explores layers of the past and their meanings as one walks around the city. The book is co-authored by Dutton, Lo and Wu, yet Dutton’s role as lead author is evident. With Dutton’s dual background in political science and Chinese studies, a clear methodological approach emerges, such as in the treatment of the Chinese situation as an interesting case for critical debate (on issues such as power, symbolism and nationhood), rather than as a singular and exceptional case (as in Barme’s work).

The book has six chapters, with each offering a tour to certain places in the city today, with analysis and interpretation on the way. Together these chapters form a composite sociological experience of the city. The journey starts at the centre, the Tiananmen Square (chapter 1), with a reading of imaginations of the nation expressed in the square and the monuments around, as well as the daily ritual of raising the national flag at sunrise. The difference and relationship between a Maoist “New China” and a contemporary modern nation as a hub of global economy are constantly noted. The author notes that Beijing has entered “a time of its own,” and that there was already a socialist time built before with its revolutionary and modern universal connotations (any period after 1949 was referred as “after the liberation,” and the Gregorian calendar was adopted after 1949).

Chapter 2 offers a detailed reading of the city and its major landmark architecture. It starts with an aerial view of the city (as presented by a large model of Beijing in a Planning Exhibition Hall), and uncovers layers of power expressed (dynastic, Western imperial, Maoist, contemporary). It then moves on to describe two modern programmes and their imprints in Beijing: the Maoist endeavour to build Tiananmen Square, the Great Projects and the east-west Avenue of Everlasting Peace before 1976; and a more contemporary effort to create a “Manhattan” in the five ring roads, the new images of the avenue, and the landmark architecture including the CCTV
headquarters. The reading then follows a historical trajectory, as the tour moves along the north-south axis and further out in the city: the Drum and Bell Towers, the British-built railway station with its clock tower (1900s), the Beijing Telegraph Building (1958), the Ten Great Projects and the Square (1959), the Tiananmen Gate rebuilt (1970), the underground bunkers (1970s), the new Beijing Hotel (1973s), other hotels (1980s), and the sports architecture culminating in 2008. While one thread is a shifting of time from imperial to colonial to socialist, another thread is a shifting idea of the collective, from the revolutionary (1959), through an individualist form, to the national (2008), as the corresponding space moved from the Square to the hotel lobbies and onto the National Olympic Stadium.

In the next chapters, the journey brings us to the ordinary and everyday. Chapters 3, 4, 5 and 6 describe respectively “the Community” (a residential district with “hutong” laneways and courtyard houses), “Eternal Return” (a village for collecting rubbish for recycling, a group of young people enjoying pirated and trashed CDs, and a group of “urban nomads”), “Authenticity” (a karaoke bar, a restaurant and a lakeside nightlife area, discussing the myth of the city), and finally “Art Market, Market Art” (a ghost market that sells antiques, Mao’s Mausoleum on the Square, the art community in the disused Factory 798, and the satire of an artist called Pandaman, discussing commercialization and a critique of nationalism). The book ends with a cautious and mixed message that the new century will be China’s and that it is already “Beijing’s time.”

Besides some small gaps (such as in the discussion on the classic Zhou Li for imperial Beijing), the whole book is an engaging read as we follow the authors in their visits to places and encounters with people. The approach here is an innovative mixture of tourist visits with sociological and historical analyses. Serious analyses of this complex Chinese capital are interspersed with a relaxed and meandering tour of the different parts of the city. Important issues of symbolism, nationhood, state power, local community, the irony of revolution, the different approaches to modernity, and rampant commercialization, as they unfold so powerfully in Beijing today, are well discussed in an accessible way in the book.

In a comparison of the three books, The Forbidden City fits best as a popular reading; Beijing is suitable for scholars who need an introduction or specific knowledge on certain periods of the city; whereas Beijing Time appeals to both the general public and analytical scholars as it combines observations of everyday life with abstract analyses. If the first two books concern Beijing as a singular or exceptional case, the third book addresses not only Beijing but also broader issues of symbolism, nationhood, modernity, revolution, social space, urban form and architecture, as they have dramatically played out in the Chinese capital. As such, the book’s authors are able to provide a social and humanistic critique of the city on the ground. There has been no
book like this on Beijing before. The book by Dutton, Lo and Wu is a critical breakthrough. The contribution invites comparison with Ackbar Abbas’ work on Hong Kong, Ou-fan Lee’s writing on Shanghai, Roland Barthes and Jinnai Hidenobu’s books on Tokyo and, more appropriately I think, Walter Benjamin’s work on Paris.

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Jianfei Zhu

In this book, Professors Hasegawa and Yoshihara try to tackle the themes of globalization, minorities and civil society, which I believe should incite the interest of a number of international readers. The book covers topics such as: Citizenship Models in the Age of International Migration (chapter 2); New Racism and “Community Cohesion” in Britain (chapter 3); Ethnic Identities and Sharing of the Internment Memories in the Japanese American Redress Movement (chapter 4); Global Civil Society and Local Protest (chapter 5); Islam in Bali (chapter 6); Unchanging Fortunes of Jakarta Informal Sector Workers (chapter 7); Street Homeless as an Urban Minority (chapter 8); The Reorganization of Ethnic Chinese Groups in Thailand, and the Background to This Reorganization (chapter 9); and the Bangladeshi Community in London (chapter 10).

In spite of these jazzy topics, just as the book title in English printed on the front cover is symbolically shadowed by their Japanese equivalents—shakaiteki shousha (social minorities), shimin shakai (civil society)—so are the arguments obscured by the Japanese language. That is to say, most chapters are very poorly translated from the Japanese: for example, Naoki Yoshihara’s chapter is entitled, “Islam in Bali” (emphasis added) while his discussion more or less centres on the presence of working-class Muslim people on the island of Bali—although here I am also not certain whether or not this problem was in translation or in the original, as the book does not provide any hints. At the same time, none of the translators, book editors or press editors transformed the discussions in the original language(s) by aligning their rhetorical styles to those of English language writing. Consequently, to make sense of the arguments one needs to read the English words while throwing them back in to the Japanese language and its rhetorical style, or to imagine what is not clearly spelled out.

Aside from the problem of translation, several essays suffer from a lack of coherence and organization. Yoshihara’s “Islam in Bali,” for example, begins by mentioning the terrorist attacks there in 2002 and 2005, but fails to clearly show the impact of these incidents on the experiences of the Muslim minority. Yoshihara then bafflingly concludes his chapter by criticizing Japanese visitors (the largest national group of tourists) to Bali, who have contributed to the Muslim residents’ hardships, for not “go[ing]
beyond their conception of ‘existent’ (a homogenous society has been tacitly solicited by the nation-state)” (114). The chapter ends with his assertion that they should learn about global realities.

Not only individual chapters but the book as a whole is indeed a jumble: in the first paragraph of the preface, the editors state that the “first feature of the book is that it discusses various impacts of globalization on minorities”. Yet the book includes a chapter on the internment of Japanese Americans during World War II, which mentions nothing about globalization. How would the editors justify this? They also comment that “Those [scholarly discussions] written in English reveal European or United States perspectives, while those in Japanese reveal Japanese perspectives; we are afraid that each presents a rather one-sided view of globalization” (ix). This is generally true; however, they go on to propose that the second feature of the book is to put “Asian perspectives at the forefront” (ix). The contributors are, with the exception of one Indonesian, Japanese, but by presenting their essays in English (translation) do they suddenly become not “European or American” but “Asians”? Or, do they mean that the people discussed in the book are “Asians” (with different civil statuses and attributes notwithstanding) and therefore the authors represent their Asian perspectives while at the same time obfuscating their Japanese or Indonesian perspectives. We are left with the meaning of “Asian” perspectives unexplained.

Takami Kuwayama, in his book Native Anthropology (Trans Pacific Press, 2004), argues that Japanese scholarship is not easily accepted in the West not only because of the language barrier but also because of the world system of knowledge production in which academic discourse created by Western scholars has occupied the centre. He continues to contend that “even if written in a language from the center of the world system, works arranged in unfamiliar, foreign styles are often dismissed as incomprehensible or as inferior products” (29). I fear that this book may fall into such a category of books. Nonetheless, before flatly dismissing a work in translation, I urge readers with foreign language competency to try reading the authors’ work in their original language(s) and following their culturally appropriate writing styles, in order to possibly unearth gems that, despite the problems raised above, may have been buried and peripheralized under the hegemony of Western scholarship and its knowledge production, which the book may have wanted to challenge.

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Nobue Suzuki

Providing a comprehensive and up-to-date overview of the polities and economies of East and Southeast Asia while simultaneously supplying information on the historical, geographical, gender and cultural backgrounds is no easy task. This multi-authored collection sets out on such a useful endeavour but with somewhat uneven results. Some chapters are models of concision and accuracy (Kaup on ethnicity, Forbes on population, Cole on religion), but others lack a critical focus or offer somewhat dated information. On political systems, for example, Kaup is careful to incorporate reference to important recent developments in Indonesia and Thailand, whereas the analyses of events in the Philippines and Malaysia come to an end with Estrada and Mahathir, respectively. There are also some occasional and surprising lapses in the survey chapters: samurai and daimyo are not equivalent terms (Mackerras on history, 48), and Vietnam accounts for much more than 0.4 percent of world population (Hill on geography, 14).

The rationale for considering these countries—China, Japan, the Koreas, the ASEAN ten and East Timor—together is, it is stated, their degree of interdependence. While this trend is certainly observable in many spheres, the collection contains little on the formal organizations that exist to further this tendency. Discussion of “ASEAN plus three,” for example, is restricted to a mention in the overview on security (Sutter, 211), the existence of the ASEAN Regional Forum is noted but its performance over the 13 years of its existence is not assessed, and while the 2005 initial meeting of the East Asian Summit is mentioned (194) no developments since then are discussed. ASEAN receives greater attention but it cannot be said that the reader is left with an entirely clear picture of its role. According to McDougall (international relations, 185), while ASEAN has contributed to a sense of regional identity it has not made a conspicuous contribution to resolving such issues as the regional financial crisis of 1997 or the East Timor problem. It may have more success with regional economic integration, though “the fact that the ASEAN economies largely compete with each other has proven an impediment” (184). In the chapter on economies, however, Khandke contends that “ASEAN as an institution filled the savings gap between foreign and domestic savings in the region, and arguably played an important catalyst role in the miracle growth of at least four of its member countries” (139). The author then notes that even between the five original members, free trade will not be realised until 2015, which suggests that as an economic entity its capacities are still decidedly modest. In the security chapter, the author argues persuasively that ASEAN exhibits major “internal weaknesses”
These disparate views need to be integrated through an assessment of the proclaimed ASEAN objective to inaugurate an “Asian community” with social and political as well as economic characteristics.

The chapter on climate (Hills) raises some important topics but does not deal in any concerted fashion with the vital issue of governance. Intergovernmental Panel on Climate Change (IPCC) forecasts are mentioned but the data is taken from the 2001 report, whereas much work has been done on the question since that time. The chapter does not refer to the Kyoto Protocol, nor to the fact that in 2007 the Chinese became the world’s largest source of greenhouse gases, yet the existing Kyoto arrangements include no provision for China to accept restrictions upon the production of such gases. Unfortunately there have been many notable cases in the region of governance failure in relation to environmental matters, including dam building on the Mekong River as well as the “haze” incidents (especially in 1997-98), which were the result of unsustainable forestry and plantation practices in Indonesia. Again, a critical edge is lacking. In all there are some useful chapters in this survey text but the ensemble is less than fully successful.

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JAMES COTTON


Election reform is a subject which has come to the fore in the United States and elsewhere, particularly since the 2000 presidential elections exposed how backwards US election procedures are compared to other established democracies. But, as Frederic Charles Schaffer shows in this unusual new book, the search for “clean” elections has a history as long as election themselves. Investigating administrative reforms to election procedures in the US and other cases as varied as the Philippines, Costa Rica, South Africa, Taiwan and Venezuela, his study represents an original and important contribution to the literature on electoral administration.

Schaffer presents several key insights for students of electoral reform. One is the unintended “iatrogenic” (i.e., self-inflicted) costs that the search for improved election procedures can have. Time and again in his cases, reforms designed to achieve one policy goal had very different results to those intended. Thus, efforts to clean up the electoral roll and tighten election standards in the Philippines often disenfranchised large numbers of voters, in part because election administrators lacked the technical expertise, funding or capacity to implement the reforms. As Schaeffer notes, many cries of foul
about the breakdown of electoral practices, particularly in new democracies, are less about deliberate fraud than administrative incompetence.

Complementing these insights into the inadvertent impacts of electoral reform is Schaeffer’s deft examination of the conditions under which more intentional efforts at vote-rigging take place: high stakes electoral races administered by partisan electoral administrators who can identify likely opposition supporters on the basis of race, region or similar criteria. Through careful process tracing, he shows how the manipulation of voter records in notorious elections such as Florida in 2000 and Quebec in 1995 were the result of deliberate efforts by a small group of partisan electoral officials who were able to identify and then marginalize likely opposition supporters—former felons in the case of Florida (who were more likely to be black and thus Democratic), and English-speakers in the case of Quebec (who were more likely to support nationalist rather than secessionist candidates in the 1995 referendum).

This is not a book that will meet the methodological expectations of mainstream political science. Its analytical focus jumps back and forth between its core concern of election administration and other, analytically distinct, issues such as vote-buying, while its cases are all selected on the dependent variable, making it difficult to ascertain the causal chain which separates “successful” and “unsuccessful” reforms. As a result, some of the most important facilitating conditions for clean elections are touched on only briefly. The most important of these is a functioning state apparatus: problems of election administration are often a reflection of broader problems of state capacity. Another is the problem of partisanship in electoral management bodies. The solution to this appears straightforward: a truly independent electoral commission, staffed by civil servants, with national responsibilities. But this crucial reform, which has now been adopted widely around the world, remains problematic in the United States, due to its atypical (for a Western democracy) combination of partisan and decentralized election administration.

While Schaffer at least recognizes the importance of partisanship as a serious reform issue, he misses another high priority in terms of potential remedies for the problems he identifies: the presence of a national identity register of all citizens, as exists in many West European countries, but not in the Anglophone world. In much of continental Europe, this ID register effectively takes the place of the voter roll and means that some of the most common problems of electoral administration (ghost enrolment, missing or duplicated names, misassigned voters’ lists, etc.) are mitigated. Again, however, such a system runs counter to the political traditions and governance arrangements of the United States and most other Anglophone countries.

In sum, while *The Hidden Costs of Clean Election Reform* provides a wide-ranging analysis of the problems of reforming election administration, it
sometimes misses the forest for the trees when it comes to the conclusions that should be drawn from its voluminous case histories. Nonetheless, this is an excellent book and one which should be read by anyone interested in electoral reform or the administration of elections more generally.

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Benjamin Reilly


Books on regionalism in East Asia have become something of a growth industry. This is a bit of a surprise for a part of the world that is still frequently considered to be marked by an absence of regional processes. What, some may well ask, is all the fuss about? This nicely written and accessible volume by Ellen Frost makes a useful contribution to this burgeoning literature. While there is little in it that will be unfamiliar to those with a scholarly interest in the area, it could serve as a good student primer on the East Asia region and the efforts of political elites to establish institutionalized patterns of cooperation.

Although many of the issues and approaches contained in this volume are familiar, there is one novel distinction employed by Frost that provides a quite original way of thinking about the region; given the volume of material on the region these days, this is no small achievement in itself. Frost argues that it makes sense to differentiate between what she describes as “Asia Major,” or the world of nation-states and conventional political processes, and “Maritime Asia,” or “the timeless sweep of coastal communities, post cities and towns, and inland trading nodes clustered along ocean-destined rivers not far from the sea” (31). It’s a neat idea and adds something to the more familiar and by now customary distinction between regionalism and regionalization, which Frost also employs at various points. In some ways, this distinction provides another way of thinking about the difference between local and global processes and more might have been made of it in this context, perhaps. Nevertheless, it helps to distinguish this volume from an increasingly crowded field.

It also provides a way of organizing the contents of the whole book, which is divided into three sections, covering maritime Asia, the architecture and dynamics of Asia major, and the final section, which provides an assessment of where the regionalization process in East Asia may be heading. Whether readers will agree with Frost’s generally optimistic reading of regional development and the prospects for democratic consolidation is a moot point. Recent events in Thailand, and the region’s unresolved, formidable developmental challenges, suggest that there are still substantial grounds
for caution. Nevertheless, the discussion of possible sources of change and development, and the potential role of “spontaneous integrators,” is well done and the analysis is generally persuasive.

Indeed, Frost is not as optimistic as many other analysts of the region. On the contrary, this volume provides a measured assessment of institutional development in the region and, in my view, a sound assessment of the geopolitical limits of Southeast Asian institutions in particular. The conclusion she comes to is consequently apposite and persuasive: “the jumbled structure of the new architecture corresponds nicely to the strategic context from which it springs” (148). In other words, we should expect Asia’s institutional development to reflect contingent forces, which are not necessarily like their European counterparts. While this judgement seems right, the conclusions Frost derives from this are rather bland and invoke the familiar Western nostrums about the need for “good governance” and economic reform.

Nevertheless, this is a readable volume that can be recommended for anyone seeking an introduction to the region and its institutional evolution. If there is one major omission in my view, it is the scant attention given to energy and especially the environment. The latter is already in a dreadful state and presents a major challenge for East Asian leaders and their capacity to collaborate: if the region’s political elites can’t do something about that, the debates about good governance and institutional development will be quite simply redundant.

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MARK BEESON


This book aims to explain the evolution of Asian regionalism, examining the internal and external drivers of the process. Although the analysis provides a political science perspective of the economic and geopolitical forces of regionalism, it is lacking a comprehensive analysis of the economic element which has encouraged economic cooperation in Asia, almost despite the politics. While the title suggests that Asia is the region of focus, the book sensibly focuses on East Asia and, depending on the issue, includes India, the United States and Australasia. Much of the analysis in the book is set in the context of a rising China and the impact of US foreign policy on the region.

Seven authors with Asian expertise provide a European perspective on Asian regionalism with contributions in three parts of the book that discuss concepts of regionalism and some of the geopolitical dynamics; economic aspects; and the security dimension.
Heribert Dieter brings the collection together in the introduction and also contributes analysis on economic aspects, with discussion on bilateral trade agreements and monetary cooperation. This introductory chapter ties the diverse collection of papers together to give the book some common themes and continuity. Given the disparate contents of the chapters, this is a job that the book does not complete entirely satisfactorily.

David Camroux adds a broad historical perspective, highlighting the important events that shaped the region. This longer-term view of the region allows the inclusion of India into the discussion of regional architectures and discusses the importance of ASEAN and the impact of China. The chapter includes a discussion of “Asian culture” and “Asian ideals,” which diverts the reader from the main issues. For example, China’s shyness in articulating an Asian vision (22) is cited as a sticking point in moving towards an Asian community. An alternative interpretation would be that Chinese reticence in committing to a recognizable “vision” of the Asian order is more probably evidence of the pragmatism of Chinese leaders in managing relations with their neighbours.

The analyses by Thomas Moore on China’s rise and Takashi Terada on Japan’s role in Asian regionalism add value by highlighting some of the uncertainties surrounding the changes in the relative structure of power in Northeast Asia. Moore discusses Chinese foreign policy intentions and motivations while Terada discusses how Japan is coming to terms with its diminishing position in the region. Terada reviews the role of Japan in shaping regional institutions and how those institutions have helped facilitate cooperation. The analysis of China’s foreign policy strategy is, nonetheless, limited in interpreting strategic postures in only their liberal and realist dimensions.

