

## *Rival Partners: How Taiwanese Entrepreneurs and Guangdong Officials Forged the China Development Model*

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Wu Jieh-min's *Rival Partners* addresses a global question by exploring local relationships. How did the People's Republic of China manage to "rise" so quickly during the post-Mao period despite its many obstacles, and how did it do so without straying from its authoritarian roots? Wu finds answers by scrutinizing the activities of Taishang, which he defines as "a business initially established in Taiwan, or the proprietor of which is a citizen of Taiwan, and whose place of operation was eventually concentrated in China or spanned Taiwan and China (but is not limited to China and Taiwan and may also operate throughout the Asia-Pacific region or worldwide)" (72). Wu argues that Taishang played an indispensable role in China's rise by enabling the breakneck economic growth that has undergirded the nation's global ascent over the past forty years.

The book develops this claim clearly and convincingly. During the 1980s, as capital from Hong Kong and Taiwan poured into Guangdong, a new production model emerged in the province. The model centered on partnerships, forged between Taishang and local officials, that established factories capable of churning out labor-intensive products, such as shoes, for export to overseas markets. Taishang contributed capital, expertise, and global connections; local officials offered a steady flow of cheap workers and the seal of the state. The arrangement proved profitable. Many Taishang prospered, and local governments raked in operating fees from Taishang and other foreign-invested enterprises operating within their jurisdictions. The model, once it took off, caused a "butterfly effect," Wu writes, which "triggered China's cyclone of capitalist development decades later" (15).

Behind it all was a productive relationship that saw political rivals from China and Taiwan operating as business partners. Because Taishang were vital to the creation of this Guangdong model, Wu contends, and the Guangdong model was essential to the economic development that has fueled China's rise, Taishang are, by extension, a critical piece of the answer to the question of how China managed to rise so rapidly in the post-Mao era.

Wu also shows how this model thrived because it relied on exploitation, and not just the commonplace exploitation of labor by capital seen in other capitalist settings. "The special characteristic of the China model," Wu writes, "is that by creating the migrant worker class, the state competes with capital in the exploitation of migrant workers" (6). The state's main tool for creating the migrant worker class was the household registration (*hukou*) system, which deprived migrant workers of access to state resources that local workers enjoyed and left them vulnerable, largely compliant, and ripe for

exploitation by cost-conscious factory operators. This system of “double exploitation” (34) by the state and capital underpinned the creation and spread of the Guangdong model, Wu demonstrates.

An admirable strength of the book is the way it methodically connects these domestic dynamics to global trends. Across seven main chapters and an introduction and conclusion, Wu toggles between macro and micro perspectives, taking care to identify the connections between the two each step of the way. Chapters 3 and 4, for example, draw from decades of rich fieldwork to trace the arc of the Taiwanese company Taiyang from the late 1970s through the 2010s. The Taiyang case reveals how shifting global commodity chains affected the behavior and decisions of company executives and managers as they sought to navigate a complex political, economic, and commercial environment. But it also allows Wu to situate diffuse trends, such as the emergence of the Guangdong model (discussed in Chapter 2) or the making of the migrant worker class (Chapter 5), within a concrete context.

The result is a nuanced portrayal of how the “butterfly effect” of the Guangdong model triggered China’s “cyclone of capitalist development.” Parsing these connections between global and local helps to reveal the incentives that led Taiwanese entrepreneurs, in search of lower production costs and higher financial returns in a competitive global market, to fuel the rise of Taiwan’s greatest security threat. These connections also raise uncomfortable questions about complicity in the nastier elements of China’s economic success. A useful chart that maps Taiyang Company’s supply chain structure (151) could also be read as a web of accomplices linking price-conscious consumers shopping at famous retailers in the United States and other wealthy countries to contracting factories in Guangdong that thrived on doubly exploited migrant workers. These and other linkages make for an enlightening but sobering read.

While readers will learn much from the book about relations between Taiwanese entrepreneurs and local officials in China, they will gain less insight into how senior officials in Beijing perceived these budding relationships. Nor is there much discussion of whether or how these officials adjusted national policies in response to developments in Guangdong. The central government was an “invisible partner” (97) to the local alliances at the heart of the Guangdong model, Wu writes, so it makes sense that top officials in Beijing receive less attention in the book. Yet more discussion of central-local government relations might shed light on the degree to which the successes of the Guangdong model, and China’s rise itself, were intentional rather than incidental. Addressing this issue could provide useful context for thinking through the broader question of how well China’s leaders today will be able to navigate the challenges and achieve the ambitions that Wu discusses in the conclusion.

The thematic organization of the book, though systematic, leads to occasional repetition. Readers learn more than once that foreign-invested enterprises managed their processing factories in Guangdong themselves, for instance, and that Chinese factory heads had no real influence over business decisions. The book also explains more than once that the sharp appreciation of the New Taiwan dollar in the mid-1980s prompted an exodus from Taiwan of labor-intensive export processing factories. These reiterations can be distracting for those reading the book cover to cover. But, in many cases, they do fill in gaps for readers who might only dip into certain chapters.

Throughout the book, lucid prose makes sophisticated arguments comprehensible to non-specialists. This is a testament not just to Wu’s own clear writing, but also to the excellent translation by Stacy Mosher, who has inserted helpful translator’s notes to clarify important linguistic subtleties. Readers less steeped in the language of the global

value chain (GVC), directly unproductive profit-seeking activities (DUP), or the commune integrated device manufacturer (CIDM) may struggle in some patches, but the list of abbreviations following the preface provides a helpful crutch.

None of these quibbles detracts from the importance of *Rival Partners*. Wu has written a superb book that deserves the attention of historians, sociologists, political scientists, and scholars from other disciplines interested in the nuances and paradoxes of China's post-Mao opening, its global effects, and cross-strait relations.