



High wire: how China regulates big tech and governs its economy

By Angela Huyue Zhang, Oxford University Press, 2024, US \$34.95 (hardcover), 432 pp

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To cite this article: Lu Zhang (18 Sep 2024): High wire: how China regulates big tech and governs its economy, Chinese Journal of Communication, DOI: [10.1080/17544750.2024.2404287](https://doi.org/10.1080/17544750.2024.2404287)

To link to this article: <https://doi.org/10.1080/17544750.2024.2404287>



Published online: 18 Sep 2024.



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BOOK REVIEW

High Wire: How China Regulates Big Tech and Governs Its Economy by Angela Huyue Zhang, Oxford University Press, 2024, US \$34.95 (hardcover), 432 pp.

In recent years, China has emerged as a pioneer in formulating some of the world's earliest and most comprehensive regulations for big technology and the digital economy. Professor Bradford (2023) identified China as one of three digital empires in the world, alongside the European Union (EU) and the United States (US). She summarized that the US has pioneered a largely market-driven model, the EU a rights-driven model, and China a state-driven model (Bradford, 2023). An increasing number of studies are taking the Chinese case as a remarkable example of how non-Western countries can build a successful and unique platform economy (McKnight et al., 2023). However, there is no established consensus on how to interpret trends in China. Two primary perspectives have emerged in response to the government's recent tech crackdown, representing the critics and proponents of China's regulatory initiatives. Critics of China's regulatory campaign mostly attribute its underlying impetus to the politics of the Chinese Communist Party (CCP), particularly the internal power struggle leading up to the 20th CCP Congress and the Party's broader ambition to assert unbridled and pervasive control over Chinese society. However, another group of observers views Chinese regulation in a more favorable light, interpreting the latest measures as China's attempt to catch up with the West by correcting the excesses of capital expansion. In *High Wire: How China Regulates Big Tech and Governs Its Economy*, Professor Angela Zhang argues that while the viewpoints of critics and supporters of China's recent wave of tech regulation have their merits, neither viewpoint is complete. In a departure from the above two competing viewpoints, she introduces a new analytical framework called the "dynamic pyramid model," which she likens to a high-wire performance, to elucidate China's distinct regulatory system.

As the book title suggests, Professor Zhang holds that there is a remarkable resemblance between Chinese regulation and a "pyramid on a high wire" circus act, where a team of acrobats forms a human pyramid while navigating a tightrope. High-wire walking in itself is a highly risky act, requiring performers to maintain their balance while moving. Nathan (2009) made a similar observation, stating that "the authoritarian regime must perform constantly like a team of acrobats on a high wire, staving off all crises while keeping its act flawlessly together." *High Wire* argues that Chinese regulation shares three striking similarities with the "pyramid on a high wire" act: hierarchy, volatility, and fragility. These characteristics interact with one another through various channels, forming a complex network with multiple feedback loops.

Based on this "pyramid on a high wire" analogy, Zhang's *High Wire* consists of four parts. Part I establishes the analytical framework by elaborating on the three unique features of China's dynamic pyramid model of regulation: hierarchy, volatility, and fragility. Chapter 1 elucidates the hierarchical structure of the Chinese regulatory system and introduces its primary actors: the top leadership, regulators, firms, and platform participants. Chapter 2 delves into the volatility of China's regulatory process by examining the interactions among these major players and the resulting feedback loops, using the recent tech crackdown as a detailed case study. Chapter 3 examines the consequences of Chinese regulation by explaining its tendency to yield fragile policy outcomes, as evidenced by the significant policy challenges that have confronted Chinese leadership in recent years.

Part II, covering Chapters 4–6, applies the dynamic pyramid model to explain three major areas of regulation affecting the Chinese tech sector: antitrust, data, and labor. Chapter 4 investigates the major challenges faced by regulators in their respective areas, highlighting how a fragile institutional environment, coupled with abusive government practices or inaction, often exacerbates these issues. Chapter 5 then closely examines the incentives and behaviors of the four major actors in the regulatory process, explaining how their interactions have culminated in the regulatory cycles experienced by Chinese tech firms. Looking ahead, Chapter 6 offers predictions regarding the future trajectory of enforcement in each of these regulatory areas.

Part III, covering Chapters 7 and 8, examines how Chinese tech firms self-regulate within the framework of the dynamic pyramid model. Chapter 7 addresses the limits of public regulation and explores how Chinese tech firms act as quasi-regulators for their own platforms. Chapter 8 investigates an intriguing phenomenon of Chinese online platforms increasingly decentralizing their governance to enhance the efficiency and legitimacy of their decision-making.