Andrew Staples examines the automotive sector as an example of the corporate strategic response to regionalism. The evolution of production networks in the sector are explained by events such as the Plaza Accord, the Asian financial crisis and the rise of China. He also considers the changing political economy of the region and the response of Japanese foreign direct investment to these events through the development of regional strategies over national corporate strategies, which saw the phenomenon of production networks drive the integration process in the region.

Dieter reviews monetary cooperation and the region’s move towards bilateral trade deals, complementing the micro story told by Staples. The discussion centres on the difficulties in moving towards further monetary integration in the short and medium terms. The inappropriateness of bilateral trade agreements for the region is discussed (noting that the multilateral regime is the best instrument for regional integration), but his discussion does not extend to the impact of unilateral liberalization and reform that has been quite important in drawing the Asian economies closer economically.
Douglas Webber’s thesis is that “states that view each other as security threats do not integrate [politically]” (156), an argument which he elaborates using examples from Europe and bilateral relationships in Asia. This is where comparisons with Europe are most relevant in the book. The message is clear that history has shown rivals can cooperate but not integrate politically.

Derek McDougall compares ASEAN and the Pacific Island’s Forum. This leads to a nuanced story of the role of regionalism in enhancing regional security but not the internal, domestic security risks these countries face. This careful analysis contributes to extending lessons of regional cooperation in these countries to larger regional groupings and is a welcome addition.

Golam Obbani contributes some lessons from the European model of regionalism, as a comparison point for South Asia, using a framework of trade-conflict literature in the setting of regionalism. This contribution does not sit comfortably in the collection and the comparison, despite the caveats it includes, is at times a stretch.

The book succeeds in the difficult task of explaining some important factors in the evolution of regionalism in Asia but would have benefitted from an overarching final chapter with some normative analysis to tie the economic, political and security issues together.

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SHIRO ARMSTRONG


That East Asia lacks indigenous regional institutions is clear. But what to make of this simple and stark observation depends on how the observer is situated and what he makes of different phenomena. From the late twentieth and into the twenty-first century, regional summits, ministerial meetings and free trade arrangements have proliferated to create an alphabet soup of diverse intra-Asian fora.

Does this portend a new Asian regionalism? Can and will Asians go beyond meetings and move to institutionalization? And what will this mean for the existing systems and the role of the US?

The book, East Asian Multilateralism, grew from papers presented in the US at the Johns Hopkins Paul H Nitze School of Advanced International Studies and its Schwartz Forum held in 2005. It assembles an impressive crew of American and American-based policy experts on the subject, like the editor Kent Calder and Bruce Cumings, as well as those known in international affairs more broadly like Fukuyama, the other editor, and John Ikenberry.
There is also a supporting cast of three Asian scholars who have contributed chapters on China, Japan and Korea.

These are both the book’s strengths and limitations.

It is a strength in that most of the contributors have close readings of American policy to Asia and especially Northeast Asia. They clearly summarize historical perspectives and cogently set out a range of views on the new challenges for the US.

Calder’s first chapter on critical juncture and contours of Northeast Asian regionalism is a good example of this. He concisely surveys Asian history post-World War II to explain the roots of the existing American-centred hub-and-spoke system, which is based on bilateral partnerships, rather than a broader multilateralism.

Like a number of other contributors, he cites the regional financial crisis and the US failure to intervene decisively as a critical juncture in the development of a new Asian regionalism. Looking ahead, Calder analyzes the potential of arrangements among the Northeast Asian giants of Japan, South Korea and, especially, China, to drive regionalism.

The focus on a rising China and its role in Asian regionalism is elaborated in the chapters by Kuik and Rosen. Both argue that, despite some suggestions China may try to dominate the region, the US can remain a key player if it is neither complacent nor alarmed that its leadership is at stake.

Ikenberry picks up a similar theme in his contribution and sees America’s role as being in transition. He however suggests that the regional order may unravel as countries find themselves “picking sides” between the US and China (224).

In contrast to this, the chapter by Cumings seems more sanguine about the US role and dismissive of Asia as a region on its own terms. He suggests that even today, “East Asia remains more divided than united, and American unilateralism continues to be the dominant tendency” (49).

However, at least from my perspective, the focus on Northeast Asian actors and China, and the range of views on what the US should do, contribute to a weakness in the book: the lack of attention to the Association of Southeast Asian Nations (ASEAN).

There are ample references to ASEAN, and ASEAN-centred dialogues like the ASEAN Regional Forum, the ASEAN+3 summits, the East Asian Summit, and various ASEAN free trade agreements. However, it seems telling that there is no chapter that coherently looks at and evaluates the ways in which ASEAN and its progeny contribute to the wider Asian regionalism and to ties with China and with the US.

ASEAN observers often hope for more effective and outward-looking institutions but many also argue that the US would be well served to give more attention to ASEAN. The book does not. Perhaps the unstated conclusion is that this grouping of 10 small- and medium-sized states plays only a peripheral role compared to the US and Asian major powers. If so,
that would have made for an interesting debate about the paths and actors in Asian regionalism.

Looking forward, US President Barack Obama has said that America will lead in a more multilateral world. Asia, for all its gaps and efforts in coming closer together as a region, is a place where he and the USA would do well to practice such an approach. This book provides insights into some, if not all, of the key issues that must be considered for this to happen, for the good of both the US and Asia.

**Simon Tay**

**Singapore Institute of International Affairs, Singapore**

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This book reports the results of surveys conducted in 2001, 2002 and early 2003 that asked 125 questions about personal views on democracy and authoritarianism over 45 minutes of face-to-face interviews conducted with over 20,000 people living in South Korea, Taiwan, Hong Kong, the Philippines, Thailand, Mongolia, Japan and China. This massive enterprise, entitled “The East Asia Barometer Project,” was coordinated out of the Department of Political Science at National Taiwan University. It involved 31 collaborating scholars from the eight regions surveyed and from the United States, as well as consultants with experience working for the earlier “Latino Barometer,” which involved 17 countries; the “New Europe Barometer,” which covered central and eastern European nations that had previously been members of the Soviet bloc; the “Arab Barometer,” covering Jordan, Palestine, Algeria, Morocco and Kuwait; and the “Afrobarometer,” which covers 18 countries. The East Asia Barometer Project was funded by the Taiwan Ministry of Education, other Taiwanese, Korean and Japanese sources, the World Bank and the Henry Luce Foundation.

The surveys appear to have been conducted and analyzed in a way that meets the highest standards of social scientific methodology. The book contains eight chapters, all devoted to the same region, as well as an introduction and conclusion. Nevertheless, the interpretations and conclusions, while quite insightful on the whole, are hard to credit based on the survey data alone. Even the clearest survey results, such as the 94.4 percent of Chinese citizens surveyed who agreed with the statement “Our form of government is best for us,” or the 89.8 percent of Thai citizens who agreed that “Democracy can solve problems,” do not allow for much reasonable extrapolation to confident prediction of political futures. The Thai respondents tended to be highly positive in all their responses, probably
a cultural trait, and anyway a military coup followed there less than five years later, in 2006. Only 24.3 percent of Japanese respondents agreed that “Our form of government is best for us” but as a highly consolidated democracy it is unlikely that Japan will slip back into authoritarianism. A complicating factor in making comparisons is the different understandings of the meaning of the term “democracy”; we must take into account the objective reality that, as Larry Diamond puts it, most of the nations under review are governed by “hollow, illiberal, poorly institutionalized democracies” (254). Chinese respondents were asked to contrast the existing political arrangements in China with the pre-1979 “ultra-leftist” regime, whereas the other nations’ political institutions were contrasted with their previous authoritarian or military regimes of the more recent past. The reported high degree of dissatisfaction of the Japanese respondents with Japan’s existing political institutions could be attributable to the fact that few respondents would have any memory of Japan’s pre-War fascism.

The respondents were meant to be a highly representative fraction of the society at large, and thus could not be expected to have much understanding of political institutions as such. They therefore were likely inclined to conflate their own region’s specific political history and current regime performance in economic development, social justice and in controlling political corruption with their assessment of the virtue of democratic governance versus authoritarian alternatives. Moreover the survey as a static instrument taken more than six years ago cannot account for future political events that could lead to a rapid transformation of public opinion on the relative value of political institutions. It is not unexpected that people in Taiwan and Hong Kong and Japan do not expect democracy to continue to develop in their territories in years ahead. Taiwan and Hong Kong people tend to see more political control from Beijing in their future. Japan’s democracy is already quite consolidated after 60 years so it is not to be expected that it can become “more democratic” in the foreseeable future. But for the rest, including China, there is optimism that the political future is bright with enthusiastic predictions of more democracy and less political corruption coming in years ahead. People in these places see themselves in regimes in transition and are optimistic about their political futures.

One result which does stand out is that “Asian exceptionalism” or “Asian values” discourse seems to have little or no resonance among those surveyed. The study suggests quite clearly that the imperative to achieve political equality, a free press and universal social justice are strongly upheld by East Asians in general.

This is a well-written book. It relates the Asian survey data well and the other “Barometers” listed above. The survey data is also comprehensively compared across the East Asian countries and regions studied. There are ample figures and graphs. The author’s analysis of this data is intelligent and
many insightful observations are made throughout the text. All of the raw data used by this study is publicly available over the Internet for free. Nevertheless, due to the methodological constraints of this kind of comparative survey study of political values, one does wonder if the result is worth the huge investment of grant money and man hours that it required.

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CHARLES BURTON


This volume distils decades of research on Asian-European relations in the early modern era. Its organizational structure follows a well-trodden Braudelian path, with intersecting narratives of several major trading cities. Each of these cities struggled to control the forces of international trade in the interests of their political masters. Based on the Reischauer Lectures given at Harvard University in 2005-6, Leonard Blussé guides the reader through the histories of empires, trading companies and regional environments, assessing the forces that shaped those ports and introducing some who witnessed or effected changes. The ports and shipping routes of monsoon Asia were multi-cultural sites, made more complex with the arrival of European traders after 1500. The records of the Dutch East India Company (VOC) and the unique trading history of this enterprise underpin this study, Blussé having published extensively on many aspects of trade and the trading community of this region. The subtitle of this volume is in some respects a nod to his hosts. But the late eighteenth century, when American ships plied the China Sea in growing numbers, also reflects the endpoint when internal crises in China and Japan and international conflicts, which flowed into Asian waters, strained to breaking point the old trading systems. Maritime Asia was also in flux.

Masterful syntheses and an interpretative élan are surely the author’s hallmarks. Blussé counters the long-held characterization of China as inward looking, uninterested in foreign trade, with illustrations of the scale and persistence of Chinese regional traders in the South China Seas. With, and without, official sanction, private trading vessels from Fujian province carried Chinese manufactures to markets hungry for these goods. The dynamic textile trade between India and Southeast and East Asia was another commercial pulse that animated the Indian Ocean and China Sea. The Dutch followed the Portuguese into this maritime world, determined to carve out roles as regional carriers and long-distance traders to Europe.
Winning and maintaining a foothold required political deftness, as well as a measure of luck. Both of these factors are illustrated in the patient survival of the Dutch following their exile from the mainland of Japan in 1639 to the island of Deshima in the Bay of Nagasaki. This modest base became the channel for all local VOC commerce and the locus of occasional Japanese curiosity about “red-haired” foreigners. The three cities contrast and complement each other. Batavia initially thrived as a vibrant multi-cultural port, “the Queen of the Orient,” a “Holland in the tropics,” only to be riven by the massacre of Chinese residents in 1740, and collapsing by the end of the century as a result of the effects of environmental degradation. The fate of Batavia mirrored the health of the VOC itself. Blussé carries the reader through shifting geo-political and socio-cultural chronicles, offering astute observations, as well as strongly held views.

Canton receives a great measure of attention, consistent with its importance. Within this geo-political sphere, Blussé is unsympathetic to the present-day critical preoccupation with cultural forms, such as the kowtow, a demonstrable subservience required of numerous foreign embassies at the Chinese Imperial court: “It is curious how the fuss that was made in the nineteenth century about the kowtow as a sign of Manchu arrogance continues to occupy the [academic] mind” (85). More empathy is shown to the early VOC policy, which understood obeisance as a necessary measure to secure cordial relations and profitable trade. On several occasions Blussé emphasizes the pragmatism of the VOC interactions with Asian authorities. These seventeenth-century traders reflected a set of priorities at odds with aristocratic sensibilities privileging personal honour above all. The aim of Dutch traders was “to achieve voluntary, friendly traffic and a profitable trade,” noting that “in our opinion (for we are merchants) he has the honor who without doing injustice or violence has the profit” (35). This distinctive expediency continued through the centuries in some measure and is highlighted in Blussé’s later account of the 1795 celebration of the Quinlong Emperor’s accessional anniversary. Contemporary English and American correspondents were revolted by what they characterized as the “humiliating ceremony” (including the kowtow) accepted by VOC representatives. Even as a general consensus was developing among Western emissaries hostile to Chinese claims of authority or superiority, Blussé points to the existence of Europeans steeped in regional traditions and with views “worlds apart from the prevailing Western mindset in the nineteenth century” (87-8).

This is an engaging excursion through key regions of commercial and political power, and will absorb and inform readers from many backgrounds.
Since the late 1990s, the study of Asian Canadian literature has evolved into a dynamic area of research that not only identifies and explicates texts, but also examines how they intervene in the cultural politics of race in Canada. The remarkable growth of this field is well represented in Asian Canadian Writing Beyond Autoethnography, edited by Eleanor Ty and Christl Verduyn. As the editors explain, the term “autoethnography” has been used by scholars to describe the work of authors who portray their own cultures through autobiographical practices. Like anthropology, autoethnography is engaged in the description of different cultures even as both are self-reflexively critical in regards to the assumptions behind cross-cultural representation.

For many Asian Canadian writers, autoethnography has been an empowering mode through which to bring previously marginalized cultures into visibility. Yet, as the essays in this collection demonstrate, autoethnography also has the tendency to reinforce the otherness of minority cultures by rendering them consumable by mainstream readers. By exploring this tension, Beyond Autoethnography offers an updated critical history of Asian Canadian literary culture. Since the 1980s, a large body of work by Asian Canadian writers has been published and many of these texts have enjoyed popular and scholarly acclaim. By drawing awareness to often histories of exclusion and discrimination, Asian Canadian literature has significantly altered the meaning of contemporary Canadian literature. While many of these texts can be understood as autoethnographic (resulting in the prevailing tendency to read Asian Canadian literature as reflections of personal experience even when works are clearly fictional), the thematic range of this writing has expanded considerably as authors explore questions such as gender, sexuality, and globalization. As Ty and Verduyn write, “while earlier work by ethnic writers was often concerned with immigration, the moment of arrival, issues of assimilation, and conflicts between first and second generation, literary and cultural production in the new millennium is not solely focused on the conflict between the Old World and the New World or the clashes between culture of origin and adopted Western culture” (3).

There are limits, however, to this narrative: retrospective accounts of literary history, despite their usefulness, are either misleadingly coherent or comprehensive but scattered. In any case, attempts to write a linear narrative of Asian Canadian literature inevitably privileges some texts over others. Ty and Verduyn clearly recognize these dangers and insist that Beyond Autoethnography does not treat autoethnography as an exhausted or irrelevant mode. Rather, their goal is to explore how Asian Canadian writing can be reconceived “beyond” earlier parameters. In many ways, the meaning of
“beyond” is the key question in this volume. For most of the contributors, it suggests a set of reading practices that raise new critical questions rather than a clearly demarcated chronological distinction. As Smaro Kamboureli argues in her “The Politics of the Beyond: 43 Theses on Autoethnography and Complicity” (one of the most thought-provoking pieces in the collection even though it only touches briefly on Asian Canadian writing as such) going “beyond” autoethnography involves recognizing its complicity with racialization without assuming that such a critical stance automatically protects scholars from these limitations.

Each of the essays in Beyond Autoethnography explore these themes in relation to fiction, poetry and experimental writing (as well as visual and video art) by authors such as Shani Mootoo, Larissa Lai, Hiromi Goto, and Fred Wah among others. While, as is often the case in a collection of this nature, the essays included are somewhat uneven in the depth of their engagement with the problem of autoethnography, the editors have done a remarkable job in ensuring that each contribution at least touches on the major themes of the book. Also, the large number of footnotes could have been reduced since all bibliographic information is repeated in the works cited list at the end of the book. But overall, Beyond Autoethnography offers an impressive set of critical interventions that illustrate the range of scholarship in Asian Canadian literary studies and will be of great interest to scholars and students of contemporary Asian Canadian culture.

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Christopher Lee


Compared with some of Wasserstrom’s other writings, such as Student Protests in Twentieth Century China (Stanford University Press, 1997), the volume may be considered an exercise in occasional writing. While the level of academic knowledge informing the 16-odd pieces is as professional as one would expect, a great deal of it is in the first person; and an admitted aim is to “strike a light tone.”

Thus the angle of vision is often ironic, if not downright humorous. A good deal of space is devoted to the phenomenology of the global in places as far from China as, for heavens sake, Sydney Airport in Australia (chapter 15, “Why Go Anywhere”). At the outset we are told for whom the book is mainly intended: “It ... tries to speak to a time (the present moment) when there is widespread desire to get a clearer idea of a land that both baffles
Americans and seems ever more important to the American as well as the global future.”

Why target such a parochial audience? The answer would seem to be, because we are all in a sense becoming Americans. And indeed, go where you like in the world today, you are likely to find a Subway franchise before you can holler Jackie Robinson! Nonetheless, I resist the conclusion. Chinese people often mistakenly project their cultural assumptions onto Koreans and Japanese: because they have after all “accepted” much Chinese cultural apparatus, the most obvious example being the Chinese script, their cultures are simply modifications of Chinese culture. It takes much elucidation to show such (admittedly naïve, but surely typical) Chinese that, while taking over whole cultural repertoires in this way, the Koreans and Japanese have done so in order to serve agendas which remain very much their own.

So it is with American culture. Australians, like other nations, generally take what they want from the American cultural deli and dish it up to suit their own purposes. To be sure, Wasserstrom recognizes this: the “Cheers” bar he found in Sydney, near what he amusingly terms the “Subway At the End Of The Universe,” turned out to serve Thai food (149). Nonetheless some of the maxims with which this is presented, quoted from John R. Stilgoe’s *Outside Lies Magic*, were a little irritating: “Go without a purpose. Go for the going.” Who really needs to be told that? And why in a book on *China’s Brave New World*?

Arch constructions of a postmodern stripe drift in and out of the book. Chapter 7, “Around the World with Grant and Li,” dealing with the intriguing stop-over by US President and former Civil War hero Ulysses S. Grant in Shanghai in 1877, goes into some detail about Grant’s non-appearance at the Philadelphia Centennial Exhibition of 1876. Speculation then turns to meetings that didn’t take place between Grant and Li Gui, a Chinese globetrotter who also authored a notable account of a voyage around the world.

By this time one could imagine busy scholars tossing the book aside with a groan. Reading on, however, much of value is yielded up. Wasserstrom is simply too acute an observer to leave the reader stranded in realms of unbearable historical lightness (unfortunately, too unsystematic and occasional in nature to be summarized in the space available here).

