

Yu Hong, **Networking China: The Digital Transformation of the Chinese Economy**, Urbana, Chicago, and Springfield, IL: University of Illinois Press, 2017, 225 pp., \$95.00 (hardcover), \$28.00 (paperback).

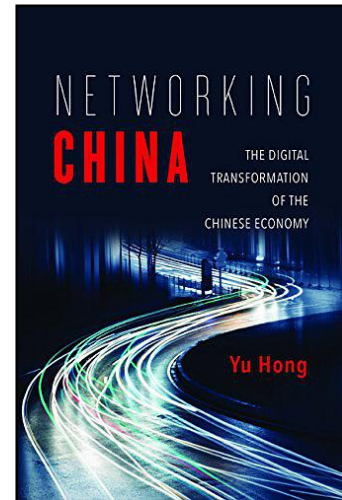
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To scholars who are interested in the political economy of China's digital communication, but are troubled by a scarcity in the literature, Yu Hong's book, **Networking China: The Digital Transformation of the Chinese Economy**, is a valuable contribution.

Claiming to tell a state-centric story, this book focuses on the policy and institutional transformation of China's communication system in forging a network-based economy. It discusses "why and how communication is central to Chinese-style capitalism and its on-going reconfiguration" (p. 7), and emphasizes the obstacles the Chinese state faces when it is entangled with market forces and class interests.



The value of this book lies in its grasp of the macro political economic context of the communication system in China, and its interpretation of the role of the Chinese state. It challenges the depolitical trend of communication studies within China and disputes the widespread stereotyped understanding of state control and state-market dichotomous approaches in Chinese media research.

Hong situates communication in the context of China's market reform and economic restructuring. By historicizing the genesis and progress of digital technologies, including telecommunications, broadband, and digital TV, Hong unveils how the communication system is caught between two parallel economic processes: "the export-processing economy driven by transnational capital and the state controlled economy inside the system" (p. 12). The former is the theme of the first two chapters, while the latter constitutes the third, fourth, and fifth chapters. The development and transformation of the communication system in these two processes, in Hong's view, reinforces regional and rural-urban disparities, and exacerbates social inequality. There are multiple reasons. For example, to the export-processing economy, some actions such as the state-endorsed westward relocation of mega ICT manufacturers do little to change the existing political economy of global capitalism, or to alter China's domestic institutional setup (p. 33). China's downstream status in global chains, its market logic of communication development, and the local government's entrepreneurial fashion of working keep the labor-capital relations unchanged. Poor social strata still bear the price of this economy.

Furthermore, these discussions take the global context into full consideration. Hong points out that China, whose reentry into global capitalism in the 1980's accelerated expansion of transnational capital, was part of the historical buildup to the 2008 economic crisis (p. 2). In this crisis, the sudden decline of the global export market forced the Chinese state to foster a consumption-based and innovation-driven economy. Communication becomes the next pillar industry and is hoped to drive economic restructuring

and growth (p.3). With the trend that policy makers around the world treat the communication industry as a new engine for economic growth, the boom of China's communication industry accelerates its convergence into global digital capitalism. But China tries to break away from technological and industrial dependence on developed countries. It is part of China's pursuit of a unique developmental path and a challenge to the existing global capitalist order.

The role of the Chinese state is key to understanding this delinking movement. Different from both some Western misreadings that see the Chinese state as having absolute power over the communication system and neoliberal discourse that sees state-market relations in a control-freedom dichotomy, Hong highlights the constitutive role of the state. Facing global competition, the state chooses strategic involvement with the capitalist system, combined with selective market protection at home. A typical case is the policies and deployment of third-generation (3G) and fourth-generation (4G) mobile communications. To achieve leadership in network technologies and to build a China-based accumulation regime for Chinese companies, the state sets the research and development of the China-only 3G technical standard, TD-SCDMA, as a key national strategy, and manages domestic buildup of 3G wireless networks. Hong reads these actions as "a site of China's 'home-base' industrial strategy and as part of geopolitical struggle in the techno-economic realm" (p. 81). Hong points out that the 3G strategy is incomplete for several reasons, such as insufficient residential demand and a lack of capable handset manufacturers. However, this doesn't affect China's following research on 4G technology. Huge enterprise investments and modified state strategies on the 4G network mark China's systematic effort to build independent innovation and production capacities.

In the domestic sphere, the Chinese state launches national campaigns whose goals contain spatial rebalancing, infrastructure improvement, and equal access to digital technologies. The examination of these campaigns unfolds the diluted sovereignty and contingent policy of the state, and is probably the most important theoretical contribution of the book. Here, Hong argues that "it is important to avoid overstating the power, unity and rationality of the state and its actions" (p. 152) in Chinese media research, because the state is not a unitary entity. Complex and sometimes conflicted internal dynamics exist between the state, local governments, and state enterprises, which often have discordant interests. The local governments are eager for GDP (gross domestic product) growth, which is a major part of their work reviews, while the state enterprises desire corporatization and profit making. The discordance limits the implement of state policies, which compels the state to make compromises. Supported by her analysis of the role of the Chinese state, Hong holds a cautious attitude toward China's effort in domestic transformation and worldwide competition, and underscores its uncertainty and ambivalence in chapter six and conclusion.

Meanwhile, however, certain issues that may fall under broad concepts such as "communication" and "the network-based economy" are not fully addressed in the book. Hong's research focuses on hardware digital technology and infrastructure, but does not pay adequate attention to software and content production sectors. The latter, including web applications, e-commerce, social media, and big data, makes up a large part of China's network-based economy and are strongly supported by recent state policies such as the "Internet Plus" action plan and the 13th Five-Year Plan. Moreover, the players and dynamics in these areas are quite different from that of the hardware sector. Private corporations, especially a small number of cyber giants, have a strong influence on policy making and industrial practice. The state, to a large extent,

functions not as an organizer of industrial growth but as a gatekeeper through censorship, while encouraging public participation and private investment in content production. All these are indispensable for understanding the digital transformation of the Chinese economy.

Nonetheless, this book significantly enriches the study of digital capitalism through an incisive dissection of a state-led model. Schiller (2000, 2007) studies how communication becomes an agent of global capitalism, and points out the important role of China in driving this digital capitalism. Hong develops Schiller's view, unveiling how these two factors intertwine and how their interplay takes a role in global digital capitalism. Hong provides an indispensable lens to understand some key issues in China's reform and transformation, and to study digital capitalism in the post-2008 era.

### **References**

Schiller, D. (2000). *Digital capitalism: Networking the global market system*. Cambridge, MA: MIT Press.

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