

Arrighi, Giovanni: *Adam Smith in Beijing. Lineages of the Twenty-first Century*. London: Verso 2007. ISBN: 978-1-84467-104-5; 420 S.

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The Italian economist Giovanni Arrighi presents the sole-authored sequel to his 1994 *The Long Twentieth Century: money power and the origins of our time*. In *The Long Twentieth Century* Arrighi in his own words „lumped“ together the insights of Fernand Braudel, Adam Smith, Karl Marx, Herni Pirenne, Max Weber, Joseph Schumpeter and Charles Tilly to present a macro-history of capitalist history that critically engaged with Immanuel Wallerstein's analyses of the Modern World-System. The crux of Arrighi's conceptualization was the assumption that the nature and origins of capitalism should not be looked for in property relations or institutional configurations but in the changing relationship between the controllers of mobile capital and the political rulers in the emerging European interstate system since the 13th century. From that point on, capitalist history unfolded in a series of systemic cycles of accumulation, each one commanded by the leading business and governmental agencies of the time. Arrighi thus distinguished between a Genoese, Dutch, British, and American cycle.

In 1994 Arrighi believed the American Century was drawing to a close. Following his own analysis and the global ecological and economic limits the capitalist economy is encountering, he foresaw three scenarios for the future. The first option would be for the world to slip into the sort of systemic chaos out of which capitalism emerged some 600 years ago. In the second scenario the extent of the state- and war-making capabilities of the United States and its European allies would create the first true global empire. The third scenario is worth quoting:

“[...] East Asian capital may come to occupy a commanding position in systemic processes of capital accumulation. Capitalist history would then continue but under conditions that depart radically from what they have been since the formation of the modern inter-state system. [...] capitalist history [...] would come to an end as a result of the unintended consequences of processes

of world market formation.“¹

The future was an open road for Arrighi and based on the confusion in the above quote between a capitalist history that would continue under different conditions or one that would come to an end all together, the future also seems to have puzzled him. Written thirteen years later, *Adam Smith in Beijing* begins where *The Long Twentieth Century* ends. The confusion is lifted from the quote as Arrighi now believes that the probability has increased that we are witnessing the formation of an „East Asian-centered world-market society“ contrary to the present day „capitalist world-economy“ (p. 7). This change in the nature of the world economy is brought about by the geopolitical demise of the United States and the shift in the epicenter of the global political economy from North America to East Asia. Contrary to 1994 however, East Asia no longer points to the capitalist archipelago of Japan and Taiwan, Hong Kong, South Korea and Singapore but to China. This poses Arrighi for the challenge to „fit“ the Chinese ascent into the historical analysis of *The Long Twentieth Century*, demonstrate how this ascent has the potential to steer the very nature of the world economy away from a capitalist world-economy to a world-market society and finally explain what this change actually entails – hence the subtitle *Lineages of the Twenty-First Century*.

Arrighi fits China into his own historical account by recalling Adam Smith's distinction between a natural and an unnatural, retrograde path of economic development. On the natural path the greater part of capital is first directed to agriculture, afterwards to manufactures, and last of all to foreign commerce (p. 57). Arrighi agrees with Smith that this description fits Chinese and East Asian economic development up to the nineteenth century when China opened up to foreign trade under European pressure and met the European, unnatural path of development. On this path, the vector of economic development gets inverted, as foreign commerce demanded finer manufactures that were fit for trade, while manufactures and foreign commerce together gave birth to the principal improvements of agriculture. Ideal typical as these classifications seem, Arrighi believes that the developmental vectors ran in opposite directions in the East Asian and European sys-

¹ Arrighi, Giovanni, *The Long Twentieth Century. Money, power and the origins of our times*, London 1994, pp. 355-356 (emphasis in original).

tem. Although he admits that trade in general was important to both systems, he stresses that the economic and political weight of long-distance trade relative to short-distance trade was far greater in the European one (p. 319). To Arrighi, this difference in economic development is the key to understand why the East Asian system did not display a tendency towards geographical expansion and war-mongering, and why it instead was aimed towards national market economy making. This market economy was supervised stronger by the Chinese central political power than its European counterparts, never rejecting „the Confucian ideal of social harmony in favor of a view of unfettered struggle in the market place.“ (p. 329) Arrighi is not denying the presence of any capitalist group in China but he postulates that these capitalists were never able to promote their search for the accumulation of capital as the cornerstone of the national economic development. This is exactly what did happen in Europe, where both political power and economic wealth depended on long-distance trade and hence on each other. This created the synergy between militarism, capitalism and territorial expansion which characterized the type of European development Arrighi described in *The Long Twentieth Century*.

