

towards authority and definitions of self-interest. Using data from the Asian Barometer surveys, he shows how different cultural norms lead people to hold different expectations of government and, by extension, different standards for evaluating government performance. Cultural orientations, the basis for normative rationality, can thus produce different reactions to the same type of government behaviour (helping explain differences between Chinese and Americans for instance).

Although there is no democratic tradition in China, Shi argues that Chinese (and Taiwanese) may understand “democracy” via the idea of *minben*. In *minben* doctrine the goal of government is to benefit the people. It differs from Western forms of democracy in the means used to achieve this goal, the standards for evaluating it and the associated rights and responsibilities of the people in relation to government. Ultimately, the legitimacy of a government is judged solely by its policy outcomes for the people. Shi argues that a significant proportion of people with traditional cultural ideas have a particular understanding of government based on *minben*, a kind of “guardianship democracy.” In Taiwan this would explain why “despite its authenticity as a [liberal] democracy, the political system in Taiwan is a disappointment to some of its citizens” (p. 9). And in China, traditional norms may serve to underpin the legitimacy of a CCP that styles itself as guardian of the people. If this is right, those seeking to understand “authoritarian resilience” in China would do well to incorporate culture.

Shi’s careful exposition and rigorous analysis is generally convincing. However, one wonders how resilient traditional values will continue to be, particularly among the young on both sides of the Strait, who have grown up with rather different norms. For example, the norms associated with internet culture, where there is little deference to authority and obvious scepticism and distrust of government. One wonders how well the idea of guardianship sits with Chinese netizens or Taiwanese student protesters. Amid the drama of Taiwan’s Sunflower occupation, there was an obvious clash of values elicited in the opinion polls of older and younger citizens. Will stability, a key concept for both the KMT and CCP, continue to enjoy such resonance with people if and when their values begin to change? How will parties react if and when support for guardian democracy recedes? These are just some of the questions raised by this accomplished and thought provoking book.

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### *China’s Challenges*

Edited by JACQUES DELISLE and AVERY GOLDSTEIN

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Since Xi Jinping and Li Keqiang came to power at the 18th Party Congress in 2012–13, the world has witnessed drastic changes in both China’s domestic development and its foreign policy. Xi has thus been regarded as the most powerful political figure since the death of the Deng Xiaoping. Nevertheless, Xi’s continuing ability to play a leadership role depends on whether his team can manage and solve many fundamental problems that China faces. The two editors of *China’s Challenges*, Jacques deLisle and Avery Goldstein, have brought together established scholars from different fields

to examine major challenges that the Xi leadership is currently encountering, from social issues (such as poverty and inequality, migration and social integration, demographic change and gender imbalance) and difficulties related to economic reform (such as growing income gaps, structural adjustment and sustainability), to political problems (such as widespread corruption and lack of rule of law) and foreign policy challenges. While none of these issues are new, the authors examine them in the new political context under Xi. Together, they provide a very comprehensive review of China's challenges today.

In their chapter, Jane Duckett and Guohui Wang examine China's poverty and income inequality. They find the coexistence of a significant drop in absolute poverty with a sharp rise in income inequality during the reform era. They are certainly right to point out that their co-existence is in part due to the commodification of access to education, health care, housing and jobs. It is quite obvious that since the reform the Chinese leadership has overwhelmingly focused on economic growth, and until recent years no serious attention was paid to what the West calls "social policy." But as Duckett and Wang warn, high and rising inequality is leading to an unstable society.

Zai Liang's chapter examines how changes in the *hukou* system have led to a new type of inequality in urban regions between local *hukou* holders and internal migrants. While the formation of a labour market forced the government to liberalize its *hukou* system, cities are not ready to accommodate large scale migrants. This has created a serious social problem, namely, a second class in cities – rural migrants. Yong Cai's chapter examines a very unique aspect of China's demographic inequality, namely, the gender imbalance and the threat it poses to social stability.