In the course of 2008, moreover, as China went through an immense series of dramas—the Tibet crisis, the torch relay, the Sichuan earthquakes, the Olympics, the financial “tsunami” (as termed by the Chinese media)—and as America prepared to elect an African-American president, the stretch of history which the book inhabits was abruptly ripped from the living, taken-for-granted present, and hurled into the past. Clearer ideas now seem demanded, not of China, but of America; it is the age of Bush and the neocons that baffles the world, and indeed Americans themselves, more than does China.
In conclusion I would describe this as a book that grows upon the patient reader, especially if read with a slightly different angle from that probably intended: in terms, that is to say, of the American worldview of the 2000s, initially invoked as the book’s frame of reference, now taken as its real subject. The book is perhaps not suitable for the undergraduate course, but would be appropriate for more advanced students of contemporary culture who are able to supply some of this additional frame of reference.

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David Kelly


The rise of China as a global superpower in the early twenty-first century has become a much debated topic in the China field and beyond. Academic and popular writings on China, particularly those written in English, often find themselves caught between two parallel views: the optimistic view applauds China as an emerging model for economic growth and social reform in developing countries, while the pessimistic view criticizes China as a dangerous authoritarian regime that poses persisting threats to the spread of democracy and freedom across the world. Randall Peerenboom’s China Modernizes is an important and provocative book that seeks to reconcile these two sharply contrasting views of the Middle Kingdom. The book deserves the attention of researchers, policymakers and the general readership because it challenges a number of common Western biases toward China and offers valuable insights on the path of development China has taken in the past three decades.

The starting point of Peerenboom’s analysis is that China’s development in the post-Mao era generally follows the East Asian Model (EAM), which emphasizes economic growth during the initial stages of development and postpones democratization and full protection of civil and political rights until a relatively high level of wealth is attained. Using cross-national statistics and extensive secondary materials on China, the author argues that the Chinese government has adopted a pragmatic approach to development in its economic reform and it has been successful despite the frequent criticisms from Western governments, international organizations and human rights groups. Many of those criticisms, as Peerenboom convincingly shows, use a double standard on rights that proves counter-effective for improving the actual rights situation in China. Instead, acknowledging China’s achievements in economic growth, rule of law and even human rights protection over the past thirty years is important for the mutual understanding and learning between China and the world community in the years to come.
China Modernizes makes a significant contribution to the Western understanding on China and will be particularly useful for the university classroom and the public domains. Yet a book primarily aiming for the general audience often presents a simplified picture for the experts, and this book is no exception. To argue that China follows the EAM path could easily disguise the huge geographical, social and cultural variations within the country. Arguably, no other East Asian country has such a vast territory and large population as China does. Although Peerenboom well recognizes this fact, the book lacks the empirical data for analyzing regional variations and it is therefore difficult to assess whether the general patterns that the author identifies at the national level work in the same ways at the provincial and local levels. The extent to which economic development can improve government performance, rule of law, democracy or human rights may vary substantially in different parts of China. Furthermore, the problems that the Chinese leadership faces in the post-Mao era are also quite different from the problems in other East Asian countries in earlier periods. A more detailed analysis of the politics of China’s reform would strengthen the argument of the book. Nevertheless, as a provocative general overview China Modernizes will no doubt generate more theoretical debates and empirical analyses in both the China field and the law and development literature.

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SIDA LIU


The idea of “One China” hinges upon an unfinished war of more than 60 years duration and rests on a foundation of perplexing historical disputes and obscure political nuance. Governments in China, Taiwan and the United States characterize One China differently. Beijing speaks of an unalterable principle of sovereignty. Taiwan asserts its autonomous existence under a separate government, having recognized PRC control of the Mainland in 1991. At times Beijing and Taipei have been willing to set aside the One China dilemma to make progress on other issues. Often, discord on One China has prevented cooperation on most everything else. Washington insists that only Taipei and Beijing can answer this question, but emphasizes peaceful resolution of the conflict. Seeking to stay out of the fray and eager to benefit from the China market, virtually the entire international community has accepted China’s point of view. Nevertheless China and Taiwan have competed for diplomatic relations among a dwindling pool of countries seeking money in exchange for recognition. Although some countries have
shifted back and forth between the two, no country has been allowed by China to recognize two Chinas or one China and one Taiwan.

Stark changes in recent years have further complicated the problem: the Cold War ended, China undertook massive economic reform, Mainland prosperity led to vigorous cross-Strait commercial ties, Chinese nationalism burgeoned, Taiwan became a democracy, and its electorate voted pro-independence advocates in and out of office. Increasing the confusion, China has become Taiwan’s largest export market, more than a million Taiwanese live and work in the People’s Republic and mainlanders are visiting Taiwan as tourists. At one time the lines between Taipei and Beijing could be drawn easily. Today the Taiwan Strait does not seem as wide.

Given these realities, no simple answer exists to the struggle between unification, independence and the status quo. Peter C.Y. Chow and the contributors to his edited volume entitled *The “One China” Dilemma* insist that it is time for a serious review of American attitudes and restructuring of Washington’s operating framework. They have embarked on an effort to “explore the danger of upholding the ‘One China’ policy whilst advocating status quo across the Taiwan Strait.” By weighing the historical, legal, sociopolitical and foreign relations implications of the One China problem they seek to demonstrate that existing US policy is neither just nor viable. They deny that only one China exists in the world and express varying degrees of sympathy for Taiwan independence.

Accordingly this book will appeal primarily to those already supportive of Taiwan independence. For most other observers of the cross-Strait dilemma, even the premise of the volume will be disturbing since a dialogue designed to alter US policy, one based on acknowledgement of the existence of One China, could destabilize a popular and necessary stasis. The idealism of the authors, who argue that Taiwan is entitled to equity in the international system, does not reflect the power realities of the region or Washington’s global responsibilities. But even if one does not accept the political message, these essays have a contribution to make.

The book lays out several of the crucial problems in the triangular relationship. It supplies good reviews of the contentious history (Edward L. Dreyer, J. Bruce Jacobs) and legal aspects (Huang-chih Chiang, Jau-yuan Hwang, Cal Clark) of the existing stalemate and the evolving conflicts over identity (Hans Stockton, Shiau-chi Shen, Nai-the Wu). Several essays focus on critical questions of security strategy and military capabilities (Shui-sheng Zhao, Arthur Waldron, Lowell Dittmer, Richard D. Fisher, Jr., Alexander Chieh-cheng Huang, York W. Chen and June Teufel Dreyer). The volume also has surprises. On the positive side, Edward Friedman tackles the views of Europeans who have largely been absent from action on, and scholarship about, the One China issue. On the other hand, inexplicably, the collection does not include a single essay that focuses on the economic dimension of
current realities, which is arguably the most important and interesting area, including trade, investment, hollowing out and integration.

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The year 2008 marked the thirtieth anniversary of the reforms that Deng Xiaoping and the Chinese Communist Party (CCP) launched to realize the elusive goal of transforming China into a more prosperous and powerful nation. While China’s stunning economic development (underscored by the spectacular Summer Olympic Games in Beijing) and growing influence in international affairs has drawn tremendous attention from scholars and policymakers, the continuing evolution of its political system has, at times, been overlooked and misunderstood. Cheng Li’s exceptional edited volume offers a vital corrective to this problem and comes at a moment when more and more concerned citizens across the globe are wondering if and when China will undertake the so-called Fifth Modernization, democracy.

This volume brings together a distinguished cast of contributors to examine this critical question. Drawing upon a multiplicity of perspectives and methodological approaches, they paint a fascinating and detailed portrait of a nation in uncharted waters. As the CCP labours to maintain the economic growth on which its legitimacy largely rests, it must also improve institutional effectiveness and accommodate new social interests without undermining social or political stability. In this context, Yu Keping’s chapter on ideological change reveals just how potentially far-reaching the re-introduction of democracy as a concept is for Chinese political discourse, especially in light of the tragic outcome of the student-led Tiananmen Square protests in 1989. By contrast, Andrew Nathan reminds us that as wonderful as this seems, the fundamental objectives of the Chinese party-state have not changed. For him, “the political reforms being proposed for the near- and midterm futures … would undergird or strengthen authoritarian rather than democratic aspects of the Chinese political system” (27). Juxtaposed to Nathan’s somber assessment are the excellent and more optimistic analyses by Jing Huang and Cheng Li, which point out that increasing institutionalization and the more cosmopolitan backgrounds and experiences of the upcoming generation of Chinese leaders promise to reshape how the ruling elite thinks and acts.

Despite the immense progress China has made to date, considerable challenges still lie ahead, most notably in the area of governance. Barry
Naughton’s insightful chapter examines how the Hu Jintao-Wen Jiabao administration’s efforts to achieve a “harmonious society” through the enactment of “left,” redistributive policies may actually exacerbate rather than resolve existing social contradictions. This apparent paradox is partly explained by the CCP’s willingness to acknowledge the existence of interest groups, yet its insistence on remaining largely independent of them. If such an orientation continues, the danger is that, as Minxin Pei suggests, China’s endemic corruption will worsen and may even lead to more calls for democratization.

To be sure, such a transition will hinge largely upon shifts in broader political understandings and values. Using survey data, Chu Yun-han’s essay highlights just how much popular attitudes, particularly among younger respondents, have seemingly moved away from authoritarian values and towards more democratic ones (308). Here, Taiwan’s democratic experience may prove instructive for the CCP: it will either serve as a guide to successful democratic unfolding or as a grim reminder of the chaos and disaffection that can often plague democratic institutions, especially when civil society is confident and robust.

Although the emergence of civil society in China is not the central focus of the volume, one can imagine a moment in the not too distant future when ordinary Chinese citizens will not only insist that their voices be heard and their interests represented, but more importantly, take direct action to ensure such results. Just last year, citing health and environmental concerns, residents of the coastal city of Xiamen launched protests against the proposed construction of a petrochemical plant and succeeded in blocking the project. The significance here has less to do with their methods (there is no doubt that organizing through text messaging contributed to their triumph) and more with the growing assertiveness of these non-elite actors. In contrast to the downtrodden, laid-off workers of China’s northeast, these protesters are the “winners” of the reform era. Their willingness to defy local authorities openly and not simply rely on what James Scott calls “weapons of the weak,” or more informal, hidden forms of protest, may in fact signal the arrival of a much larger and qualitatively different wave of grassroots-level initiative and action. Such developments are just as crucial to the consolidation of the democratic process as policy changes at the elite level.

Cheng Li and the contributors to China’s Changing Political Landscape offer a comprehensive and deftly presented overview of fundamental transformations in China’s political trajectory. The contrasting and sometimes clashing views of the authors reflect the enormously rich and multidimensional nature of the post-Mao reform experience. They provide us with a solid foundation for understanding not only China’s present, but its future as well.

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CALVIN CHEN

Taiwan’s transformation from an authoritarian regime into a vibrant multiparty democracy has been the subject of considerable attention from scholars and policymakers in recent years. However, this ambitious volume goes one step beyond those studies that examine the democratization of Taiwan. This book seeks to explain what, if anything, Taiwan’s democratization means for the Chinese mainland. In other words, will the People’s Republic of China (PRC) democratize and, if so, will it follow Taiwan’s path? The editors have pieced together 11 timely and thought-provoking essays to address these important questions—issues that increasingly weave their way into serious discussions about China’s future.

The book is divided into three parts. The first part (chapters 2 through 5), examines socioeconomic development and change in Taiwan and the Chinese mainland. The discussion may lead readers to question whether economic development in the PRC will actually contribute to political liberalization. In fact, one may well question whether the “conventional wisdom” on this topic was accurate in Taiwan or other societies.

The second portion of this study (chapters 6 through 9) explores how the external environment may sometimes pressure states into embracing political reform and how Taipei and Beijing have responded to such pressures. Again, one is hardly reassured by the findings. For example, Taiwan—an increasingly isolated and vulnerable state dependent upon a foreign government (the United States) for its survival—was uniquely susceptible to such coercion. On the other hand, the Chinese mainland is now a major world power that also happens to enjoy the fastest growing economy on earth. It is unlikely to be bullied into accepting American-style democracy, Taiwan-style democracy or any other sort of political reform that is pushed upon it by external actors. Indeed, as Jacques deLisle observes in his chapter entitled, “International Pressures and Domestic Pushback,” Beijing is steadily moving from “regime taker to regime shaper.” The PRC is not caving in to international pressures to embrace western-style democratic norms. Rather, it is pushing back and even holding itself up as an alternative to the US and Western Europe in the developing world as a state that is “a model for development as well as a source for aid that does not demand democratic reforms from recipients.”

The final section of this book (chapters 10 and 11) will help readers make sense of the findings outlined in previous chapters. In other words, these chapters seek to answer the question, “What, if anything, does the Taiwan experience hold for the Chinese mainland?” Interestingly, it appears that the answer to this query is, “not much.” In fact, the book concludes with a very sobering assessment penned by Larry Diamond, one of the book’s editors.
Each chapter in this edited volume is a good read, but Diamond’s contribution falls into another category. I would rate his chapter as a “must read” in this study. Diamond suggests that the differences between Taiwan and the Chinese mainland outweigh the similarities. It is beyond the scope of this review to explain how he makes his case. But the evidence is convincing and anyone who has spent any length of time in “greater China” will agree that he offers a very compelling argument. Suffice it to say that the experiences of a tiny and isolated island-province are not easily transplanted in a gigantic neighbour that is plagued by rampant corruption, massive inequality and little or no tradition of democracy or rule of law. This is not to suggest that democratization will never come to the Chinese mainland, but the prospects during the short to medium-term future do look bleak.

While I find this book very impressive, I do have one reservation. I would have liked more focus on the influence that key individuals can wield in charting a roadmap toward democracy and political liberalization in any given society. As the authors note, Taiwan’s leadership (Chiang and Lee) did make a difference. And it is noteworthy that the island’s current president has jettisoned the confrontational policies embraced by his predecessor. As Diamond correctly states, the recent leadership change in Taipei might make the mainland more receptive to influences from Taiwan. Moreover, the Chinese mainland’s “fifth generation” of leaders might also make an important difference. Someone similar to Chiang Ching-kuo could conceivably emerge from the CCP as the nation’s new paramount leader. Perhaps this seems far-fetched, but it’s not impossible.

In sum, this book represents an important contribution to the study of democratization and Chinese politics. By systematically comparing political transformation in Taiwan and the Chinese mainland, the study provides a perspective refreshingly different from the more traditional “Taiwan-centric” analyses that have become so common and now border on the tedious. The incisive analyses and inescapable conclusions should be considered required reading for any student of democratization or Asian politics.

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DENNIS V. HICKEY


This outstanding collection of essays looks at the connection between China’s need for energy imports and her emerging naval policies. The work consists of an introduction, followed by twenty uniformly excellent chapters. The
argument moves from the dimensions and potential growth of China’s energy needs, to an analysis of China’s relations with her most important suppliers, to the question of whether China’s growing fleet is intended, in some way, to assure the safety of energy-carrying sea-lanes, to officially expressed fears that the United States or some other country may be able to cut those routes. Overall the book is superb, rich in information and subtle analysis and should be of interest to all students of geopolitics.

Put simply, China is so concerned with energy because she uses it very inefficiently. Both the US and the EU have GDPs roughly ten times China’s; Japan’s is at least twice as large. Yet China’s petroleum imports are now second only to those of the United States. Projections suggest Chinese demand for oil will nearly equal that of the US by 2020, with 75 percent imported.

China could cut in half the energy she uses in manufacturing by matching India’s efficiency; matching the US level would lower it to a quarter; equalling Japan’s efficiency would yield a 90 percent reduction. But in spite of government talk, the contributors to this volume are skeptical that China will become more efficient. That means that, from Beijing’s point of view, the problem is how and where to get more energy.

Excellent chapters deal with Beijing’s attempts to obtain energy overland via pipeline from Russia and Central Asia, and by sea from Africa, Saudi Arabia and Iran. It is remarkable how China is being drawn, increasingly, into a complex and problematic relationship with Saudi Arabia, simply because that is where most of the oil is.

The search for energy abroad, however, can never lead to true security. Once purchased, oil must be moved, and between China and her chief suppliers in the Middle East lie Indian waters followed by the Straits of Malacca. Pipelines may simply be switched off at the source, if political relations change, or sabotaged, while successful maritime convoys of the amounts of imported energy that China now consumes would be unprecedented in the annals of naval history. Very Large Crude Carriers (VLCC), upon which nearly all world energy trade depends, are ideal targets for piracy, mines, naval gunfire, anti-ship missiles, especially supersonic ones, and submarines. Realistically, to secure militarily the oil she imports today against a competent adversary would be beyond the ability of the United States, not to mention China.

Three omissions strike me in this otherwise superb volume. First is the general consideration of energy. The real crisis is that petroleum is a finite resource that the world is wasting—but this fact receives only three scattered mentions. More attention to supply depletion would have placed China’s situation better in its global context. The science is easily accessible, for example in Princeton Professor Kenneth S. Deffeyes’ book, Beyond Oil: The View From Hubbert’s Peak (New York: Hill and Wang, 2005).

A second problem is the lack of adequate emphasis on the grave risks China is running by allowing her quest for energy to embroil her in the
Islamic world. Few cultures are less mutually sympathetic than the Chinese and the Islamic. The fault line between Tianxia and the Dar al-Islam is likely to see increasing conflict in the years ahead.

Lastly, the book lacks a realistic focus on operational problems that could explode into appalling conflicts. Consider the sentence, “Once it secures the East, Yellow, and South China Seas to its satisfaction, Beijing will direct its nautical energies...toward the south and southwest...” (118). Let’s slow down. The idea that China might “secure” even the East Sea alone is fraught with questions; not least, how would Japan, Russia, and the Koreas react?

Strategically, Chinese show a predilection for scripting and failing to consider responses by other nations, as well as neglect of perilous contingencies and the real costs when things go wrong. We should question this approach.

To conclude, China’s energy imports look set for steady increase. But her new navy, as Bernard Cole notes, has little to do with securing them. My view is that China’s current military build-up is driven by psychology, not national interest; it is a manifestation of the government’s quest for great power status and ability to coerce both her neighbours and even the United States.

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ARTHUR WALDRON

CHINA’S TELECOMMUNICATIONS REVOLUTION. By Eric Harwit.

This book is a welcome addition to a vast and rapidly expanding literature on the rise of an information society in China. This book distinguishes itself from the existing literature by its analytical framework of the industrial policy. The main argument of this book is that China’s telecommunications network’s expansion and service development in the post-1976 reform period have been shaped not only by market forces but also political conflicts and state-guided competition. The outcomes were manifold increases in network coverage and telecommunications usage. With the improved services (both in terms of quality and variety), lower prices, and generally greater access for Chinese citizens, Harwit describes China’s telecommunications development in the post-reform period as “a shining example of effective competition among state-owned enterprises” (43).

The main part of the book begins with the regulatory framework and then moves on to the network construction, major telecommunications service operators, and telecommunications equipment manufacture. A case study on Shanghai follows. Finally, the issue of inequality, especially in relation to the rural-urban divide, is addressed. While the major emphasis is on the post-reform period, Harwit’s analysis on the regulatory framework
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actually begins as early as the 1860s. In the early reform era (1976-1993),
decentralization took place in the form of a “double administrative system,”
in which local telecommunications authorities played a role under the central
leadership of the Ministry of Posts and Telecommunications (MPT) (36).
Since 1994, he highlights the critical importance of the non-challenged
leadership of the MPT, especially its leader Wu Jichuan, in keeping China’s
telecommunications and Internet markets away from foreign competition
until the early 2000s. In Harwit’s analysis, this delay was crucial in allowing
China’s state-fostered local competitors to become strong enough to
“dominate” the Chinese telecommunications market and compete
successfully with their foreign peers, even after China’s entry to the World
Trade Organization in December 2001.

