

to its interactions with the legal apparatus, and too much time is spent reviewing the history of legislative and institutional change rather than how laws and institutions have been operationalized in political and social life. The book thus does not deliver completely or satisfactorily on its own ambitious agenda.

This criticism aside, *Law and the Party* is a tremendously valuable contribution to a burgeoning field that every serious student of Chinese law or politics will want to read. It takes important steps toward integrating the study of Chinese law with clear-eyed perspectives on Chinese politics and explains the enduring importance of ideology in both realms. As such, this should be an influential book in the field for many years to come.

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Chinese Antitrust Exceptionalism: How the Rise of China Challenges Global Regulation, by Angela Huyue Zhang. Oxford: Oxford University Press, 2021. xvi+254 pp. £29.99 (cloth); also available as an e-book.

Angela Huyue Zhang has written a very timely and extremely useful book on antitrust enforcement in China, focusing on China's institutional environment and the bureaucratic incentives shaping the enforcement process and outcomes. She is well placed to write it, as an academic born and raised in China, who did her postgraduate studies, including a PhD, at the University of Chicago; practiced law in New York, Brussels, and London; and taught at King's College London and in Hong Kong. The book should be read by everyone who wants to get an insider's analysis and understanding of the role of China in global antitrust developments during the past dozen or so years, the challenges posed by China's antitrust and merger regulators to foreign multinational companies, and the challenges faced by Western regulators vis-à-vis Chinese multinational firms that are often state-owned enterprises (SOEs).

A disappointment, though, is that the book wrongly considers as "global developments" those taking place in the European Union (EU), United States, and China, neglecting the rest of the world (such as the other countries in BRICS), where antitrust legislation has developed at about the same time as in China. In fact, many of the disputes between China and the EU and the United States are to a large extent anticipated and similar to those of other countries in relation to how these countries are regulated. It also would have been useful to more closely analyze recent developments in the EU and the United States, particularly in the regulation of digital platforms, which constitute the most radical shift in the

enforcement of competition policy for many years, and seem to have been followed by regulators in China.

The book contains three parts. The first two parts (“How China Regulates” and “How China Is Regulated”) have two chapters each. The last part constitutes one chapter, on “Weaponizing Antitrust during the Sino-US Tech War,” which assesses how antitrust law is employed by the Chinese authorities as a countermeasure against foreign trade sanctions. All of the chapters are well written, informative, and insightful.

China started enforcing antitrust and merger policies (the author uses “antitrust,” a bit confusingly, to mean both), in 2008—interestingly, soon after the Russian antitrust law came into force in 2006—and, as in the case of Russia, “Chinese antitrust law resembles that of the European Union” (2). However, Zhang argues that the track record in enforcement during the past decade reveals many idiosyncrasies: “China has not hesitated to impose harsh antitrust remedies on offshore merger transactions and intervene aggressively in business practices, departing from the usual approach of Western antitrust authorities. This is especially true after 2013 when China ramped up enforcement on anticompetitive conduct” (2–3). As Zhang argues, to understand these idiosyncrasies one should not adopt “a top-down approach where the central government sets out clear goals and priorities of enforcement” (8), because “Chinese antitrust enforcement is largely a bottom-up process driven by bureaucratic departments with divergent missions, cultures and structures. As such, the incentives and constraints faced by Chinese antitrust agencies have significantly affected the type of cases that are brought, the manner with which the agencies coordinate with each other, the approach that is taken to handle the cases and, most importantly, the final regulatory outcome” (8). She points out that her book “represents an intensive effort to unpack the black box of the Chinese regulatory process and the incentives of the different actors involved” (6). Biased enforcement outcomes that put foreign business at a disadvantage can be seen in a new light: these do not imply that China should rewrite its national laws, but China should “promote structural reform of its bureaucracy and enhance due process in administrative enforcement” (9). It is unfortunate that Zhang considers that the new agency, SAMR, set up in 2018, faces “bureaucratic hierarchy, the power fragmentation and the regional inertia” and that SAMR may find it even more difficult than before to “prosecute politically mighty targets, particularly the large central SOEs” (57).

Two remarks are worth making here. The first is that the approach that is taken by China to handle cases does not characterize just China but other countries too, such as Russia and developing countries that introduced competition law enforcement in about the same period as China. The second is that Europe, Australia, and more recently even the United States have become much more interventionist in the past 6–7 years, especially with regard to the digital markets and big tech platforms. On the other hand, the European Commission (EC) has significantly

and systematically increased the adoption of the rule of reason approach in its enforcement.