At the forefront of economic reform, Yasheng Huang analyses the institutional sources of China's growing income equality. Huang argues that while the government has made great efforts to narrow income inequality, fundamental reforms to statist economic and political institutions are needed in order to address inequality effectively. Barry Naughton focuses on the rebalance issue in China's economy. He finds that the government has been unsuccessful in making structural adjustment to its economy from an export-oriented one to one based on domestic consumption. China's economy continues to be investment-driven and its growth is thus not sustainable.

In the domain of foreign policy, China's challenges are even more serious, since events are often beyond the control of the Chinese leadership. In their respective chapters, Taylor Fravel, Andrew Erickson and Robert Sutter examine China's military modernization, maritime disputes and China–US relations. It seems that a consensus among them is that the Xi leadership has changed the late Deng Xiaoping's "low-profile" foreign policy orientation, and has become increasingly assertive in its foreign policy. Through its military modernization programme, China strives for regional influence, which has caused conflicts with the interests of the United States. Similarly, China's maritime disputes with its neighbours are likely to cause lingering and significant harm to its security interests. More importantly, China's assertive and nationalistic stance on maritime territorial disputes has also led to intense competition between the US and China for influence in Asia.

While all these challenges, be they domestic or international, are somehow inevitable, the key is whether China's ruling party – the Communist Party – is capable of handling them effectively. Politics is still in command. In their respective chapters, Melanie Manion, Daniela Stockmann and Benjamin Liebman examine some key political challenges in China. Manion focuses on corruption. She points to the problematic incentive structures that have fostered corruption, and argues that corruption will continue if these structures remain. Stockmann discusses changing media and the implications for political stability, and makes a realistic assessment on how media

will challenge the ruling party. She is right to assert that the regime's maintenance of a balance between liberalization and control has helped sustain its grip on power. Liebman examines the changing political environment for China's rule of law. While rule of law has become the target of China's reform, not all leaders appreciate it. Liebman analyses why the rule of law was de-emphasized during Hu Jintao's leadership, and points to the fundamental problem of China's responsive authoritarianism.

No doubt, China faces mounting challenges. As the authors suggest, institutional changes are required to cope with these challenges. However, all institutional changes take time. What is urgent for China is for it to have a high-quality leadership which is capable of introducing institutional changes. While many have had high expectations of the Xi leadership, we have to wait to see whether it can meet such expectations. From this book, one can hardly be optimistic.

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*China's Foreign Political and Economic Relations: An Unconventional Global Power*

SEBASTIAN HEILMANN and DIRK H. SCHMIDT

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Entire forests have been chopped down to produce the paper needed for the many books that have been published over the last two decades on China's economic rise and her growing political clout in the international sphere. One is therefore inclined to ask whether the world needs yet another book on China's rise to great power status? Apparently, Sebastian Heilmann and Dirk Schmidt thought so and set out the goal of complementing the existing literature on China's rapidly growing international importance with a text that offers an alternative to the, in their view, often "one-sided depictions and interpretations in Western debates" (xvi). To this end, they go beyond the standard (Western) macro theories of international relations and highlight "distinctive, nonstandard Chinese approaches, such as the combination of long-term strategic priorities with multilevel policy experimentation and informal business activities, to facilitate China's global expansion" (xvi). In the preface to their book *China's Foreign Political and Economic Relations: An Unconventional Global Power* – essentially a translation of their book that was originally published in German in 2012 – Heilmann and Schmidt emphasize that their text was written from a "European perspective" from which "there is nothing intrinsically wrong with a transition to the multipolar world to which Chinese foreign policy makers obstinately adhere" (xv).

Heilmann and Schmidt's clear and objective style makes this book indeed a welcome addition to a literature where authors often tend to make sweeping judgments and where the global economy is presented as a zero-sum game. The book provides a concise and comprehensive overview of China's international relations that is accessible to non-expert readers. It covers an impressive scope of topics ranging from traditional foreign policy issues over security policy and international economic relations to the challenges of climate change. The book is divided into 12 chapters, including chapters on China's foreign policy decision making and the reorientation of China's foreign policy, China's security policy, China's role in the world economy, China's