In chapter 3, Harwit provides a concise summary of the gradual
increase in the number of telecommunications operators in China, and
their intricate interrelationships with the state. The detailed discussion on
Unicom is particularly useful to someone interested in the development
of the telecommunications industry in China. In particular, he highly
commends China’s telecommunications sector’s two transitions: from
public to private ownership and from monopoly to competitive market. I
always consider such complex interrelationships—between the different
telecommunications service providers on the one hand and the different
ministries (being responsible for different areas) on the other—some of the
most interesting and distinctive characteristics of China’s telecommunications
development.

Following this line of analysis, chapter 4, on the development of the
Internet in China, focuses on the ways in which the Ministry of Information
Industry (MII) exert influence on the Internet industry. The discussion goes
beyond its industrial policy framework of analyzing major players and their
relationships with the state but also covers aspects like Internet use and its
social implications. Understandably, the author cannot go into great depth
on the multifarious dimensions of Internet development in China. Why
has China’s Internet development expanded so rapidly in the 1990s? In the
post-reform period, how did China’s Internet development thrive against the
obstacles of the control of Internet information, self-censorship, the relatively
low telecommunications penetration rate, the relatively low literacy rate and
the use of English as a foreign language? The social implications of Internet
development need to be further explored.

In Chapter 5, the discussion focuses on the telecommunications
equipment companies. In my view, this is a very important topic, and helps
us understand the “miracle” of Chinese telecommunications firms competing
successfully with their foreign peers in the 2000s. Ability to manufacture
telecommunications equipment, which is technologically advanced and
affordable to the Chinese population, is a major reason for the widespread use
of domestic telecommunications technology, like Xiaolingtong, in some parts
of China. Following the industrial policy framework, the major argument of this chapter is that the state’s invitation to foreign companies to set up joint ventures with domestic companies eventually paved the way for the decline of these foreign companies in China.

Chapter 6, a case study of Shanghai, serves to illustrate the main argument that telecommunications development in China has been shaped not only by economic but also political factors. Shanghai is in a rather special position in the political structure of China; its level of autonomy in many areas, including telecommunications, cannot be transferred to the other municipalities in China. Nonetheless, the detailed discussion in this chapter successfully illustrates the ways in which the mechanisms of political influence at the central and local levels have affected the rapid development of telecommunications in Shanghai, one of the biggest metropolitan cities in the country.

In chapter 7, Harwit addresses the digital divide of telephones and the Internet. The question of whether the inequality issues and problems should be addressed by market forces or government intervention is difficult to answer. Generally, Harwit is optimistic that both market forces and government efforts could be effective in spreading the technology to the inland areas of the country. In the last chapter, Harwit summarizes seven major lessons which could serve as useful references for other developing nations eager to follow the successful telecommunications development in China. This is certainly a book that should be read by a wider audience interested in China’s ascendancy as an economic superpower in the post-1976 period.

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BECKY P.Y. LOO


What was, after all, “cultural” about China’s Great Proletarian Cultural Revolution? This is the basic question that Paul Clarke attempts to answer in his book about the “biggest non-wartime, concentrated social upheaval in world history” (1). Research on the Cultural Revolution in the past has commonly neglected its cultural dimension and focused on elite politics. An in-depth analysis about the developments of Cultural Revolutionary culture and a contextualization within the broader confines of Chinese modernity has thus been a desideratum for a long time.

The primary aim of the book is to provide the reader with an overview about the variety of cultural production and consumption between 1966 and
By examining different art forms such as Beijing opera, film, dance and music, as well as offering cursory overviews about the development of literature and fine arts, Clarke sets out to demonstrate that the Cultural Revolutionary decade was not just a period of destruction and violence but of cultural experimentation and innovation as well. He specifically details the production, staging and achievements of the “eight model performances” (yangbanxi) officially promulgated in May 1967, such as the famous Red Lantern or Shajiabang, and their fixation on film in the 1970s. With regard to opera, Clarke convincingly describes the shift from purely actor-based performances to stage productions that involved large numbers of specialized professionals. As for ballet and dance, he characterizes the Cultural Revolutionary achievements as resulting in a genuine “hybridity” (251) of Western and Chinese forms.

The ultimate aim of the “cultural insurgents” around Mao Zedong’s wife Jiang Qing was the creation of a revolutionary national culture that was to be modern and yet distinctly Chinese. The model performances represented the core of this vision. Yet similar to the lack of a blueprint for the revolutionary transformation of political institutions and society during this period, most innovations did not result from top-down modernization. While politicians played an important role in evaluating the achievements of cultural production and spreading suitable works as models of behaviour, innovation rather resulted from changed circumstances of production, resource and talent accumulation, and grass-root inventiveness. The first and second factors are described in much detail, especially with regard to opera and film. An example is the excellent discussion of the 1970s feature films that included strange titles such as the 1976 production The Song of the Mango (Mangguo zhi ge). Grass-root inventiveness during the Red Guard period from 1966 to 1968, however, is only briefly touched upon and might have been supplemented by additional material given the growing number of scholarly works on Red Guard cultural production.

Clarke makes a strong point against perceiving Cultural Revolutionary culture solely in terms of decline and dreariness. Instead he argues that it was rather the success and endless repetition of the model performances, which finally led to their failure in a “triumph of overkill” (150). The creation of national culture by “transplanting” the model performances upon local traditions thus failed owing to the “limitations of the root stock” (88). While the model works displayed several important breaks from tradition, they did not come to symbolize the dawn of a new “Enlightenment” as party newspapers claimed at the time. The author attributes this obvious failure to the political climate that, by way of overburdening every gesture with symbolic content, all too easily associated artistic experimentation with errors in political line and thus tended to reestablish a highly conservative orthodoxy. Innovation, however, did not simply stop with the rustication of the Red Guards in 1968 but continued “underground” during the 1970s.
Clarke here basically relies on Yang Jian’s important work *Wenhua da geming zhong de dixia wenxue* (1993) and points out a strong continuity, for example in poetry or fiction, that bridges the seemingly impenetrable divide of 1978.

The book is a much-needed addendum to common narratives of Cultural Revolutionary politics and offers a fine overview, especially regarding the development of opera, film and dance. Future scholarship might continue with a stronger emphasis on grass-root developments and the consumption of Cultural Revolutionary mass culture. The “ideological commodification of culture” (261) during this period indeed provided important preconditions for the commercialization of culture in the present. Many model heroes of the Cultural Revolution performances, just like the images of important politicians, were turned into “brands” that came to represent revolutionary attitudes and lifestyles. The Cultural Revolution thus cannot simply be eradicated as an aberration of an otherwise “correct” line of political and cultural development. Instead, both older continuities and modern legacies have to be taken into account and are still in need of further exploration.

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_Death by a thousand cuts_ is a most interesting and informative book, but not a comfortable one. Its subject is appalling: the state inflicting extreme violence, including elaborate mutilation, on some of its subjects through the penalty of _lingchi_, death with dismemberment and disembowelling, in the last thousand years of dynastic China. Such a topic challenges historians to find appropriate ways of handling it. If they take it on they have to investigate and tell how the executioners actually cut the condemned men and women to pieces on the execution ground without wallowing in the horror. This has been very well done by the authors of this well-judged volume.

Western historians examining such practices in China have additional dangers to avoid. One such hazard is to appear to assume Western moral superiority to Chinese legal culture. The authors have neutralized this by pointing to Europe’s own past frightful judicial killings with additional torments (hanging, drawing and quartering in England, for example). A related hazard that they have shown skill in avoiding is falling into the tradition of Westerners gathering images on Chinese execution grounds of a cruelty represented as characteristically Chinese, particularly when the photographs and descriptions from such observers are some of the best.
evidence of what was done. The authors have also steered clear of a kind of Western overcompensation that can lead to becoming an apologist for frightful penal practices.

The book’s introductory chapter opens with one of the last lingchi. It was carried out in the autumn of 1904 in Beijing’s Caishikou. Soldiers from the French legation guard used their extraterritorial status and a portable camera to photograph the grisly process. The introduction goes on to raise issues dealt with in later chapters. Among them are lingchi and other methods of judicial killing in Chinese legal history; the gruesome posthumous punishments shown in some Buddhist propaganda as warnings against bad behaviour; and Western ways of looking at Chinese corporal and capital punishments.

From the outset the authors show their awareness of the problems involved in their subject. This uncomfortable awareness is so all-pervasive that the book is as much an exploration of how Westerners have thought and, perhaps, should think about lingchi as it is a study of lingchi itself. Three of its nine chapters are devoted to Western readings and misreadings of it, and one of these is wholly given over to Les Larmes d’Éros, an “obnoxious book executed in bad taste” (228) published under the name of the French cultural éminence Georges Bataille.

Three chapters of Death by a thousand cuts tell most about the history of lingchi in China rather than foreign views of it. Chapter 2 deals broadly with penal law under the later dynasties. Chapter 3 is on the origins of the word lingchi and when lingchi was added to the traditional Chinese methods of judicial killing, probably by the Liao in the eleventh century. Chapter 4, the best in the book, is an alarming account of the enthusiastic use by the Ming founder of lingchi on officials who misbehaved. The chapter on the illustrations of literally fiendish torments inflicted on sinners after death in the ferocious Buddhist tract, the Jade register (Yu li), is a gripping study in imagined horrors that does not connect directly with the real-world ones of the execution ground.

Death by a thousand cuts is best seen as a good collection of conference papers, each dealing well with an aspect of a central theme, tied together by an introduction and a conclusion. While the three authors bring great expertise to their chapters the book is not the integrated whole one expects from a monograph. It well repays reading, and if it encourages the writing of a fuller study of how the dynastic state used capital punishment that would be excellent. One longs for much more on how cases were handled from the initial questioning of suspect and witnesses all the way through to the final order for execution. Given that from Qin times till now the criminal process in China has essentially been one of compiling and handling dossiers there must be very rich material lurking in Qing archives for legal historians to use to go deeper into the theory and practice of judicial killing in dynastic
China. As Chinese governments from Beijing to Singapore continue to lead the world in executing their subjects this lethal tradition is of more than historical interest.

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Yong Wook Lee’s release of The Japanese Challenge to the American Neoliberal Order could not have been better timed. In this detailed study of Japanese economic development throughout the nineteenth and twentieth centuries, the author argues that Japan challenged the foundations of US-led neoliberal economic order, culminating with Japan’s proposal to create the Asian Monetary Fund (AMF) in 1997. This challenge, he argues, came as a direct result of Japan’s state-led philosophy of economic development, influencing key Japanese policymakers to reject the dominant US-led neoliberal dogma found in international financial institutions following World War II.

Lee’s analytical strengths are manifest in this book. The first half of his study encompasses a detailed set of theoretical and historical remarks. Here, an important element that stands out is the use of a constructivist approach by the author. Constructivists scholars argue that central aspects of international relations are socially constructed, where the structures of human associations are determined primarily by shared ideas rather than material forces, and where the identities and interests of actors are constructed by these shared ideas rather than given by nature. Lee’s analysis gains in theoretical depth as he masterfully draws on constructivist arguments to present three interpretations of Japan’s economic development: Marxism, economic liberalism and developmentalism.

Lee notes how Marxists believed that the most notable element of Japan’s industrialization was represented by the central role played by the state during the Meiji Restoration, which was in fact “a revolution from the above” where nascent capitalism coexisted with a primitive agriculture and semi-feudal socio-economic relations. This absolutist-imperialist state, Marxists believe, formed the pivot of Japan’s economic development in the second half of the nineteenth century. However, the author argues that the Marxist thesis was countered by economic liberals who focussed their research during the high economic growth era which followed World War II. These scholars, Lee points out, studied the limited effects of economic planning; the gradual deregulation of the state; and the increase in licensing of foreign-owned patents to argue that the state did not play such a central role after all.
However, the author continues, the influence of Marxism and economic liberalism has always been limited in Japan. It is instead Japanese proponents of the “developmentalism” thesis who led the way in establishing Japan’s modern economic structure, holding important decision-making levers within the Japanese government, and arguing that the country’s economic miracle had been achieved with strong government support, mainly exercised through MITI, the Ministry of Finance, and the Bank of Japan.

In the second half of his book, Lee explains how proponents of the developmentalist thesis used their influence to export Japan’s model of economic development in Asia, throughout the 1960s and 1970s. In doing so, they advised developing countries to follow the industrial sequence that had led to Japan’s economic development following World War II. While Japanese policymakers have always been sceptical of US-led neoliberalism, it is only in 1997 that Japan’s economic policies directly confronted those of the United States in Asia. At the time of the Asian financial crisis, Ministry of Foreign Affairs bureaucrats reportedly had no confidence in international market mechanisms and led the push behind the publication of the World Bank’s ‘East Asian Miracle’ study in 1993. But Japan’s decisive actions came with the proposal to create an Asian Monetary Fund in 1997, which would have been a $100 billion regional fund financed and run by Asian countries, and excluding the US from membership. For lack of consultation with Asian partners (such as Australia), within the Japanese government (the Ministry of Foreign Affairs opposed what was primarily a Ministry of Finance initiative), and with Japan’s business sector, the idea of an AMF floundered and was never implemented.

As described above, Lee’s book succeeds on many fronts: in interpreting and connecting key theoretical arguments and historical facts; and in explaining how the power of the “developmentalist” idea was ultimately behind Japan’s AMF initiative. Lee also successfully describes relations between Japan’s governmental agencies, an aspect often overlooked in similar studies. Lee’s book also constitutes a most compelling point of entry into IR constructivist literature by incorporating political economy issues to typical IR security issues. A key theme which could have benefited from additional explanation is how this one-time initiative was the result or led to a systemic and long-term challenge to US-led neoliberalism. In fact, 10 years later and faced with a financial crisis of global proportions, Japan is now pledging to loan $100 billion to the IMF, and $3 billion to the World Bank, a far cry from the policies it adopted a decade ago.

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Philippe Tremblay
The postwar Japanese Constitution has not been amended since its adoption 61 years ago. Many observers have argued that Article 9 should be revised to allow Japan to form armed forces for self-defense. The issues became more urgent when Japan was pressured to participate in the two Iraq wars and the Afghan war. In December 2003, Article 9 became a major political issue when the Koizumi administration dispatched Self-Defense Forces to Iraq in a non-combative mission. Subsequently, Shinzo Abe made constitutional revision a centerpiece of his policy programme. Although the issue has receded since Abe’s resignation, it will not disappear.

Consequently, the book under review, a collection of 65 short essays, is significant. The Constitution of Japan Project 2004, whose members are not identified, originally published the book, intending to give readers an opportunity to develop their own ideas about the Constitution. The editor does not tell us how the group selected the contributors. Fred Uleman, a professional American translator and a long-time resident of Japan, translated and privately published it because he believed strongly that the voices of Japanese citizens on the Constitution should be made available to English-speaking readers interested in Japan. Uleman has done an excellent job in providing a careful and thoughtful translation.

The collection includes an interesting array of Japanese opinions about the Constitution (one essay is by an American). Of the 65 short essays, 14 are from a variety of groups, including political parties, and 42 are provided by individuals, including lawyers and others who have had professional experience dealing with the Constitution, as well as two former prime ministers and some well-known politicians.

The value of this book is that it shows that Article 9 is not the sole constitutional issue, and that Japanese views about constitutional revision are varied and complex. The diversity of views suggests that reaching a national consensus about the desirability and content of any revision will be very difficult, if not impossible.

The clearest voices come from 21 anti-revisionist individuals. They regard the Constitution as expressing the ideals of Japan as a peaceful, democratic nation, reflecting ideas strongly expressed by the Diet members during the constitutional debates in 1946 (Inoue, MacArthur’s Japanese Constitution, University of Chicago Press, 1991). One social activist says that the important thing now is to make a concerted effort to live up to the Constitution. On Article 9, he says that the argument that “it should be rewritten because it is not attuned to the current international climate is singularly unpersuasive.” It is “a statement of what all humanity must ultimately achieve—a beacon
lighting the way ahead” (78). A physician, who has provided medical services to refugees near the Afghanistan-Pakistan border during the past twenty years, believes that he was saved in various occasions because local people knew that the Japanese could not use force to settle disputes. He concludes, “it takes courage to go unarmed. But in the end, this is the best protection [of Japan]” (111).

In contrast, only nine individual authors and three political parties clearly favour revision, yet they do not all support revising Article 9. Lawyers and those with professional legal experience support revising language with which they have had experience. Other writers indicate that they would revise some wordings and/or add new ideas to the Constitution, such as the right to privacy and environmental protection. A social worker suggests adding age and physical and mental impairment to the anti-discrimination clause in Article 14 (155).

Finally, a university professor specializing in international sociology provides the most interesting views on Article 9. He notes that Article 9 “does not renounce military force per se. It renounces Japanese military force.” He suggests that both sides are unwilling to confront the past and are avoiding the critical issue of civilian control of the military. Anti-revisionists place responsibility for World War II entirely on a military that ran amok, neglecting popular support for the war. On the other hand, those who want to amend Article 9 because it “stigmatizes Japan as a second-class country or because Japan needs a military for policy reasons” should recognize the failure of civilian control. Also, their claim that the vast majority of the Japanese people supported the war cannot be reconciled with the victim mentality that says Japan suffered horribly in the war. “Just having a model Constitution for the rest of the world” is no guarantee history will not repeat itself (144).

Because the idea of constitutional revision is likely to arise again, the thoughts and opinions expressed in this book are well worth the attention of those interested in the role of the Constitution in Japan, if only because it will help them avoid simplifying the issues.

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KYOKO INOUE


Susan Napier’s 2000 book Anime was an ambitious survey of anime genres that broadened academic interest in Japanese animation by arguing for the sophistication and significance of anime narratives. Today there is growing interest not only in anime’s narratives and visuals, but also in the context in
which these texts are produced and consumed—that is, their fans. This makes Napier’s recent book on Japan fans in the West a logical continuation of her earlier work, but the current book’s scope is a rewarding surprise: it starts with the nineteenth-century Japonisme and devotes half of its chapters to Japan fads that predate anime. Napier sees considerable continuity between these movements, but concludes that contemporary fandom is distinct from what has come before.

The author begins by invoking Joseph Nye’s notion of soft power, the political capital that accrues from the appeal of a nation’s aesthetic and cultural productions. For Napier this idea not only highlights the global influence of Japanese popular culture, but also the possibility of non-coercive relationships between East and West that involve choice and negotiation on both sides. Many of the book’s conclusions are about the appeal of Japan and the pleasures of fandom as a tool for self-discovery by individual artists and fans.

The book’s case studies start with Claude Monet and the complex interplay between Japan as an external force that productively challenges Western artistic ideas and Japan as a fantasy the French Impressionists constructed to legitimate their existing practices. From here Napier goes on to ask how the fantasy of Japan has differed for later generations and what role fantasy and distortion have played at each stage. Her many brief case studies include Frank Lloyd Wright’s architecture, Jack Kerouac’s version or vision of Zen in *On the Road*, a spate of postwar “geisha” narratives and films (from James Michener to Jerry Lewis), and Michael Crichton’s xenophobic thriller *Rising Sun*, to name just a few.