Part IV, comprising Chapters 9–11, assesses the impact of the tech crackdown and predicts the future development. Chapter 9 compares China’s legal developments with the evolving legal landscapes in the US and the EU. Gaining insights into global regulatory trends helps shed light on the future direction of Chinese legal developments. Chapter 10 evaluates the impact of China’s great reversal in regulating its platform economy. While many of these actions were driven by legitimate regulatory concerns, the crackdown has resulted in significant unintended consequences without substantially enhancing competition. As the country rallies societal efforts to foster the advancement of hard tech, it raises a profound question about the future trajectory of Chinese tech regulation. To address this issue, Chapter 11 applies the dynamic pyramid model of regulation by probing into China’s recent foray into regulating generative artificial intelligence (AI).

What impressed me most about this book were the three features Professor Zhang identified to summarize the complex development of China’s digital economy under the dynamic pyramid model: hierarchy, volatility, and fragility. These features also constitute the overall logic throughout the book. Among them, hierarchy is the first and foremost feature of the dynamic pyramid model. The policymaking process in China involves interactions among actors from the four tiers of Chinese society: top leaders, regulatory agencies, firms, and platform participants. This hierarchy creates a complicated, multilayer principal–agent problem (e.g. inefficient information transmission, lack of checks and balances). The second feature of the dynamic pyramid model is the volatility of Chinese regulation, often characterized by cycles of regulatory tightening and easing. The third characteristic of the dynamic pyramid model is the fragility manifested in regulatory outcomes. Professor Zhang proposes evaluating the resilience of policy intervention through two dimensions: side effects and information lag. From her point of view, a complex network of feedback loops exists within the dynamic pyramid model, interlinking hierarchy, volatility, and fragility (p. 17): “First, the hierarchical regulatory structure can directly influence volatility in regulatory outcomes. Second, hierarchy and volatility can jointly contribute to fragility in regulatory outcomes. Third, the fragility in regulatory outcomes can reciprocally impact both volatility and hierarchy.” Professor Zhang argues that the more tightly coupled the regulatory hierarchy, the more volatile the regulatory process will become, pointing toward an increase in fragility. Thus, even if Chinese authorities manage to survive the current crisis, their ability to weather future crises may deteriorate over time.

I strongly believe readers will also be impressed by the wealth of information *High Wire* offers about China. This book is considered by Tim Wu¹ as the single best book for understanding China’s regulation of its tech markets—both in terms of what has happened

and what will happen. Professor Zhang utilizes a variety of research methods, including literature research, policy analysis, case analysis, and empirical research, to systematically present China's story in the digital economy over the years. *High Wire* includes highly relevant cases, such as China's Covid Control, One-Child Policy, the 2021 Energy Crisis, etc. The discussions provide essential and comprehensive resources on an area where simplistic interpretations have often led outsiders astray. Simultaneously, *High Wire's* writing is clear and straightforward, enabling readers without extensive prior knowledge of China to appreciate its analysis. I also admire the author's comprehensive and logical organization of the material, which reflects her pragmatic and meticulous academic approach. For example, in Chapter 6 (Labor Regulation), Professor Zhang searched 1369 cases from a Chinese online database to analyze whether delivery workers were deemed as employees of intermediary agencies or of the platforms in judicial practice (pp. 179–182). This research results in *High Wire* provide us with valuable first-hand material.

Of course, Professor Zhang's *High Wire* is not perfect. In my opinion, the book would benefit from a deeper exploration of an innovative conclusion. I look forward to the author's future analysis after she has explored richer descriptive material. While reading, I often felt overwhelmed by the numerous events and cases discussed, yet the book lacks clear conclusions about China's future development path and the implications of its regulatory strategies for global tech governance. For instance, in Chapter 11, Professor Zhang applies the dynamic pyramid logic of the whole book to analyze China's regulation of generative AI but does not elaborate on her predictions and conclusions regarding the future of AI development in China. In comparison, in her other academic paper (Zhang, 2024), she clearly provided her refutation of China's policies that hinder AI development while supporting the capability of China's AI policies to promote the development of the AI industry, which is more attractive. Professor Zhang (2024) innovatively argued that China's strategic lenient approach to regulation may offer its AI firms a short-term competitive advantage over their European and U.S. counterparts.

To summarize, *High Wire* offers a masterful analysis of the logic behind the Chinese government's regulation of its platform economy and how that regulation shapes the digital economy. This book's clear and accessible writing style makes it suitable for a wide audience, including policymakers, academics, and general readers interested in the global economy.

Note

1. Tim Wu, Former Special Assistant to President Biden for Technology and Competition Policy, 2021–2023 and author of "The Master Switch: The Rise and Fall of Information Empires."

Disclosure statement

No potential conflict of interest was reported by the author(s).

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<https://doi.org/10.1080/17544750.2024.2404287>