Zhang is right to stress the central and most distinct issue characterizing anti-trust enforcement in China: that “Chinese antitrust agencies are seldom subject to judicial scrutiny and as a result have monopolised the administrative enforcement” (6) and in “demystifying the rareness of appeals against antitrust agencies decisions” (115). This dissatisfies foreign firms, which translates into judicial appeals. Zhang identifies two reasons for this. One is that the current and former agencies “as well as the central ministries that host these agencies, hold vast administrative discretion over companies operating in the country. As many grey areas for doing business exist, companies can be held hostage by these regulatory authorities . . . (fearing) future retribution. (Second) the central agency can leverage the state media strategically to inflict shaming sanctions on firms. . . . Even if the prospects of winning an administrative appeal improve, the prohibitive transaction costs associated with initiating a lawsuit would still discourage companies” (115). While Zhang does not offer concrete comparative data, this is devastating for China: as my own research shows, in the EC, the appeals rate is about 75 percent and between 60–90 percent in the countries examined (Greece, France, and Russia). Further, the annulment rate of appealed decisions is about 45 percent in the EC, 45 percent in Russia, 40 percent in France, 30 percent in Greece, and 80 percent in South Africa. On the other hand, my ongoing research with professors Zili Wang and Fangbing Gong shows that among the 127 Chinese antitrust decisions between 2010 and 2021, only nine (7 percent) were appealed, and none were annulled. These numbers indicate why this issue is so central to Chinese antitrust enforcement.

Another central issue is that regulators in the EU, United States, and other countries have to assess potential infringements involving Chinese firms that are SOEs. This is examined in Part II, which offers a careful and interesting analysis with a large number of cases. Chapter 3 deals with the challenges posed by EU merger reviews, and chapter 4 deals with the antitrust and trade challenges faced by Chinese exporters in the United States, as authorities there have to handle export cartels.

While European agencies have to face mergers between European SOEs, Zhang shows that when European SOEs are involved, the EC applies *de facto* control as the criterion whether the state influences the SOEs’ commercial decisions, while it “appears to be applying a burdensome double standard when it comes to Chinese SOEs: i.e., it has transitioned to *de jure* control” (161). Concerning export cartels, Zhang provides a very interesting, detailed account explaining how a severe problem of overcapacity emerges in many sectors in China for both SOEs and non-SOEs, a problem that has worsened since 2008 and has led to very low export prices, especially in steel, aluminium, paper, and chemicals. This has led to increasing trade tensions based on anti-dumping policies. Zhang provides a thoughtful account of how the United States “has employed antitrust as a strategic

tool for trade policy” (173) against Chinese export companies, much as Washington had done in the 1980s in response to Japanese export cartel cases.

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Banking on Growth Models: China’s Troubled Pursuit of Financial Reform and Economic Rebalancing, by Stephen Bell and Hui Feng. Ithaca, NY: Cornell University Press, 2022. xvi+290 pp. US\$49.95 (cloth), US\$32.99 (e-book).

Banking on Growth Models provides a history of the Chinese banking system and a summary of its current challenges. It is an excellent introduction to an important topic.

The first part of the book focuses on the development of the banking system since 1978. The authors emphasize how reforms of the banking system were influenced by, and in some cases influenced, the broader political debate in the PRC over the role in the Chinese economy of the market versus the state. In a market economy, the banking system allocates capital to the most productive sectors, and the role of the government is limited to ensuring stability. However, in a statist economy, the banking system allocates capital to the sectors favored by the government—even at the expense of efficiency. Over the past few decades, the Chinese banking system has fluctuated between these two models.

Stephen Bell and Hui Feng show how the fluctuations are driven by domestic political struggles between pro-reform and pro-statist groups within the government, and how external shocks, such as the Asian Financial Crisis (AFC) of the late 1990s and the Global Financial Crisis (GFC) of 2009 have affected the political debate in complex and interesting ways. For example, the initial reaction to the GFC was a public infrastructure investment stimulus in which banks were expected to lend to projects with little regard for commercial considerations—a statist approach. However, the formal banking system lacked the capacity to fund the stimulus, and this led to the rise of shadow banking to provide alternative channels of funding. Shadow banking operated on a more commercial basis (e.g., offering investors higher returns), which in turn created pressure for banks to do the same. Although the initial stimulus was statist in nature, it also created liberalizing pressure on the banking system via the rise of shadow banks—at least for a few years. Unfortunately, while the statist instinct to respond to growth