The second half of the book turns to anime and manga fandom, with extended discussions of fan conventions and “cosplay,” which refers to the fans’ practice of attending conventions costumed as their favourite characters. The conventions are intriguingly compared with the international exhibitions that popularized Japanese culture in the nineteenth and early twentieth centuries, and the discussion of cosplay links it back to various costume dramas discussed in the first half of the book, like Monet’s portrait of his wife in kimono and Puccini’s opera *Madama Butterfly*. Napier bases her conclusions about contemporary fans on surveys and interviews she conducted, but while there is some attention to percentages and statistics, the main goal of these chapters seems to be to describe the experience of Western fans qualitatively, with an emphasis on revealing the variety of fans and fan experiences.

Napier suggests a process of identification through which fans use anime and manga to achieve growth or self-actualization. And while earlier booms were driven by artists and writers like Monet and Kerouac, who felt a kinship with their Japanese counterparts (Hokusai or Bashō), the object of identification for anime and manga fans is a more complex blend of fictional characters and real Japan. Napier argues that many contemporary fans
have real knowledge of Japan as well as a sophisticated awareness of the gap between reality and fantasy. She writes that “anime and manga fandom can be seen as a transcultural hybrid … that spans not only geographic cultures but also the cultures of the ‘real’ versus the ‘simulated’ or the ‘virtual.’ Japan is a crucial element of this hybrid, but it is an element that is part of a larger imaginary, that of animation and cartoon and perhaps fantasy in general” (211).

This wide-ranging but very accessible book is a good introduction to a variety of historical Japan fads, and a helpful call to see them in relation to one another. The activities of anime and manga fans in Japan are undoubtedly outside the book’s already broad scope, but I would be interested to know whether Napier believes recent theories of anime and manga fandom advanced by Japanese critics (like Saitô Tamaki, Okada Toshio and Azuma Hiroki) fit Western fans. Napier might also say a little more about the feedback loop of self-orientalization. She briefly mentions self-exoticizing figures like the writer and curator Okakura Kakuzô and Zen popularizer D.T. Suzuki, but the book might explore in more depth the ways that Japan fantasies were fostered by or reflected back on Japan itself.

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CHRISTOPHER BOLTON


Six years ago, Koichi Iwabuchi’s concept of the “Japan-Asia-the West triad” in Recentering Globalization (Duke University Press, 2002) inspired studies of Asian popular culture to look beyond a dichotomous view (such as the West vs. the rest). East Asian Pop Culture furthers this perspective, focusing on the economic, socio-political and cultural effects of the circulation of Korean TV dramas on the region. The specific issues include gender identity, perception of (post)colonial relations, and nationalistic attitude toward cultural exchanges. The book embraces both empirical and theoretical approaches, and the authors are well distributed throughout East Asia, fostering contextually grounded perspectives.

The first section delineates the contribution of East Asian television industries to the intra-region circulation of media products. It offers a backdrop against which specific phenomena are discussed in later sections. Tania Lim and Lisa Leung demonstrate the efforts of local broadcasters in enabling transnationalization of Korean TV dramas. Lim uses Korean dramas as primary examples to illustrate an inspiring concept of intra-regional “renting” strategies, by which local networks in East Asia “share
common stories, icons, talents and even histories” (44), to compete in the multi-channel environment. Leung elaborates on how the provincial local exploits the transnational (Korean dramas) to rival the national authority, with a case study of Hunan Satellite TV in PRC. The question of whether local exploitation of “transnational as the epitome of modernization” (69) risks a form of Korean cultural imperialism is not addressed. Nonetheless, Leung’s recognition of the plurality of the local, which complicates the relationship between the local, regional and global, certainly contributes to studies of media globalization.

The second section concerns the reception side of media circulation. Here, Chua Beng Huant elaborates on the “fragmentary reading” (72) of East Asian audiences, by examining their perceptions of “foreignness.” His analysis draws on an intriguing mechanism of audience reception: beneath their “abstract identification” with “Asianness” in imported dramas (84), East Asian audiences embrace elements of “foreignness” both for visual pleasure and as objects of aversion.

Angel Lin and Avin Tong explore gender aspects of receptions of Korean dramas, particularly on female identities in Hong Kong and Singapore, where “tradition” and “modernity” uniquely coexist. The findings explain that the “hybridized modern female image” (109) in Korean dramas attracts audiences, because it helps them reconcile contradictory (modern and Confucian) subjectivities. This study underscores cultural factors in media reception within East Asia, as shown in the informants’ preference for Korean over Japanese/Western dramas, based on their cultural/moral affinity. The findings beg further questions of generational factors in creating affinity/distance.

Yukie Hirata and Yoshitaka Mori study Korean drama fans in Japan, and suggest a resulting potential improvement in the relationship between the two nations. Hirata, focusing on gender dynamics in the field of tourism, argues “feminization of Korean tourism” through female consumption of Korean dramas (147), while “other” Asian countries are often regarded as the objects of Japanese male desire. Combined with Dong-Hoo Lee’s ethnographic research of the impact of Japanese dramas on Korean female fans, this section re-affirms the significance of Asian popular media to gender/sexual identity formation.

The final section discusses nationalistic reaction to the Korean Wave. Three positions—economic nationalism, cultural nationalism and fan discourse—are examined as gendered spheres by Fang-chih Irene Yang, the first two as rational and masculine, and the third as feminine. Where this third sphere represents the image of women as complainers or irrational consumers, Yang rightly foregrounds the other side of this image—“complaints” as “a new script for women’s speech” (216)—as a resistance against the masculine public sphere that silences women.
The difficulty of transnationalization is re-emphasized by Koichi Iwabuchi’s discussion of “the (im)possibility of mediated transnational cultural dialogue” (252). Studies of the Korean Wave in Japan, whether for socio-political or cultural implications, are often limited to nation-centred effects. Iwabuchi, on the other hand, looks within Japan and sheds light on the position of zainichi Koreans, whose national identity occupies an in-between space. Reception of Korean dramas in Japan is closely tied to the perception of (post)colonial history in Japan, and the plight of zainichi Koreans. Iwabuchi’s analysis identifies Koreans and zainichi Koreans as being interchangeable in narratives of Korean and Japanese TV dramas. The Korean Wave may improve the relationship between the two “nations,” but marginalizes the issue of local multiculturalism.

With the Korean Wave as a tremendously popular subject from scholarly work to manga Ken-kanryu (Korean Wave Hate), this book succeeds in laying the groundwork for a more systematic analysis of East Asian popular culture.

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KAORI YOSHIDA


The past few decades in North America have witnessed a dramatic increase in academic and general interest in Korea. Scholarship on Korean history, literature and economy has proliferated, and media coverage has also led to greater awareness. One aspect of Korea that is, however, still relatively little known outside the country is religion. While the explosive growth of Christianity in recent years has received some attention, Korea’s rich spiritual landscape has only begun to be explored.

Don Baker’s *Korean Spirituality* is a pioneering work that goes a long way toward addressing this lacuna. Part of a series on Asian spirituality, this volume provides, at one level, a broad introduction to Korean religion. The scope is bewilderingly diverse, ranging from Buddhism, Confucianism and Christianity to the indigenous folk religion, with its blend of shamanism and animism, to such new religions as Won Buddhism, the Unification Church, Ch’ŏndogyo (Religion of the Heavenly Way), Taegonggyo (Religion of the Great Progenitor), and Daesun Jinri-hoe (Association Promoting the Truth Promulgated during the Peregrinations of the Supreme Lord Above). Also included are examples of spiritual movements that lie outside institutional religion: meditation centres and internal alchemy organizations. There is even a glimpse into the religious situation in North Korea. A tiny smattering of state-controlled religious bodies are permitted to exist, but the dominant spiritual force is the ideology of Juche (self-reliance), centred on the personality cults of Kim Il Sung and Kim Jong Il.
The book’s approach combines the histories of the different religions with their contemporary relevance. It thus examines not only the origins and development of the various spiritual traditions but also how they are practiced by Koreans today. Baker draws on his extensive personal experiences in Korea (as well as with the Korean community in Vancouver, where he teaches) to provide close and, at times, intimate portraits of lived religion. One of the most striking areas of contemporary transformation that he identifies is the impact of urbanization and industrialization in the latter half of the twentieth century. Traditional practices anchored in village life have had to be either modified or abandoned in the massive migration to the cities.

Highlighting what is distinctive about the Korean religious experience, the book points to the extraordinary diversity in the midst of a homogeneous ethnic population. Korea may be, in fact, the only country in the world with an even number of Christians and Buddhists. Moreover, not only are the various religions coexisting in relative peace; they all seem to be growing and vibrant.

The religious pluralism has produced some interesting areas of mutual interaction and influence. Christianity, in particular, has exerted a profound impact on the Korean spiritual scene. Many new religions have adopted weekly Sunday services along with singing hymns and reading scripture passages. Some have even embraced a kind of monotheism. And following Protestant proselytizing methods, Buddhists can now be seen on the streets of Seoul distributing literature. Likewise, Christianity has become indigenized in its encounter with traditional Korean religious culture, as seen, for instance, in the Confucian value of filial piety that inspires the newly created ancestor memorial rituals or in the Buddhist sense of spirituality that seems to infuse the mountain prayer retreats.

Korean Spirituality is, however, more than just a general survey of beliefs and practices. It establishes an overarching theoretical framework for understanding the fundamental nature of Korean religious experience, which, for all its diversity and complexity, is held together by a common thread. The central theme of Korean spirituality, Baker argues, is the gap between the belief in human goodness and perfection, on the one hand, and the realization of human frailty and failure, on the other. Why do human beings fall short of their moral and spiritual potential? Why do they behave in ways that run counter to their inborn nature? Koreans have been grappling with the problem for two thousand years, and their spiritual traditions are expressions of this quest.

The culmination of the author’s lifetime of scholarship and observation, the book represents the most comprehensive and up-to-date account of Korean religion available in English. Korean Spirituality encompasses the entirety of the Korean religious spectrum and brings together history, anthropology, and philosophy/theology. It makes a valuable contribution
to the field of Korean studies and to the study of Asian religions—an indispensable guide for specialists and non-specialists alike.

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CHONG BUM KIM


Vazira Zamindar has written an ambitious book. Eschewing the standard question within the academy: What led to India’s Partition in 1947?, an issue that much vexed and possessed an earlier generation of scholars, she seeks to answer a relatively newer question: What happened to the people of the subcontinent at the time of the Partition? The humiliation, pain, suffering, displacement and traumatic memories of the millions that experienced the horrors and destruction of the Partition has for long been forgotten. Instead, what was proffered were partisan accounts of political parties like the Indian National Congress or the Muslim League, led by two grandees of modern South Asia: Nehru and Jinnah. Zamindar wisely ignores these heroic political narratives focusing on state formation and, with the aid of oral interviews, vernacular newspapers and memoirs, walks us through the densely populated neighbourhoods and streets of Delhi and Karachi, compelling us to be moral witnesses to the lives of ordinary people as strangers seize their homes and slaughter those they love and cherish. Earnest men like Mahatma Gandhi fasted in vain to protest against the unfolding tragedy.

As tidal waves of humanity abandoned their familiar surroundings, striving to share the glow of freedom and citizenship, all they received in exchange were unstable postcolonial identities that classified them as transients, migrants, outsiders, evacuees and refugees. Zamindar unpacks all these sundry categories and lists extensive genealogies showing why bureaucrats favoured particular classifications and methods of surveillance, some borrowed from war-torn Europe, others invented locally, but in each case the intention was that the postcolonial state would hold the ultimate advantage. The new sahibs would get to decide who could cross borders, settle in which district or town, and hold identity documents like passports, decisions that in minutes could make or break a family. Alongside these fragile collectivities we also get a glimpse into how individual lives were shattered by the Partition. The most poignant narrative here is that of a Muslim army officer, Ghulam Ali, a man so unfortunate that he even failed to qualify for the unstable identities that millions others received from patronizing state officials. Despite having loyally served in the army he was abandoned to a
Kafkaesque fate both by post-independent Pakistan and India, and ended up a stateless person.

The Partition was meant to be a political solution at the end of the Raj and not a religious gathering of people. Zamindar persuasively argues that Pakistan certainly did not see itself as a homeland for all Muslims in the subcontinent. Similarly, the Indian government was reluctant to accept all those who wanted to leave Pakistan. Such a political denouement after almost a hundred years of struggle for freedom from colonial rule was unexpected and bewildering for all those who had anticipated a utopian liberation marked by new beginnings. Thus, it is not surprising that historians have for long kept away from the troubling archives of India’s partition. Only poets and novelists have had the courage to engage with a tragedy of such epic proportions. The late Hassan Manto invented the metaphor of a mental asylum to deal with the Partition.

Approximately twenty million people were made homeless by the Partition and as many as a million are said to have perished. Extraordinary human violence and mass displacements call for unusual skills of retelling and witnessing. Zamindar has these in plenty and has given us a redeeming social history that is not merely rich in ethnographic detail and biography but offers a reflexive methodology that passionately demonstrates why modern states are always complicit when it comes to holocaust and genocide.


Sugata Bose has written an important book that provides a richly textured interpretation of the Indian Ocean Rim during the age of global empires and anticolonial nationalism. Bose presents arguments for rethinking the historiography of the Indian Ocean by exploring the nexuses between political, cultural and economic histories. He points out that the “overemphasis of trade” in the Indian Ocean has led to the obfuscation of other forms of inquiry, especially regarding the study of the “flow of ideas and culture” (11).

For Bose, the title “A Hundred Horizons” is meant to evoke the important contribution of Fernand Braudel’s work on the Mediterranean Sea, where Braudel states, “We should imagine a hundred frontiers, not one, some political, some economic, and some cultural” (4). By bringing together diverse modes of analysis, Bose’s purpose is to consider the actions
and imaginations of human agents in the Indian Ocean littoral, as a way to understand the making of modern history.

Bose’s book is organized around a series of sea voyages—of elites and subalterns—during the nineteenth century and early decades of the twentieth century to help to illustrate the connected histories in the Indian Ocean (25). The fact that between the 1830s and 1930s approximately thirty million Indians had traveled overseas meant that nearly 10 percent of India’s population was taking journeys across the globe in that period of a hundred years. It should be noted, however, that Bose’s calculations do not account for the number of people who were traveling from other parts of the Indian Ocean littoral: Africa, the Middle East and Southeast Asia. In other words, the number of travelers was simply astonishing. Bose reminds us that these individuals were not only carrying commodities during their travels, but they were also circulating ideas about politics and religion that helped form the “cultural milieu” of the Indian Ocean world. Through a series of “nonlinear narratives,” Bose provides short, in-depth vignettes of travelers that are organized thematically in the book’s chapters. The sea voyages of Lord Curzon, M.K. Gandhi, Subas Chandra Bose and Rabindranath Tagore are all discussed by Bose, as are the travels of Indian soldiers, pilgrims, workers and capitalists. In the process, Bose analyzes key commodity chains—pearls and oil between India and the Middle East, cloves between India and East Africa—and the networks of anticolonialists and nationalists in the Indian Ocean. In addition, the flows of capital and labour are examined along with the contemporary debates on religious universalism.

Bose’s point here is not to cover every aspect of economy, culture and politics—an impossibility, in any case. Instead, by illustrating the complex connections and networks in the Indian Ocean, Bose argues that his book helps us to reconsider the idea that European political and economic domination in the eighteenth century forced the breakdown of “a well-integrated interregional arena of economic and cultural interaction and exchange” (15). Bose suggests that his narratives show that the organic unity of the Indian Ocean continued throughout the nineteenth century and only ended with the coming of the global depression in the 1930s. Further, his examples help us to reconsider debates on the origins of South Asian nationalism, shifting the focus away from discussions that privilege land and territoriality to the idea of a trans-oceanic nationalism. In making such a distinction, Bose is able to reorient the debates on nationalism by integrating questions of religious universalism, cosmopolitanism and sovereignty that were central to those individuals who traveled across the Indian Ocean. In addition, Bose suggests that analyses of globalization tend to privilege contemporary developments of the late twentieth century and the early twenty-first century. Examining the plural and complex nature of connections in the Indian Ocean world in earlier centuries helps to show
the importance of considering long-term historical processes to the study of globalization.

Bose’s book can be read as part of an emergent historiography that seeks to reconsider the place of localities, regions and nations in the writing of history. The strength of Bose’s project is to bring together a wide range of fields and approaches to the study of South Asia within the Indian Ocean world. While Bose proposes that Africa really needs to be integrated into analyses of the Indian Ocean littoral, it is an area that still requires further development, even in Bose’s own narratives. The place of travelers to India is not fully examined in the book either. Bose points out that South Asia long served as the “fulcrum” of the Indian Ocean, and perhaps as a result its sea voyages and travelers receive most attention in the book, in contrast to individuals from other parts of the littoral. Overall, however, Bose succeeds in bringing fresh insights to the history of the Indian Ocean.

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VINAYAK CHATURVEDI


The Cambridge political philosopher, David Runciman, reminded Englishmen in a fine article published in the London Review of Books in 2005, shortly after England’s famous victory against Australia in the two countries’ regular contest for the celebrated “Ashes,” that they should not kid themselves. India, he argued, is the dominant power in world cricket. Indeed it is, and, as Boria Majumdar argues in this book, cricket is modern India’s “only instrument to have a crack at world domination” (xvii). Sport, these days, is not just a “fun thing”—as cricket and cricket writing tend still to be regarded in India—and sports history can be a powerful way of engaging with big questions about social and political change. Specifically, Majumdar aims to show that “a study of Indian cricket is central to [an] understanding of India’s colonial encounter” (xvi), and his book (which actually focuses on the period from about 1850 to 1947) is concerned with the “appropriation, assimilation and subversion of the game in colonial India for nationalist needs” (xvii).

The first report of a cricket match in India dates back to 1792, but the game remained a British preserve until about the middle of the nineteenth century, when Parsees in Bombay first took it up, to be followed shortly afterwards by Hindus and then by Muslims. In colonial north and central India (Majumdar has little to say about the south) cricket was not just an elite and urban sport. The first major chapter of the book shows how some of the Indian princes fought out struggles for status through their
patronage of cricket, and in the pursuit of these aims recruited the best possible teams, ignoring differences of caste, class and religion. This theme is continued in the second chapter, in which it is argued that, contrary to general assumptions, pre-Independence cricket was quite representative of Indian society, and only became more or less a monopoly of elites and upper castes after 1947. Part of the chapter is a retelling of the story of the great dalit cricketer, Baloo, who was brought into caste Hindu teams in the later nineteenth century, and of his later confrontations with Ambedkar.

Another of Majumdar’s concerns is to show that the early history of Indian cricket is not confined to Bombay, and the third and fourth chapters switch to the history of cricket in colonial Bengal. There, educated, middle-class men—of the Bengali bhadralok—began playing in the 1880s, taking up the game as a non-violent means of challenging the Raj. Defeating the sahibs at their own game became one way of challenging the British stereotyping of Bengalis as effeminate and inferior. The later, relative decline of cricket in Calcutta was tied up with the social and economic history of the city, just as the increasing professionalization and commercialization of cricket in Bombay in the 1920s and 1930s (the matter of the fifth and final chapter) was bound up with the burgeoning of that city. Alongside these trends there was the development of cricket in Bombay along communal lines, reflected in the annual “Pentangular” tournament that pitted Europeans, Parsees, Hindus, Muslims and “the Rest” against each other.

The book is interesting, no doubt, but its arguments in relation to the aim of illuminating the history of “India’s colonial encounter” seem quite thin. The point is made, for instance, that the history of cricket shows that some of the princes, at least, contrary to “what has been argued in Indian historical writing” (30) allied themselves with the nationalists. But the point is made, that is all, and its significance is not explored any further. Rather the same might be said about the potentially important argument concerning the connections between playing cricket and the reassessment of Bengali identity and the development of Indian nationalism. It is perhaps unfortunate for Majumdar that two of India’s most significant public intellectuals, Ashis Nandy and Ramachandra Guha, should have written so penetratingly and engagingly about the history of Indian cricket. His own analysis is both less powerful and less eloquent.

