

BOOK REVIEWS

China's Challenges. Edited by JACQUES DE LISLE and AVERY GOLDSTEIN. Philadelphia: University of Pennsylvania Press, 2014. 328 pp. \$34.95 (paper).

REVIEWED BY CHRISTINA TOPELL, Institute of Asian Research University of British Columbia
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The first year of the Xi Jinping–Li Keqiang administration gave way to various changes in China. *China's Challenges* draws in a wide variety of articles focusing on social, economic, political, and international challenges that the Chinese government and the Chinese society face today. The diversity of views, albeit mostly from Western sources, offers the opportunity to gain a comprehensive understanding of today's China through a mostly Anglo-Saxon lens. Two main challenges await China in the economic context. While Barry Naughton analyzes the current critical juncture of China facing its end of hyper growth (pp. 105–124), Yasheng Huang evaluates potential similarities between income inequality and government policies of the China model (pp. 83–104).

Naughton identifies changes in the labor and investment market as main challenges of China's adaptation to decreasing growth rates. Naughton emphasizes that the demographic dividend is shrinking, while more skilled workers are searching for employment: two factors that will inherently harm the labor market of any developing country. He advocates for less involvement of the central government, to create more space for innovation. Naughton's second focus lies on challenges in the investment market, since he claims that unsustainable infrastructure spending to mitigate the global financial crisis coupled with less demand in industrial sector products will force a rebalancing of the markets. As a clear line of thought, Naughton argues that the Chinese government is too influential to guarantee a sustainable future for China. He fears that the current strong government intervention withholds possibilities for spreading marketization and efficiency gains. Drawing in examples from neighboring countries that experienced abrupt ends of growth and recovered due to more open and less top-down policies, he suggests similar approaches for China's future.

Huang's key point is based upon the difference of rural and urban impact on income inequality and differences in policy bias. In his thought piece, he evaluates historical developments and empirical evidence of income inequality and policy reforms in the China model from the 1980s to the 2000s. Combining secondary datasets, he examines their connections and potential correlations. Huang proposes that policies aimed at the rural population, such as the pro-rural liberal reforms in the 1980s, did not inflict a major change on overall disparity, whereas the CCP's pivot to urban areas in the 1990s increased inequality. The author cannot see a clear development of the two indicators in the 2000s. Huang advocates that inequality needs to be evaluated as an institutional issue, not just a distributional one (p. 104). Thus, he concludes that rural policies have a largely positive impact, while an anti-rural bias in policies can increase inequality.

Though they differ in their in arguments and general opinions on the future and involvement of the Chinese government, the two authors agree on the structural nature of the change needed and publish strong and substantial articles. Naughton analyzes the changes in the labor market intelligently and comprehensively. Moreover, he identifies the correct long-term challenge of economic rebalancing for China. His theoretical background includes true reasoning for China's overall challenge of adapting "to a slower, but more sustainable balanced growth process" (p. 124), but he fails

to include some recent developments in short-term challenges. The question remains whether China's circumstances might be too different from the West to fit into generic structures.

Huang's strengths lie in the powerful nature of his argument, which could be adapted to shape the future of other regions and countries struggling with inequality. During the time of his stronger evidence, the 1980s and 1990s, urban and rural populations were still mostly divided, showing a clear correlation of policies of the China model and evidence for inequality. However, his model does not hold true for the 2000s, due to more ambiguous government policies and a diffusing rural–urban divide, both of which are likely to increase for the upcoming years. Thus, although his thought piece is powerful and relevant for political history, it does not hold the same impact for today's Chinese government. However, it can hold increasing importance for cross-national comparisons to other regions where the urban-rural divide and inequality is similarly prevalent.

The differing approaches of the two authors are most clearly seen in ways of the context of their personal arguments. Naughton adheres to Western established views of a theoretical economic framework, while Huang offers new approaches to a development model of inequality. Naughton provides his evidence based on mainstream economic models of investment and consumption, which are logical, scientifically proven, and substantial but which might disappoint those looking for country-specific developments. Huang chooses to examine historical evidence and empirical findings, which give clear and logical evidence for his arguments during the 1980s and 1990s; but he struggles to extend these findings clearly into the 2000s. Although measurement of inequality is often difficult, and the empirical findings included are contradictory, Huang manages to keep a clear line throughout his arguments and admits potential shortcomings of his case.

The two authors have an opposite view on the role of the Chinese Communist Party. While Huang sees the CCP as an important driver of his proposed institutional reforms, Naughton focuses on past struggles of the CCP and the need to decrease some of its influence to guarantee sustainable rebalancing and a true "Coming of Age" of China as a middle-income country.

Although the two chapters are applied pieces and offer only limited theoretical background, they can be seen as evidence in the context of opposing literature on development pathways. Naughton follows the framework of proponents of an established graduation process who have embraced Western notions on sustainable economic growth without strong government involvement. In contrast, Huang develops a new model of explanation for inequality, which is specific to China and has had few predecessors. The book provides an important and necessary insight into the current restructuring of the Chinese economy in times of rapid transformation. Its recommendations can also be applicable to a broader context, providing relevant policy lessons across countries.

Civic Engagement in Postwar Japan: The Revival of a Defeated Society. By RIEKO KAGE.
New York: Cambridge University Press, 2011. 216 pp. \$85.00 (cloth).

REVIEWED BY MASAKO ENDO, Department of Sociology & Anthropology Rowan University
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In *Civic Engagement in Postwar Japan*, Rieko Kage explores how war-torn societies bounced back from war devastation by focusing on Japan in the wake of World War II. The book opens with an interesting story of the birth of the baseball team Hiroshima Carp (pp. xi–xii). The Carp, established in the war-devastated city of Hiroshima as a symbol of recovery and hope after the war, is quite distinct from the other Japanese professional baseball teams because it came into being through the enthusiastic support of the citizens of Hiroshima and local businesses without the backing of