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The Political Economy of State-owned Enterprises in China and India. By YI-CHONG XU, ed. New York: Palgrave Macmillan (International Political Economy Series), 2012. xiii, 277 pp. $95.00 (Hardcover).

Economists writing about China's state-owned enterprises (SOEs) tend to focus on narrow measures of efficiency or profitability and to compare the performance of SOEs to that of private enterprises. The underlying rationale all too often is to show just how "bad" SOEs are and that the sooner they are privatized, the better. A more politically oriented strand of researchers may, in contrast, point to the important role of SOEs in promoting economic development. This book provides a refreshing alternative to the established camps: it simply lets the story of one SOE at a time speak for itself.

The book is the result of a 2011 workshop organized jointly by Griffith University and the Institute of South Asian Studies, National University of Singapore. An introductory chapter by Xu Yi-chong on the political economy of state-owned enterprises in China and India is followed by ten substantive chapters, five on China and five on India, for the five sectors electricity, coal, steel, oil, and banking. Each chapter covers one SOE (two in the oil and natural gas sector): China's Shenhua Group (a chapter by Jianping Zhao and Xu Yi-chong), Coal India Limited (Xu Yi-chong), China's oil industry (Monique Taylor), India's major public-sector petroleum and natural gas exploration and production enterprises (Supriyo De), China's State Grid Corporation (Xu Yi-chong), India's National Thermal Power Corporation (S. Narayan), China's Baosteel Group (Jeffrey D. Wilson), the Steel Authority of India Limited (Amitendu Palit), the Bank of China (Leong H. Liew), and the State Bank of India (Rajesh Chakrabarti).

The stated objective of the book is to answer the questions of where the SOEs came from, why it is so difficult to get rid of them, what their relationship is with the government, and how they differ from other large corporations in the world (p. ix). Further along, the intention is to raise questions at three levels: the firm level (questions about management, operations, and sustainability), the level of the political and economic system, and the level of industry structure (pp. 3f.). And "more specifically, this project seeks to understand three key aspects of SOEs," namely institutional questions, operational questions, and sustainability questions (p. 4).

That sounds like a formidable task (and one may note the slight confusion introduced by three sets of objectives). As one delves into the individual chapters, these underlying themes while present are not always pursued explicitly. The most interesting commonality across chapters is the historical aspect: the evolution of each firm. One soon finds that each SOE is a singular case (and the source of a fascinating yarn that takes unexpected turns in every second paragraph). It is here that the value of the book is to be found: rather than treating a large number of SOEs as a set of data, the book provides a concise picture of one SOE at a time, including the environment in which it operates. Also provided are numerous insights into how the economies of the two countries operate: "others blamed coal theft and corruption for the disappearance of a quarter of coal production each year" (p.63); one person became the head of Sinopec but simultaneously remained chairman of its competitor, China National Offshore Oil Corporation (p. 89); landed farmers demand free or subsidized electricity and "in many states, a flat rate tariff was offered and meters were no longer monitored or simply removed" (p. 156). Much welcome is the absence of all attempts at "recommendations" and "lessons."

Reading through the chapters, the variety of factors that have shaped the twelve SOEs over time is striking. They range from the to be expected "access to loans" and political connections to a policy of counter-balancing the market power of any one SOE, mechanisms for price determination, the role of competition between private and public sector enterprises, the absence of consistent, long-run government strategies, the small market share of individual Chinese SOEs and the large market share of individual Indian SOEs, the continued power of line ministries in India, and time and again the element of chance (there would be no Shenhua had the government of Inner Mongolia not refused to take over loss-making central coal mines).

The strength of the book—carefully documenting the story of each SOE—is, from a different perspective, a shortcoming. There is no attempt at comparison, whether that is across (i) SOEs, (ii) the two countries (China and India have in common that they have SOEs, but so do France and the U.S. and many other countries), (iii) successful and failed SOEs (only surviving SOEs are covered), (iv) SOEs and non-SOEs (no control group is included). The reader is left alone to struggle with an avalanche of comparative research questions triggered by the book.

Another shortcoming is that a chapter on the rationale for SOEs is missing. Instead, many chapters offer their own, brief attempt to present SOEs as part of a bigger theme: "the state ownership and vertically integrated structure were justified by…" (p.128). Also missing is an overview of the development of SOE policies in China and India over time. Again, some chapters make an isolated attempt, whether that means pointing to the important Navratna status of an enterprise (though it takes a click on Wikipedia to get the run-down of what this is all about), or discussing the various China SOE models presented in the literature (from China, Inc. to the disaggregated China and the fragmented China, and finally the particular author's argument "that the central party-state has strengthened and reasserted its political authority" (p. 75)). A 'Schedule A' of Indian industries is mentioned: industries in which the state would have either a monopoly or the exclusive right to operate; the list was "extended considerably" in the Industrial Policy Resolution of 1956 (p. 49), which was then "upgraded" in 1973 and 1977 (p. 7). A systematic treatment of SOE policies, in one place, would have been welcome.

Authors appear to have developed a friendly affinity for "their" SOE. Thus, the lengthy story of the successful Shenhua and its capable manager(s) is interrupted only briefly by "In late 2008, however, Shenhua's share suddenly collapsed to 15 yuan from its peak of 94.88 yuan a year earlier. There was a public uproar against Shenhua as its investors blamed it for manipulating the stock market and creating a bubble" (p.39). Perhaps behind the sympathetic pages lurks an untold story of a quasi-criminal organization? Or take the success of Baosteel, with its culmination in Baosteel's status as "one of China's most internationally competitive SOEs" (p. 177). Not told is the story of Tieben Steel, a *privately* owned steel company not far from Baosteel that would have entered into direct competition with Baosteel had it not been shut down by the State Council (on charges of tax evasion and unapproved investment and land acquisition).

The book is a fascinating read for researchers of SOEs, corporate governance, or the functioning of the Chinese and the Indian economies. Where the authors try to just tell the story and offer some perspective and evaluation, a researcher cannot but speculate on causalities and patterns. One may want to expose undergraduate students to a chapter or two of this book. A general readership may simply be impressed by the complexity of the issues.

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