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JOHN HARRISS

The twin themes of Andrew McGregor’s book paint Southeast Asia as a region that has experienced much positive change, but remains challenged to achieve a more inclusive, equitable and sustainable development. Considering the great diversity of the region, it is hard to argue with this broad perspective. By comparison with other postcolonial world regions, Southeast Asia is doing well.

Southeast Asian Development’s content covers most of the basics. It opens with an introductory history of the region, followed by chapters on economic, political and social development. Then the focus shifts to urban, rural and natural spaces, followed by a short concluding chapter on achieving equitable development.

The author has a well-balanced viewpoint, and a compassion for those not greatly benefiting from the economic successes of the region. It has many strengths, such as the attention he gives to alternative theories of development, civil society, NGOs, gender matters, unions and class issues in development. None are presented dogmatically, but are instead explored to bring out the perspectives and understanding of the marginal and the disenfranchised in both rural and urban areas.

A strong concern in the book is the impact of development on the environment, such as through the ruthless destruction of forests. A chapter is titled “Transforming natural spaces” (other chapters are about “urban spaces” and “rural spaces”), and focuses on “forested spaces,” “aquatic spaces” and “subsurface spaces.” I am not convinced that the term “spaces,” used throughout the book, adds much to the argument, but I am probably in an old-fashioned space.

It is difficult to achieve breadth and depth simultaneously in a book covering nine very diverse nations. In describing the post-crisis economies of the region, there could have been more exploration of the significant drivers of change. The role of Singapore, both as a world financial centre and as a key hub of transport and trade, is not sufficiently explored. The brief account of Malaysia’s Multimedia Super Corridor, and the growth of Kuala Lumpur, does not convey sufficiently the significance of Malaysia’s thrust into knowledge-intensive industries.

Similarly, there is little anywhere in the book on the development of human resources through the expansion of educational opportunities within countries, and the significant number of students studying in universities outside Southeast Asia. In a region of 600 or so million people, with a preponderance of the young in most countries, the enhancement of education for building capacity in youth will play a critical role in the future development of Southeast Asian nations.
Public interest in Southeast Asia comes and goes. More students in the West need to appreciate the significance of the region, and not be distracted by the high-profile progress of China and India. *Southeast Asian Development* is pitched at undergraduates in universities. It will be adopted in university courses if it connects with the pedagogical needs of teachers and undergraduates. But are textbooks the best way of introducing Southeast Asia to tertiary students? Can they provide the textual anchor for an introductory course? In some countries, and in some fields, textbooks are mandatory. But there are many sources of information and interpretation of a sprawling and a dynamic region such as Southeast Asia with which books have to compete.

Gen Y, progeny of the digital age, and those who teach them, might have expected the book to provide more connections to the diverse set of reliable electronic resources that would flesh out their understanding of Southeast Asia: radio, television and newspapers, the cinema, and the web that provides access to all four. There are relatively few websites listed. Students use search engines to find sources on everything, but they need a better interface between texts and the credible but fluid sources on the web.

Using the format of the Routledge series, the book is clearly written and logically structured. Chapters are broken up with boxed inserts, some written by others, some the author’s précis of the published literature. These add specific information on case studies, and additional texture. Maps and black and white photographs provide visual reference points. Each chapter ends with a dot-point summary of the contents, discussion questions, further reading, and a few useful websites. It is a concise, sweeping introduction, with a development studies orientation overlapping with Asian studies. It will provide students with a sound introduction to Southeast Asia, and is good enough to attract them to explore further.

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**DEAN FORBES**


The comparative study of politics continues to experience fierce disciplinary battles over methods. At stake for many is the future of what comparative politics should become: a field of large datasets and global theories; or of context-sensitive field and archival research, using substantive knowledge to develop concepts and theories. That this dichotomy is a false one has not made the debates surrounding it any less inflammatory.

*Southeast Asia in Political Science* is a welcome contribution to this discussion, and should become required reading for all graduate students interested
in the politics of the region. Kuhonta, Slater and Vu (“KSV”) have brought
together an impressive group of scholars who have all written engaging essays.
As the subtitle suggests, the authors are concerned with the contributions
that regional specialists using qualitative methods have made to theories of
comparative politics. As such, the bulk of the book deals with substantive
topics in comparative politics. Chapters 1 (by KSV) and 13 (by Donald
Emmerson), by contrast, are about theory and method in political science
and their relationship to Southeast Asian studies. Rather than treat each
chapter individually, I consider here themes common across them.

KSV propose two goals for their volume. The first is to catalogue the
political science research done by Southeast Asianists using qualitative
methods. The second is to generalize about the contributions that these
scholars have made to broader theoretical debates. KSV have succeeded
brilliantly in accomplishing their first goal. The substantive chapters are all
sharp and well-written, each weaving together sprawling literatures on many
countries with the major theoretical debates in comparative politics.

I am less convinced that the volume accomplishes KSV’s second, more
ambitious, goal. The chapters offer a few examples of how Southeast Asianists
have made other comparativists take notice of their contributions, but I am
more struck by how seldom this has happened. I am unsure if this is a failure
of Southeast Asianists or of other comparativists. Nevertheless, chapters by
Abrami and Doner on economic development, Hicken on political parties,
and Slater on regime types are particularly good at showing how Southeast
Asianists can make bold contributions that have shaped (and will shape)
comparative politics research.

KSV are weakest on interpretivism, which they portray as being in
some degree of opposition to positivism. This conflates two understandings
of positivism: the logico-deductive positivism of rational choice theory,
and positivism as an ontological position on knowledge. The former
understanding is completely, not partially, incompatible with interpretivism, for
it assumes the things (preferences, identities, etc.) that interpretivists seek to
uncover. But the latter understanding is completely compatible with positivism.
Interpretivists—as KSV characterize them—share the ontological assumptions
of econometricians about the possibilities of knowledge. Facts exist, and can
be known. There is a purely anti-positivist kind of interpretivism, drawn from
critical studies, where facts do not exist independently of the intersubjective
beliefs of observers, but this does not appear in this volume.

Discussions of small-n research and “causal process observations” are also
shaky (although no shakier than other work on this topic). Causal-process
observations do not solve degrees-of-freedom problems by “increasing the
n,” they do so by recasting the research as a different kind of enterprise.
The inferences that can be made given the data are different. Moreover,
Bayesians have proposed that the number of causal process observations is
less important than the weight given each conditional on prior subjective beliefs.

These are minor concerns. A larger concern is the overlap between qualitative methods and regional knowledge that the volume’s tone suggests. All chapters raise a critical point, which is that one cannot hope to learn about the world while excluding a part of it from careful analysis. They also demonstrate the value of qualitative research for tackling big, important questions. But there is a tendency to elide area studies with qualitative methods, as if context-sensitive knowledge were incompatible with quantitative hypothesis testing. Hicken’s chapter is an exception, but a lonely one.

Southeast Asia in Political Science therefore misses an opportunity to emphasize a broader point for Southeast Asianists, which is that methods must always serve questions, not the other way around. This is wholly consistent with their defense of qualitative analysis, but captures other contributions that Southeast Asianists can make to comparative politics. For some questions that Southeast Asianists may ask about public opinion, voting, or political economy, quantitative methods are invaluable. And by not recognizing when quantitative methods are useful, the volume also misses an opportunity to be critical of the situations when they are clearly not. This is when researchers follow the “wannabe economists” model of comparative politics, parachuting into a country, ignorant of its history and language, curious about neither, but equipped with the technical skills to produce statistical results devoid of context, which is to say, findings without meaning. This is where Emmerson’s rejection of area experts playing junior partners to quantitative and formal scholars is most relevant.

This does not detract from what KSV have accomplished. Each chapter taught me something about Southeast Asia and excited me about theoretical debates in comparative politics. This is no small feat, and it makes this volume very appealing.

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THOMAS B. PEPINSKY


This is an important book, especially in the sense of understanding the early history of Southeast Asia. It is a collection of essays by the late, well-known historian of Southeast Asia, O.W. Wolters. The consideration behind this volume, as indicated by the editor, “is to introduce the work of O.W. Wolters
to new generations of scholars entering the field of Southeast Asian history, whether it be of the modern, premodern, or early periods” (vii). Without doubt the editor should be congratulated as he has done a wonderful job and achieved what he had conceived on the campus of ANU.

The volume is divided into 4 parts comprising 11 essays, with each part focusing on a particular theme. The editor has carefully selected these essays to illustrate Wolters’ research interests in different parts of Southeast Asia and the development of his historical thinking at different stages of his academic career. All of these essays are grouped by geographical area, with attention to the date of original publication. While the first part perceives Southeast Asia as a culture, a region, and a field of study, the second focuses on early Indonesian commerce and the ancient maritime kingdom of Śrīvijaya, or the long durée of Malay history, which was Wolters’ first research project and one of his favourite and abiding research interests. The third part is a selection of three essays on the history of mainland Southeast Asia, with an emphasis on early Khmer history and leadership in Ayudhya Siam, which was the genesis of Wolters’ mandala model of ancient Southeast Asian statecraft. The last part contains three essays on Vietnamese historiography and literature, which is a sample of Wolters’ comprehensive study on premodern Vietnamese history.

The editor, one of Wolters’ former Ph.D. students, makes valuable contributions towards this volume by providing readers with a long and in-depth analytical essay on the professional lives of O.W. Wolters. This biographical-cum-historical article not only gives an interesting account of Wolters’ academic career dating back to the late 1930s when Wolters was a colonial official of British Malaya, but also guides readers on how to better understand Wolters’ work by highlighting Wolters’ intellectual preoccupations and habits of mind that finally gave shape to a particular historical scholarship. The most important part of his discussion on Wolters is the final section, which analyzes Wolters’ approach to studying the past. A number of intellectual preoccupations exhibited by Wolters are listed, such as “Wolters had an abiding concern for the historian’s accountability to source material. He relished the discovery of new materials and the reworking of familiar ones. He was at pains to establish the provenance and authenticity of texts, to identify gaps in the evidence, to determine the limits of what could be reasonably known, and to extract whatever inferences that could be drawn from grudging documents” (32). In addition, the editor points out that “Wolters always respected the evidence, but he also believed in the powers of imagination required to understand the worlds of the past.” I myself had a couple of short discussions with O.W. Wolters 23 years ago at Xiamen University of China on the maritime activities of Chinese merchants in early Southeast Asia while attending his lectures, and my own experience and observations tally well with what the editor remarks in his long discussion.
This welcome addition to the study of early Southeast Asia showcases Wolters’ ideas about leadership and royal power, the respectability of public service, and the significance of kin relations and religion in ancient Southeast Asia while offering people a glimpse into the professional lives of this influential historian. It would be nice if a complete list of Wolters’ publications could be included in the volume. Moreover, a map of early Southeast Asia could be added to help readers quickly comprehend the historical geography of the region. There is much to commend a volume in which all serious scholars of early Southeast Asia will find much to read and enjoy.

James K. Chin


This collection of essays explores past and contemporary Khmer discourses on reconstituting order in Cambodia. Through innovative readings of various representations, the authors present the material in a compelling and thrilling way. With thoroughness and great knowledge, the authors move back and forth between the past and the present political and social realities of Cambodia. The chapters delve into concepts such as moral order, “songs,” “thought world,” myths and forest, which provide connecting themes throughout the book. In addition, the authors’ sincere friendship with, or admiration for, David Chandler is an underlying current throughout the text.

By using narratives, as well as other innovative sources such as memories, landscape design, religious buildings, murals and torture confessions, the book maps new terrain for social science research. In addition, the book is not about a culture or history of violence, but rather a work that provides an alternative voice, handling Cambodian history with sincerity and care. In the face of the massive bulk of literature on the Khmer Rouge as well as the one-track connection often made between Cambodia and its violent history, the book offers an important contribution to the reconstruction of Cambodian society.

Honouring David Chandler, a historian with an eye for spatial representations, the book struggles with an empirically challenging task, namely to make visible the temporality of space within analysis. There has been a tendency within the social sciences to emphasize the visual over the
temporal. Analysts use thick descriptions to consider how different narratives, images and the visual imagery employed in films, books, advertising, etc., exposes meaning to us. And although each and every one of these representations incorporates very specific conceptions of time, temporality usually remains implicit in the analysis. However, *At the Edge of the Forest* occasionally succeeds in its attempt to make visible how social relations are imbued with time. A good example of this is the analysis of Sokhieng Au, and how she looks at representations over time, thereby acknowledging how representations are part of a larger whole, and help recreate the social order. Likewise, Penny Edwards carefully integrates time, change and memories in her chapter about indigenous narratives of the Khmer story. Through these and other examples, the book offers a brilliant synthesis of a poststructuralist approach and a more anthropological, historical approach.

In spite of all its merits, the book suffers from a number of unresolved paradoxes. One such issue is the authors’ attempt to focus complexity and nuances using rather fixed dichotomies as analytical tools. While the authors encourage and long to move beyond a simple binary reading, and cherish Chandler’s “caution about the unreflective use of analytical categories” (4), the text still leans on and builds upon simple binaries such as the order/disorder couplet. In fact, in the search for nuances, contradictions, change and real complexity, I would suggest that the very concept of order is highly problematic. This gives rise to a second paradox, which stems from the book’s focus on the theme of order, while also tracing out the cultural contradictions, tensions and paradoxes. How order and “chaos” inform one another are not very clear in the essays presented in the book, leaving the reader puzzled. However, a benevolent reading of the book suggests that this gap might just be the unavoidable result of a multi-author volume, and of the complexity that real life offers us. Finally, even though the authors move back and forth between the past, the present and the future of Cambodia, the sections on the past overshadow the present, leaving this reader wishing for a more profound reading of today in the light of yesterday.

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MONA LILJA


In its exploration of Cambodian women’s work and life experiences, Annuska Derks’ *Khmer Women On the Move* sheds light on one of the most critical subjects in postwar, post-genocide Cambodia. Through ethnography and multi-level analysis that takes into account both structural conditions as well as individual motivations, the study looks at the migration of Cambodian women
from the countryside to the cities, and their participation in three economic sectors, namely the garment manufacturing industry, the sex industry and what the author refers to as the “street trade.” In so doing, it evokes critical questions about the impact that processes of migration and incorporation have on gender constructions, identity formations, and the varied roles that women assume in contemporary Cambodian society.

The information and insights that Derks provides through well-selected case studies enrich our understanding of these varied forms of activities and experiences. All three sectors are different in terms of accessibility, organization, structures of opportunity and constraint, and relational dynamics within them. In that regard, the discussion of labour-management relations in the garment factory is particularly illuminating in its exposure of the intersection of culture, ethnicity and gender. The sectors are also similar in that all are highly vulnerable, providing little prospect for long-term security or upward mobility.

The study makes an important analytic contribution in its contestation of the static and reductionist views regarding gender, development and migration in the Global South. Whereas most studies of women in Cambodia focus on their vulnerabilities, the book emphasizes their agency and resiliency as they interpret, negotiate and adapt to their environment. In so doing, the author moves our understanding of migrant experiences towards a more contextual and nuanced analysis, and away from the “one-dimensional and generalized views of rural women in factories, sex work or trade,” and from the dichotomies of free will and exploitation, town and country. Just as gendered norms, identities and roles are conceived as fluid and evolving, so is migration presented in the study as neither linear nor final, with the rural and the urban being at once distinct, separate and overlapping.

Significantly, while the book argues for the importance of contextualization, it pays curiously little attention to the profound disruptions in Cambodia’s recent history. Discussions of traditional norms and of the didactic codes—the chbap—that inform trans-generational understandings of roles and standards, include surprisingly little direct analysis of the impact of war, genocide and occupation on collective memory, cultural transmission and critical institutions that shape social identity, norms and accountability. While the issue of social discipline threads through the narratives, there is little reference to the destabilization that has resulted from both historical disruptions and evolutionary change. Finally, while the strength of the book is in its representation of women as agents who “with skill, knowledge, intelligence and wit, define their goals, interpret the rules and ‘switch codes’ according to the relevant conditions,” we are left with frustratingly little knowledge about them as individuals. What, for instance, are their life prospects? What kind of a future can and do sex workers envision for themselves given the stigma associated with the profession? The conclusion drawn about women’s “mobile behavior” as measured by their ability to
switch “between jobs, places and styles” presumes greater permeability than perhaps is warranted. One can only deduce from the observation made about the seeming ease with which Vietnamese sex workers move between marriage and prostitution that such a prospect is not readily viable for their Cambodian counterparts. Finally, if cities represent modernity, excitement and opportunity, why do some women desire an eventual return to their village? In its over-reliance on what scholars say about practices in other Southeast Asian contexts, the book misses the opportunity not only to showcase valuable ethnographic findings, but also to make Cambodian women narrators of their own experiences. Tellingly, biographical details of the participants appear largely as appendices at the end.

The analysis, at times, also glosses over critical issues. Class as an analytic variable, for instance, was conspicuously absent from the general discourse about gender. Similarly, discussions about labour organizing downplay the violent attacks on union leaders, which is an important context for understanding workers’ strategic responses, including “withdrawal.” Moreover, while agency is an important theme, the book’s examination of daily acts of resistance draws heavily from experiences in other countries and is devoid of local specificity except for a brief mention that Cambodian workers engaged in similar practices. Overall, despite these limitations, including certain minor translation and factual errors, the book is an important addition to the body of scholarship on postwar Cambodia.

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KHATHARYA UM


Krugman threw cold water onto the growth experiences of East Asian countries, linking them to Stalin’s Soviet regime by claiming that the overwhelming reliance on factor inputs with little technical change cannot be sustained. Once Stiglitz and Yilmaz had convinced the majority that volatile financial flows rather than government failure had triggered the 1997 financial crisis, interest on total factor productivity (TFP) fizzled out. This book reopens the TFP question by making an ambitious attempt to integrate neoclassical and heterodox approaches to examine the role of technical progress in economic growth in Malaysia.

The book is presented in ten chapters. Chapters 2 and 3 discuss the neoclassical production function estimations of total factor productivity growth (disembodied) and Kaldor’s estimations of embodied technical progress. Chapter 4 explains Malaysia’s initial conditions. Chapters 5, 6 and
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7 analyze state intervention in manufacturing, structural change, labour utilization and economic growth. Chapters 8 and 9 examine human capital development, international trade and TFP. Chapter 10 presents a summary and direction for future research.

The strengths of the book are: one, the detailed scrutiny of the productivity debate; and, two, an attempt to understand the relationship between technical progress and economic growth in Malaysia. Although the book adopts a synthesis of neoclassical and heterodox approaches, the confusion it creates leaves readers with an opportunity to understand what Nelson had termed as nonsense (37). Taylor lays bare the details behind the models—something Krugman did not do when attacking the East Asian miracle—so that independent readers can distinguish the “glass pillars that held his argument.” Indeed, the mechanistically assembled framework is important for readers to make sense of Young’s estimation of TFP growth that left Egypt, Pakistan, Botswana and Congo with higher rates than Taiwan, Korea, Malaysia and Singapore (30 and 33). The apportioning of lower capital shares ($\alpha$) by Taylor improved TFP rates but little justification is provided.

