Prof. Nee will discuss his new book, co-authored with Sonja Opper, *Capitalism from Below: Markets and Institutional Change in China*. Studying over 700 manufacturing firms in the Yangzi region, they argue that China’s private enterprise economy bubbled up from below. Through trial and error, entrepreneurs devised institutional innovations that enabled them to decouple from the established economic order to start up and grow small, private manufacturing firms. This rapidly growing private enterprise economy diffused throughout the coastal regions of China and, passing through a series of tipping points, eroded the market share of state-owned firms. Only after this fledgling economy emerged as a dynamic engine of economic growth, wealth creation, and manufacturing jobs did the political elite legitimize it as a way to jump-start China’s market society. Today, this private enterprise economy is one of the greatest success stories in the history of capitalism.