I doubt Kaldor would have liked Taylor’s attempt to use his approach alongside Solow’s productivity model. Not only was Kaldor a critic of equilibrium economics, he attacked the neoclassical growth model for failing to address structural interdependence and complementarities. Kaldor defined dynamic increasing returns to not only drive a sector’s own growth but also that of the others. Hence, the cumulative causation associated with Kaldor’s argument is that the primary sectors provide the conditions for manufacturing to evolve, which will then be taken over by manufacturing and, following Rowthorn and Wells, eventually by services (Deindustrialisation and Foreign Trade, 1987, Cambridge: Cambridge University Press). What is pivotal is the shift in the dynamics of increasing returns from agriculture to manufacturing and eventually to services, which will help avert decreasing returns in any of them as productivity in all sectors continues to rise as reflected by the United States and Taiwan, both of which have experienced a massive expansion in the share of services in GDP.

It is important to note that the Malaysian government identified foreign investment and export-oriented manufacturing as the engines of growth and redistribution through the Second Malaysia Plan of 1971 and not from 1981 (110, 207). Manufacturing was expanding rapidly particularly following the relocation of electronics, and textile and garment firms in the export processing zones since 1972. The early 1980s were characterized by Mahathir’s efforts to promote indigenous capital in heavy industry, but through the use of joint ventures with foreign capital. Favourable primary commodity prices and terms of trade from the late 1970s motivated Mahathir to embark on the development of heavy industries and infrastructure to stimulate industrial linkages under Bumiputera control. Falling commodity prices and a cyclical downturn in the electronics industry in the mid-1980s forced the government

Taylor also makes inconsistent arguments over the role of human capital in chapters 8 and 9, arising from neoliberal estimations of education returns in Malaysia. It is a general tendency of neoclassical models to estimate the highest returns in education at the level of primary schooling (176). However, Kaldor’s logic of structural interdependence and complimentarity require that professional labour at different segments will have to be critical to provide the knowledge synergies for productivity growth. It is from Marx’s notion of the organic composition of capital (dead labour) that subsequent postulations of creative destruction and creative accumulation by Schumpeter and Kalecki’s technical progress emerge. Hence, as Taylor points out, the United States, Japan, Korea and Singapore show much higher concentrations of R&D scientists and engineers per million population and R&D expenditure in GDP than Malaysia (184-185). Consequently, the United States, Japan, Korea and Singapore show much higher patent take-up in the United States than does Malaysia. Like tertiary education, the impact of such human capital should not be viewed narrowly as the synergies associated with knowledge (public good) cannot be estimated that way.

Also, the high annual wage rise reported over the 1990s cannot be right (123), particularly when inflation rates never exceeded 3.5 percent throughout that period. While this looks to fit nicely with the claim that the 1990s was characterized by a steep rise in capital intensity, the empirical evidence suggests otherwise as imports of unskilled foreign labour helped sustain labour-intensive manufacturing.

Nevertheless, Taylor should be applauded for offering a constructive analysis of contradictory arguments. The book is a must-read for those capable of comprehending the equations.

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RAJAH RASIAH


This book began life as a doctoral thesis at the Australian National University, and counts among the very few studies of multinational enterprises in Thailand. It is a highly data-intensive study built around two econometric analyses.

Archanun sets out to analyze the impact of multinational enterprises in Thailand and in particular their contribution to industrialization over the period 1970 to 2002. He uses the Thai data to test the Bhagwati thesis
that gains from foreign investment will be much higher under a liberal trade regime, and much lower and even negative under import substitution policies. As background for this exercise, he sketches in the Thai economic background and identifies 1985/6 as the point which divides Thailand's import-substitution and export-promotion regimes. He shows that foreign direct investment was less than 5 percent of gross fixed capital formation in the import-substitution period but then rose rapidly to around 25-30 percent by the early 2000s.

His first econometric exercise is a regression exercise using a standard growth equation with various variables for openness based on trade ratios and tariff rates. His results show that growth impact of foreign direct investment is significantly higher under the export promotion regime, adding around 0.4 percent to annual GDP growth.

The second exercise is a cross-industry analysis using 1997 data, examining growth performance against the level of foreign involvement and the degree of tariff protection. Again, the results confirm the Bhagwati thesis. The sectors with greater openness perform better because multinational enterprises bring in higher technology.

These two exercises focus heavily on direct investment as the form of foreign involvement, largely because investment is a statistical variable that can be used in such exercises. However Archanun is at pains to point out that multinational involvement takes many forms other than investment, especially through transnational supply chains. Thus for his last substantive chapter, Archanun conducts a case study of two industrial sectors, processed food and automotive, using descriptive analyses of industrial structure and change rather than statistical testing.

The two sectors are interestingly different. Processed food has enjoyed a relatively open trade regime throughout the study period, and Archanun shows again that this open regime has fostered high growth. However, foreign investment and foreign ownership of firms has been relatively low. Archanun argues that, given the stable and relatively simple nature of the technology, multinational firms preferred to act as buyers through transnational supply chains, yet still put pressure on locally owned firms to invest in technology. By contrast, technology in the automotive industry was undergoing rapid and constant change. Multinational firms in this sector preferred direct investment.

The automotive sector was initially governed by industrial policy (especially local content requirements) that was removed in the 1990s. Archanun argues that growth was repressed under the earlier regime because there were only weak incentives for local supplier firms to adopt the best technology. The technological level and the growth rate both jumped with the transition to a more liberal regime. In short the Bhagwati thesis is confirmed yet again. Archanun glosses that this result tends to disprove the “infant industry” thesis behind industrial policy, and lends support to policy
regimes that rely on simply comparative advantage. But, in the absence of the earlier phase of industrial policy, one wonders what comparative advantages would have resulted in Thailand acquiring the extensive automotive industry that is now such a major factor in the economy.

Archanun’s main conclusion is that liberalization of trade and investment should be simultaneous in order to gain the maximum advantages, and that governments should concentrate on enhancing both physical infrastructure and human resources rather than attempting industrial policy.

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PASUK PHONGPAICHIT

ETHNO-RELIGIOUS VIOLENCE IN INDONESIA: From Soil to God.

Chris Wilson’s fine study of the pattern of communal violence witnessed in North Maluku in 1999-2000 makes an important contribution to the rich and growing body of scholarship on the patterns of communal violence that accompanied Indonesia’s transition to democracy at the turn of the twenty-first century. This literature includes some very insightful and interesting broad overviews—most notably those of Jacques Bertrand and Gerry van Klinken—as well as a plethora of documentary reports, statistical analyses, ethnographic studies, journal articles, and collections of essays on various episodes of violence and various aspects of the violence observed. Here Eva-Lotta Hedman’s edited volume Conflict, Violence, and Displacement in Indonesia (Ithaca, NY: Cornell University Southeast Asia Program, 2008) is particularly worthy of mention. But in terms of book-length studies of individual cases of communal violence, we have, alongside Jamie Davidson’s penetrating account of anti-Madurese violence in West Kalimantan, From Rebellion to Riots: Collective Violence on Indonesian Borneo (Madison, WI: University of Wisconsin Press, 2008), only Chris Wilson’s impressive new book on North Maluku.

Wilson’s book, like Davidson’s, has much to teach us. Wilson, after all, has combined many months of fieldwork in North Maluku (and additional months elsewhere in Indonesia) with a serious and sustained engagement with the broad and diverse scholarly literature on collective violence and contentious politics. He draws on a rich trove of existing scholarly research on North Maluku—including earlier efforts to analyze the violence—and on diverse documentary sources as well as oral accounts. Although he is refreshingly honest in making clear the limitations of what he definitively knows—his narrative is peppered with phrases like “it is likely that....” “it is very possible that....”, and so forth—he has provided the most comprehensive and empirically rich account of the violence in North Maluku likely ever to be written. The various writings of Nils Bubandt, Christopher Duncan,
and Thamrin Tomagola have shed much light on the conflict, but it is only Wilson who has given us a fully fleshed-out book-length study. Caveats and qualifications aside, his is the definitive account of what happened and he deserves considerable respect for this achievement.

The real strength of Wilson’s study lies in the great care, insight and sophistication with which he has traced the processes by which the violence unfolded in North Maluku in 1999-2000. Following in the footsteps of Paul Brass and other eminent scholars of collective violence, Wilson shows how the violence only emerged, unfolded and escalated through a set of complex mechanisms and contingent processes, rather than in automatic response to “triggers” in a structurally determined “enabling” environment that made the violence if not inevitable than easily explicable from a great analytical distance. Indeed, Wilson focuses on the puzzle of the transformation of the violence, and, in the terms of Stanley Tambiah, its “transvaluation,” from a highly localized ethnic conflict over territory to a religious war linked to national, indeed transnational, inter-religious faultlines. Wilson chronicles the violence over successive phases: initiation in Malifut in August and October 1999, escalation in Ternate and Tidore in November 1999, dispersion in Tobelo and Galela in December 1999, and a pattern of political exploitation that led to full-blown religious war in North Halmahera from February through June 2000.

Throughout his narrative, Wilson is attentive to competing and complementary explanations for the violence, whether structurally deterministic and macro-contextual or conspiratorial and prosecutorial. The violence, he shows, was neither inevitable in its emergence, escalation and transformation, nor impelled by the individual machinations of “identity entrepreneurs” and meddlesome outsiders. Instead, violence emerged, escalated and evolved in accordance with a variety of opportunities and constraints, actors and audiences, (mis)representations and (mis)understandings. The circumstances which made the violence between armed groups of Makianese and Kaos in Malifut did not preordain the subsequent attacks on Christians in Ternate and Tidore, the reprisals against Muslims by armed Christian groups in Tobelo and Galela, nor the subsequent call to jihad. In this pattern of what Nils Bubandt calls “cascading violence,” each link in the chain was forged in the heat of historical contingency, a conclusion reinforced by the absence of large-scale collective violence of any kind in North Maluku since the latter half of 2000. Thus Wilson’s study casts real doubts on the value of the well-funded large-scale quantitative studies of conflict in Indonesia (and elsewhere around the world) organized by the World Bank, the UNDP, and other such institutions. As shown in this fine book, there are no easy answers to the hard questions that must be posed with regard to large-scale collective violence, and both sustained empirical research and complex analysis are required for the task.

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JOHN SIDEL

This collection of articles on Indonesian popular culture, edited by Ariel Heryanto, is a very welcome addition to scholarship on Indonesian film, television, staged performances of music and dance. It is also a challenging volume for scholars and students alike. As Heryanto points out in his introduction, the main focus of the collection is the politics of identity in the production and consumption of popular culture. The challenge in the text comes from the fact that Heryanto and his contributors do not see identity as in any way a simple concept easily extractable from a text, whether it be written, film, televised, or recorded or performed music and lyrics. Instead, Heryanto argues, and the work of the contributors to this volume largely supports the notion, that identity is negotiated in a complex field of social issues and interactions that are constituted by considerations of gender, class (in the Weberian sense) ethnicity, regionalism, nationhood, globalization and age, among others. This produces articulations of identity that are layered and fluid, changing according to specific contexts and historical moments. In Heryanto’s terms, this leaves the question of identity “open-ended.”

Heryanto, in his lucid and well-argued introductory chapter, also asserts the need to situate readings of popular cultural products in their broader social, historical and political contexts of production and consumption. Further, he insists that ethnographic fieldwork is a crucial methodology in cultural studies for understanding the above-mentioned contexts as well as the ways people consume popular culture. All of this seems consistent with the general thrust of cultural studies as a practice during the past three decades, though in Heryanto’s view, scholars of Indonesia have frequently not adopted such an approach.

The collection includes three articles on film (Clark, Hanan, Heryanto), four on television (Ida, Coutas, Yulianto, Jurriens) and two on music and dance (a substantial portion of Heryanto’s introduction, Richter). Indeed, the majority of the articles seek, in Richter’s words, to “complexify” previous notions of who uses popular culture, under what circumstances, how, and with what interpretive frameworks, and to what ends. In Heryanto’s introduction, the discussion of the Inul controversies of 2003 and 2006 and the political stakes involved is particularly fascinating. He proposes several binary pairs of oppositions—including Regional Pride vs. Capital Power, Javanist Pleasure vs. Islamic Piety, Patriarchy vs. the Women’s Movement, Lower vs. Upper Class Cultural Tastes, and Digital Divide vs. Empowerment—to show just how many kinds of identities and ideologies were implicated in debates over whether the popular singer/dancer was in fact ushering in a new era of national moral degradation or whether she was in fact a figure worth emulating in
her hard work, artistry, and rags to riches success. Heryanto uses this case to demonstrate convincingly that popular culture, far from being mere entertainment, can at times be “at the very heart of Indonesian national politics, the people’s diverse senses of identity and self respect” (34).

Edwin Jurriens’ contribution on the phenomenon of Indonesian political parody shows like Republik BBM and Newsdotcom, which present mimetic simulations of actual political figures, is another eye-opening study. In it, Jurriens shows how pro-democracy, pro-Reform media scholars, activists, and artists simulate Indonesian political reality through such shows in order to deconstruct it, while at the same time promoting an alternative vision of politics, democracy, and how to handle discourse in the public sphere. At the same time, Jurriens modifies Baudrillard’s notion of simulacra, signs without referents, insisting that Indonesian political parody programmes are rather referential simulations that constantly switch between their fictional worlds and Indonesian political realities, as well as instructing viewers about “the ideological mechanisms behind media production” (144).

Most of the other studies are equally suggestive and engaging as they investigate representations of masculinity in contemporary cinema (Clark), compare Indonesian and Thai teen movies to those from Hollywood (Hanan), consider representations of Chinese-Indonesians in recent film (Heryanto), reflect on the response of Indonesian television viewers to Taiwanese soap operas (Ida), examine new kinds of celebrity and fandom produced in the intersection of global and local cultural realms such as displayed by Indonesian Idol and other talent search shows (Coutas), or contrast the physical experiences of those listening to village jatilan music/trance performances and those urban youth participating in modern rock band competitions and concerts in Yogyakarta (Richter). Not all of the articles are equally convincing in their analyses. For instance, Vissa Ita Yulianto’s chapter on celebrity gossip shows presents an argument for her main thesis, that such shows “re-domesticate” women, which seems disappointingly underdeveloped. Yet despite this and a few other minor problems, on balance this collection offers a wealth of fresh thinking and perceptive studies of new developments in Indonesia’s rich and thriving popular culture. Scholars and students interested in cultural studies, or in the intersection of politics and culture, will want to read this book carefully.

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MICHAEL BODDEN
Those of us who have long loved West New Guinea may hear in books like this the haunting echoes of Shakespeare’s Malcolm in the tragedy Macbeth, who laments another contested land, crying

I think our country sinks beneath the yoke
It weeps, it bleeds; and each new day a gash
Is added to her wounds. (IV iii)

Charles Farhadian’s edited volume, The Testimony Project, gives voice to such cries by twelve Papuans long engaged in a struggle for independence. Many of those who speak here are old enough to remember when Papua was a Dutch colony, some remember the coming of the first missionaries; all have lived under Indonesian rule.

In addition to its insightful and courageous and often harrowing witness to the sufferings of Papuan Christians, this book, the first of its kind in English translation, is also executed with formidable artistic flair. It begins with “Images of West Papua,” a fine gallery of 11 black and white images by Stephan Babuljak, crisp, stark photographs of contrasting scenes: a glaring soldier, a Dani ojek driver bearing a Muslim woman, a line of Papuan seminary graduates, a Christian prayer meeting. Each testimony is preceded by a striking full-page photograph of the speaker.

The voices in this book belong to an impressive collection of well-educated and articulate Papuan leaders, clerics and intellectuals. Benny Giay relates his complex perspective on the ways missionaries have both hurt and helped the Papuans. He summarizes his Ph.D. dissertation on the indigenous Christian Zacheus Pakage, who was eventually marginalized by the mission and the colonial government for his teachings. Octavianus Mote, now at Yale, recounts the lives of his relatives in the ministry in Papua and notes the stark differences between the material resources available to Western missionaries and indigenous Papuans: “They shared the work of evangelism and teaching, but did not share the economic resources.” And Noakh Nawipa relates his journey from being a village student to now being rector of two colleges.

Many of these testimonies help us hear the words of Papuan leaders; Nawipa gives some of the text of a sermon about non-violence that he preached at the funeral of an important Wamena man who had died, to a crowd wanting revenge. “I told the people that sooner or later Jesus will be the one who will free us.” Other testimonies help fill in some historical blanks. Obed Komba relates the early reactions to the first missionaries to the Pyramid area, in 1957, when he was a little boy, and shows more about
the cross-cultural stresses and shocks of those early days than do many anthropologists’ reports and missionary prayer letters. These are missionary stories from the other side of the pith helmet.

This book shows the meticulous care of the editor, Charles Farhadian. When Helena Matuan relates her birth in Wamena near a certain fig tree, Farhadian supplies the botanical name, *Ficus benjamina*. To Komba’s accounts of the early missionaries, Farhadian adds a helpful and accurate note about the 1938 Richard Archbold expedition, which first added the Baliem Valley to the map. His glossary of about 30 important terms is brief but clear and will help readers unfamiliar with Dani and Indonesian terms. Such scholarly accuracy will be no surprise to readers of Farhadian’s *Christian Worship Worldwide: Expanding Horizons, Deepening Practices* (Eerdmans, 2007) and his *Christianity, Islam, and Nationalism in Indonesia* (Taylor and Francis, 2005) based upon his 2001 dissertation, a social and ethnographic study of Dani Christians transplanted to urban Jayapura (the port city once named Hollandia.) This present book helps us hear the voices of people upon whose testimonies Farhadian’s earlier work is built. It is an important contribution to the growing literature about Papua and its current state, and more generally about post-colonial identities and the neo-colonialism that threatens them.

Another of Shakespeare’s brave noblemen in *Macbeth* mourns:

Alas, poor country!
Almost afraid to know itself. It cannot
Be call’d our mother, but our grave; where nothing,
But who knows nothing, is once seen to smile;
Where sighs and groans and shrieks that rend the air
Are made, not mark’d. . . .

*The Testimony Project* helps to mark some of those sighs and groans, and to bear witness to a complex and ongoing struggle.

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LARRY M. LAKE


In many ways Anna Haebich has written a masterly synthesis of the literature on assimilation policies and practices in Australia in the post-World War II period. The book ranges widely over social, cultural and art history in a flowing and easily digestible style which should be accessible to both specialist and general readers. At the same time it is a slightly eccentric book with much
of the last third considering the impact of assimilation policies on Nyungar people in the southwest of Western Australia, a field very dear to Haebich for both personal and professional reasons. Her excellent book, *For Their Own Good: Aborigines and Government in the Southwest of Western Australia* (UWA Press, 1988) took the history of Aboriginal people in Western Australia, particularly those in the southwest, to 1940. The last third of *Spinning the Dream* continues that story. Haebich is married to a Nyungar man, so it is also about her Nyungar family’s experiences.

The first two thirds of the book considers both migrant and Aboriginal assimilation over a twenty-year period when Australian governments decided they needed to rapidly expand the country’s population through migration, mainly from Europe, and tackle the blatant discrimination and disadvantage suffered by Aboriginal people. These policies were also driven by international pressure on Australia to drop its racially based immigration policy, the White Australia policy, and improve the living conditions of Aboriginal people. Much of this discussion synthesizes the literature on these well-researched issues, adding Haebich’s other great interest: cultural and art history. She interleaves the political/social with a cultural studies and art history approach to assimilation, considering how the government “sold” these policies in Australia and overseas, and how assimilation was represented in art and film. But she does not go beyond the critiques of assimilation which have already been well-aired by her and other scholars. She has little positive to say about these policies focusing on assimilationist aims towards conformity, which undermined exiting cultural and social differences, although she does point out that mainstream Australia did have to change to accommodate such a large influx of migrants in the postwar period.

Haebich focuses on those who resisted assimilation, particularly in the Nyungar section of the book. What of those migrants and Aboriginal people who did assimilate, either happily or because it seemed the most strategic thing to do in the circumstances? This would be a much harder history to research, particularly on the Aboriginal side, as people who assimilated became an invisible part of the mainstream. Many people did assimilate, as can be seen in the number of Australians who are now finding they have Aboriginal ancestry and second- and third-generation Australians with migrant backgrounds. Haebich’s marriage to a Nyungar man (in the post-assimilation period) could not have occurred in a pre-assimilation era. What were the assimilatory pressures in that marriage and the many others between Aboriginal and non-Aboriginal Australians, and migrants and Australian-born? Assimilation can be a two-way process, with each partner assimilating to the other’s culture and ethos. In presenting assimilation in largely negative terms, I think Haebich missed an opportunity to delve into the multiple meanings and outcomes of assimilation.

*Spinning the Dream* was written during the John Howard era of conservative government in Australia. Many commentators accused Howard of looking
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back nostalgically to a golden era of the 1950s which was also the highpoint of assimilation. Haebich begins her book with a discussion of what she calls retro-assimilation, but this era has passed with the Howard government’s loss of office in November 2007. One of the first actions of the new Labor Rudd government was to apologize for the most destructive aspect of assimilation, the removal of Aboriginal children from their families in an effort to refashion them as non-Aboriginal Australians, known in Australia as the “stolen generation.” Haebich argues that the 1950s was not a relaxed, prosperous and happy era, but a period riven by anxieties of the Cold War and the fear of a nuclear holocaust. She agrees, however, that the ideal of the period was a suburban home that all could aspire to own. This was the image of Australia sold to intending migrants, and the impossible goal towards which most Aboriginal families were expected to work. In contrast to Howard, Haebich’s view of this period is bleak: it did not deliver on its promises to migrants or Aboriginal people. It was replaced by policies which recognized cultural differences as legitimate and which aimed to give migrants and Aboriginal people a greater input into policies and practices which affected their lives.

Readers wanting to understand the discourses of assimilation, its policies and legacies in Australia should find this well-written and engaging book more than amply meets their needs.

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Peggy Brock


The thread binding this edited collection of articles by well-known scholars of Melanesia, is the work of French anthropologist Daniel de Coppet (1933-2002), known for his ethnographic work with the ‘Are’are of Malaita, Solomon Islands, and theoretical contributions to understanding ritual, exchange and sacrifice. In the introduction, the editors do not discuss the chapters or their relationship to one another in relation to de Coppet’s work; rather, they “align” various concepts—violence, personhood, cosmos, exchange, sacrifice—to highlight how they belong “in an interlinked network of practices constituting a local cosmos” (xv). There follows five sections, A to E, each with a brief introductory notation.

Section A, “Fundamentals of Comparison,” is an article by de Coppet, translated by H. Hill, analyzing the sacrificial “body” in Western Judeo-Christian society (the Christ, the King) and ‘Are’are shell money as a Melanesian analogy for that Western body. ‘Are’are money exchanges thus express the “socio-cosmic whole of society” which, “like the mystery of Corpus
Christi, informs and constitutes society, organizes and subordinates it” (18-19). While the ethnographic data are independently compelling, the theoretical conclusion that the Western body and `Are`are money are totalizing notions thus enabling comparison across two different societies, is less so.

In Section B, “Exchange and Identity,” Monnerie explores two different exchange spheres in Arama, New Caledonia that express different but equally important aspects of contemporary Arama identity. The traditional Great House is linked to annual yam exchanges at the local, hamlet level, and the Marché is connected with modernity, Christian and European concepts of time, sociality and the use of money. Next, Maranda acknowledges but gently critiques de Coppet’s work on myth and metaphor in an engaging structural analysis of Lau myths and metamorphoses that elevates the exchange of fish and yams in marketplaces beyond mundane economics to a Malaitan mythopoecics and mapping of their socio-cosmos.

Section C, “Rank and Performativity in Exchange Systems,” begins with Liep, who eschews De Coppet’s hierarchical exchange for concept of “ranked” exchanges found in Rossel Island, which are “non-equivalent and asymmetric,” even sustaining of “relations of inequality” (75). Liep shows that ranked exchange exists in “seemingly big man societies which do not exhibit any trace of a ranking of social groups” (86). LiPuma and Lee focus on performativity in a well-wrought and sophisticated theoretical analysis too tightly woven to pick threads from here that challenges a basic de Coppet (and anthropological) premise: the axiom that society is a totality, holistic, and through the kaiko complex of Maring (Papua New Guinea) ritual performances, ask “How do forms that ‘internalize’ their relationship to other forms as a condition of their existence appear as independent totalities?” (96). They conclude that “both connectivity and totality are constitutive dimensions of the production of sociality, and that ritual exchange, because it is ritual and exchange, occupies a privileged position in this productive process” (132).

Section D, “History and Creativity: Emerging Narratives,” begins with Scott’s detailed analysis of Arosi “custom history” in Makira, Solomon Islands, which claims a mythic time when ancestors “existed in a primordial wholeness,” a time compromised by the advent of Europeans and the loss of Arosi autochthons to America. The narrative articulates Arosi identity by reframing colonial history to “structure ‘first contact’ and future Euroamerican-Arosi relations in and on strictly Arosi terms” (142). In another use of narrative, Aswani reconstructs a historical ethnography to explore the dynamics of different forms of leadership and associated “modes of violence and exchange” in Malaita and New Georgia. The relations of exchange they generated reveal differences in political complexity in the two areas (197). Ploeg also emphasizes oral history as a means for reconstructing Western Dani ways of life since the arrival of the first Europeans. Exchange was “an important mode of sociality” for Dani but, due to the rupture in ethnographic
research and missionization that eliminated warfare and sorcery and reduced mortuary and marriage compensations, the scope for exchange was curtailed and the enchainment with the past was severed (220). Ploeg suggests that, by shifting from exchanges to communal Christian activities, the Dani not only reoriented their values, but also make clear their rejection, as Christians, of the Indonesian regime encompassing them.

Finally, in Section E, Strathern and Stewart return to the alignments of their introduction, specifically the “socio-cultural intertwining of exchange and sacrifice” among the Melpa (Papua New Guinea), revisiting the moka exchange system and the Maori concept of hau (primordial spirit). They refine de Coppet’s “hierarchy” with a concept of precedence, and sacrifice becomes a gift in “recognition of obligations towards origins as the continuing sources of fecundity, growth, well-being and increase” (240); thus, the “continual oscillation of the processes of life and death, giving and sacrifice” (242).

Rich ethnographic detail, intellectual challenge and theoretical insight make this excellent collection a must-read for scholars of Melanesia and theorists of exchange and sacrifice. Each contribution assumes mastery of a corpus of anthropological theory and ethnographic data, making this text best for the graduate level of enquiry.

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NAOMI M. MCPHERSON


Beverley Haun’s Inventing ‘Easter Island’ provides a timely and perceptively critical analysis of the Euro-American colonial narratives—“shaped truths”—constructed to make sense, at least for outsiders, of the nature of this famous island. These “shaped truths” engendered in colonial encounters live on in modern thinking, both popular and academic, yet as critical examination and modern research reveal, many are little more than myths. Haun takes a decidedly postmodern perspective: one she describes among other adjectives as “postcolonial.” Her goals include deconstructing historical and contemporary narratives for Easter Island (Rapa Nui), developing a new postcolonial consciousness, and shaping a hopeful future (23) that returns the island’s narrative of history and identity to the Native Rapanui.

As Haun recounts in her introduction, Rapa Nui has both a dynamic, sometimes enigmatic pre-contact history, and an incredibly tragic, downright cruel colonial history. Today some scholars conflate the so-called mystery of the Rapanui’s pre-contact monumentality with the island’s catastrophic post-contact history of disease, slave-trading, theft and imprisonment. Thus,
today we endure the narrative of an island people who destroyed their environment, and as a consequence, destroyed themselves. Haun’s analysis will shed critical light on such contemporary, indeed politicized narratives, including some perpetuated by academic writers with little if any basis in archaeological or historical evidence.

Haun analyzes “forces at play” that shaped the European cultural context of their experience with people of the Pacific and elsewhere in their global imperial pursuits. Her analysis, like Anne Salmond’s Two Worlds (Viking, 1991) detailing European-Maori interactions, places Europeans in an essential critical, historical and ethnographic context.

Chronicling the first European encounters, Haun offers a detailed account of Dutch journals. There are two salient points: the Dutch narrative initiates a dividing process, between the people and their island, or between the Rapanui descendents and their history. For example, Roggeveen, it seems, downplayed the impressiveness of the moai (monumental statues); to acknowledge such accomplishments would threaten Eurocentric notions of superiority. Haun writes that this process continues today. I concur. Second, she notes a disturbing selective use of elements in early texts in contemporary accounts, where scholars cite what supports their views, and omit what does not.

The Spanish arrived in 1770 with a mandate to claim new lands for the Empire. Haun illustrates these colonial interests in Spanish notions of “domesticating” islanders with conversion to Christianity, yielding a pliable native workforce and land for productive exploitation, anticipating the South American slave raids of Rapa Nui. The Spanish visit brought significant impacts, including perhaps devastating epidemic Old World diseases for which the Rapanui had no natural immunity. Perhaps this catastrophe set the stage for the dismal impressions formed by the English (in 1774) and the French (in 1786) who arrived following the Spanish, and with different intentions. Haun is among only a handful of scholars who recognizes how this likely chronicle of events, including disease and depopulation, helped to shape and distort historical impressions.

Finally, Haun outlines how eighteenth-century imagery and “shaped truths” persist in popular and academic narratives for Rapa Nui today. Representations in popular culture and impressions of modern tourists reproduce the “mystery” and effective separation of today’s Rapanui descendents from their moai-making ancestors. And from the early impressions coupled with some contemporary field research come the myths of people who committed “ecological suicide.” In recent popular accounts such as Jared Diamond’s Collapse: How Societies Choose to Fail or Succeed (Viking, 2005) and Ronald Wright’s A Short History of Progress (Anansi, 2005), the Rapanui, as Haun writes, “have been resuscitated only to become representatives of the rest of the earth’s population heading into self-destruction” (254). Indeed, much of the doomsday metaphor of “ecocide” rests on flimsy interpretations.
of selected archaeological, palaeo-ecological, or oral historical referents.

Beverley Haun provides a useful critique at an important juncture in our understanding of what happened on this Polynesian island. She correctly points out that “it is the very instability of the invented Easter Island that allows it to be transformed into different versions to suit the zeitgeist of the time” (254). As an archaeologist working on Rapa Nui, I would add that her critique can be extended to much of the narrative constructed for prehistory as well. It has been shaped by some of the same historical threads she identifies, particularly as the early impressions are pushed back in time to loosely interpret the sometimes mute stones of archaeology. Yet, in contrast to the ultimate relativism of some postmodern arguments (where all knowledge is subjective), I envision a competing scientific narrative that now challenges the colonial invention of Easter Island. In its place “postcolonial knowledge” can be constructed on the critical approach and empirical standards that embody scientific research. Bad “science” does not negate the value of science in the pursuit of knowledge, but instead demands critical reassessments. Empirical standards for archaeological (and sometimes historical) questions also offer the potential to build “postcolonial” knowledge and bring empowerment to Rapanui people in reclaiming their history.

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TERRY L. HUNT


Using the 1830s Irish castaway James O’Connell’s acquisition—and later exhibitionist display—of a full-body Pohnpei tattoo as her starting point, the author of this rich and revelatory work discusses the meaning of Pacific tattoos as they reside and travel within and beyond the Pacific, inscribed upon both Islander and visitor bodies, and figured within both indigenous and foreign literature. Ellis tacks from early eighteenth-century travellers’ accounts to Islanders’ mythic explanations of tattoo origins, to statements by contemporary Polynesian tattoo artists. While primarily seeking out Pacific perspectives on tattoo, Ellis also juxtaposes and examines the signification of tattoos at particular sites of Western interpretation, such as psychoanalytic theory, European colonial law, and Christian religious injunction. In so doing, the book addresses larger issues of cultural appropriation and understanding, and the politics of body art and social identity.

Chapter 1 presents a reading of contemporary Samoan literature, mainly writings by Albert Wendt and Fia Sigiel, showing how these two authors’ “characters recognize themselves as subjects through their encounters with
tattoos” (45). Ellis employs these Samoan literary accounts of the formation of a collective, corporate subjectivity to critique the French psychoanalytic writer Jacques Lacan’s treatment of tattoo as a prime signifier of the ideally individuated subject.

Chapter 2, entitled “The Original Queequeg”?, revolves upon the tattooed harpooner of Melville’s novel and the 1826 Māori tattoo self-portrait adorning the cover of both Claude Lévi-Strauss’ Structural Anthropology and an edition of Melville’s Moby Dick, to investigate “the way the sign can shift” (73) as tattoo moves “from Māori domains into the public domain” (52). Ellis records the violent expropriation of Māori tattooed heads as emblematic of the separation of the tattoo’s genealogical and cultural meanings from the body of Māori culture.

In chapter 3, Ellis philosophizes upon aesthetics in a discussion of how the beauty and morality of facial tattoos are variously viewed by two eighteenth-century Europeans—the German philosopher Immanuel Kant and the English botanist Joseph Banks—and two contemporary Māoris, novelist Alan Duff and filmmaker Lee Tamahori. At issue is “whether it is possible to have a pure judgment of taste” (91), that is, to hold standards of beauty independent of culturally informed viewpoints.

Chapter 4 serves to “rewrite tattoo history” by assembling evidence that tattoo traditions persisted in Tahiti, Hawai‘i, Tonga and elsewhere “decades past the time when the art had been deemed completely suppressed” (24). Ellis chronicles how “tattoo rebellions” (96) in colonized island societies of the early nineteenth century were assertions of indigenous political sovereignty, anticipating the tattoo renaissance in late twentieth-century island societies that asserted indigenous cultural identity. The chapter closes with a discussion of tattoo depiction in Tongan writer Epeli Hau‘ofa’s satiric novel Kisses in the Nederends.

Chapter 5, “Locating the Sign,” suggests that traveller-writers such as Melville, using Pacific tattoo as a sign of whole Pacific ways of life, prefigured the concept of “culture” that E.B. Tylor would introduce twenty years later. Ellis recounts stories of several notable white visitors who received Pacific tattoos, and she muses on the transgressive implications of transferring the “sign of the Pacific” (134) to the white visitor-observer, thereby threatening “the very concept of cultural differences that was the foundation of travel narratives and anthropological accounts of the Pacific” (136).

The final chapter briefly surveys tattoo traditions of Samoans, Māoris, Tongans, Hawaiians, Marquesans and Tahitians, to demonstrate that “across the Pacific tattoo formed a routine part of becoming fully social and human” (167), and to challenge the interpretive tradition in Western psychology and medicine that “sees tattoo as deviant, sexualized, and primitive” (167). Ellis also describes tattoo traditions from Fiji and Pohnpei, where designs were created by women for women, to demonstrate how Pacific tattoo was
engendered differently from Western views that tattoo signals a “male-focused penetrative sexuality” (177).

This brilliant, wide-ranging study deserves careful reading, and will be of interest to students of Pacific studies, anthropology, Pacific history, literature and art.

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DONALD H. RUBINSTEIN


In many ways the book We Fought The Navy and Won: Guam’s Quest for Democracy, by Doloris Coulter Cogan, fulfills what I expected of it: a somewhat idealized personal narrative of the author’s role as an employee at the Institute of Ethnic Affairs in Guam’s quest for an organic act and US citizenship between 1945 and 1950. Cogan was a very young woman in Washington, DC, when she was recommended through her well-connected friend, Betty Winquest (also of the Institute of Ethnic Affairs), to a job as an editor/writer for publications produced by the Institute of Ethnic Affairs, founded by John Collier along with his wife, Laura Thompson (an anthropologist who conducted research on Guam during the Naval period). As Cogan establishes in the beginning, “Much of it [the book] is from the Washington perspective” (xi); there are only a smattering of indigenous Chamorro voices and very few Chamorro sources for information. Despite these deficits, which in certain contexts could be extreme, Cogan’s book brings to life the actual mechanics of US colonialism as they took place at the centre, in Washington, and the corresponding ambiguity built into these mechanics. In many other works about US colonialism, these apparatuses are often generalized so extremely as to portray colonial power and policy as mere monolith. In this book, because the author had unique access to US colonial networks, records and documents, the colonialism is fleshed out at the very highest levels of power so as to express how colonial policy can be disassembled through pockets of resistance within the colonial centre itself.

In a watered-down version of Guam’s “history” in the first chapter, Cogan specifies the purpose for the book as “the effort it took after World War II to persuade the Congress—finally—to determine the political status of Guam and grant some civil rights” (15). However, the most intriguing and effective portion of the book can be found in chapters 2 through 6. It is here that Cogan lays out “the seesaw battle fought at the very top of our government” (xii) among the influential DC colonial-policymakers and Naval officers, and the “civil-rights” campaign of John Collier, Laura Thompson
and other well-known US politicians and intellectuals, many of them members of the Institute. Cogan maps a detailed genealogy of the various players in Washington, DC who struggled to either continue or dismantle colonial control over Guam. And within these who-did-what-when details of colonial power, it becomes patent that “US colonialism” is most manifest in the maddening tactics of stalling, postponing, deferring, suspending and shelving various forms of governmental initiatives and bills for colonial change within various Washington bureaucratic networks; this colonial device, used to maintain power, has been commented on by many of us who have researched Guam. These chapters also provide important information about John Collier’s impetus for the establishment of the Institute of Ethnic Affairs. He formed this nonprofit organization “to search for solutions to problems within and between white and colored races, cultural minority groups, and dependent peoples at home and abroad.” The Ethnic Institute would be interdisciplinary, educational in nature, and would recommend administrative changes requiring governmental action” (31).

The amazing part of the book is to catch a glimpse into how the institute actually was able to successfully shift the US policy narrative from one of Naval control of US Pacific colonies to one of civilian government and US citizenship. The institute’s publications, coupled with Collier’s political clout and DC colleagues, were able to expose the oppression US colonial policy was perpetrating on indigenous peoples within US Pacific colonies. Their first publication, the *News Letter of the Institute of Ethnic Affairs, Inc.*, targeted an audience of DC politicians and members of the institute. However, many of the institute’s members happened to be Chamorros who were starved for information about colonial affairs on Guam, an island at the time with only one Naval-run newspaper. To fill this “news vacuum” (56), the institute published the *Guam Echo*, written and edited by Cogan, which focused more specifically on Guam’s colonial issues. The *Guam Echo* did become one of the only sources of information not sullied by Naval control, and it was integral in Chamorros’ abilities to forge ahead in their efforts to change the nature of their government and citizenship. It became an avenue to learn what was happening in DC while also a format to express their own opinions about the possibility of these changes.

However, not much substantial content is added to the book’s narrative after these important chapters, and it becomes a somewhat repetitive re-articulation of the *Guam Echo*. Yet, the author accomplished her specific goal of illuminating the “invisible crowd” (185) in Washington, DC and in the Institute who were behind the Organic Act of Guam and Chamorro US citizenship.

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