Of course Arrighi has to deal with the place of China within the world economy after the opening of the empire to foreign trade during the nineteenth century. If China in particular and East Asia in general walked down a different path of economic development than Europe, what then happens when both paths come together? Arrighi believes that the subordinate incorporation of East Asia transformed but did not destroy the pre-existing regional system of market development.

„More important, it also contributed to the ongoing transformation of the incorporating Western system itself. The result was a hybrid political-economic formation that has provided a particularly favorable environment for the East Asian economic renaissance and the consequent transformation of the world beyond the capacity of theories based on the Western experience to comprehend what is going on.“²

Arrighi sees this hybridization of the Western and East Asian developmental paths as a two way process. During the late nineteenth century and early twentieth century the convergence was, as

one would expect, from the East Asian towards the Western path, „with disastrous consequences for every East Asian state, including Japan, whose initial success in the game of imperialist politics ended in the nuclear holocaust of Hiroshima and Nagasaki“. (p. 344). Afterwards however, Arrighi sees a convergence from the Western to the East Asian path, as the United States transformed the periphery of the former China-centered tribute trade system into the periphery of a US-centered tribute trade system. As soon as the US regime started to crack in East Asia, the interstate relations once again resembled more closely the indigenous pattern, with China resuming normal diplomatic ties with its historic vassals. This situation triggered a regional economic renaissance that was not carried out by vertically integrated multinational corporations, but by informal networking and the subordinate revitalization of small business (which were called upon by the multinational corporations). If Japanese multilayered subcontracting system was initially the pinnacle of the world wide tendency to subcontracting, the Chinese capitalist diaspora and merchant communities also rose to the occasion, profiting from commercial and financial intermediation between Japanese and local business in most southeast Asian countries. Having welcomed entrepreneurial migrants from Communist China and operating in the shadow of US embargo on trade with the People's Republic, the overseas Chinese emerged as one of the most powerful capitalist networks in East Asia, especially since China reintegrated in the global market from the 1980s on.

Coming to the present day rise of China, the analysis of Arrighi's becomes most debatable. Even if one agrees with the fact that a shift in the epicenter of the global political economy is taking place from North America to East Asia, it is not clear how this shift could radically alter the course of world history and create a world-market society along the way. Hybridization or not, Arrighi has to admit that China's rapid economic growth has not yet opened up for itself and the world an ecologically sustainable developmental path. (p. 389). Moreover, now that the forces of profit have been unleashed in China, Arrighi knows it is hard to put the genie back in the bottle. Casting a serious shadow over his own analysis, he has to question if he did not find Karl Marx in Beijing, not being sure „whether the Chinese government is in the process of becoming a committee for managing

² Arrighi, Giovanni, *Adam Smith in Beijing. Lineages of the twenty-first century*, London 2007, p. 313.

the common affairs of its national bourgeoisie.“ (p. 359).

Taken together, the political message of Adam Smith in Beijing seems to boil down to little more than the contention that the future of the world(economy) no longer lies in European or North American, say Western, hands and that this future might be bright if China and other Southern states remember their past recipes for a more balanced, market orientated development. Surprisingly enough this meager message of hope for the better in connection to the ascent of East Asia turns out to be Arrighi's own „unconvenient truth“ as is proven by the allergic reaction to Adam Smith in Beijing in the reviews of George Walden, a former U.K. diplomat and member of Parliament, and Gregory Clark, professor of economics at UC-Davis. In their reviews, Clark nor Walden pay much attention to Arrighi's historical account but stress his political message. Walden fears Adam Smith in Beijing could become a „dodgy new orthodoxy“ on China, based on arguments that display a „mixture of the Manichaeic and the masochistic“.³ Clark discredits the book as being „little more than an extended anti-market, anti-capitalism, anti-Western harangue“.⁴ Both reviews show how emotions run high both in academia and politics now that the history of „globalization“ or „civilization“ might have a sequel in the East. Arrighi is a remarkable voice in the debate but chances are small that he gets heard. Apart from the fact that the central argument of Adam Smith in Beijing is a provocative one, the book itself is a hard read as Arrighi engages in several theoretical and lengthy debates with David Harvey, Robert Brenner and of course Adam Smith. It is not always clear what these discussions add to the central thesis of the book and more often than not they obstruct a straightforward account that would appeal to a wider audience outside of academia. The book could however be of interest to world and economic historians. Now that many historians are, in the words of Andre Gunder Frank, RE-orienting themselves, Adam Smith in Beijing can serve as a structural account on the development of a European and East-Asian system that needs to be tested. The differences Arrighi sees be-

tween East and West regarding the predominance of long-distance trade, the expansionist logic in state-formation or the safeguarding of capitalist or market interests, are but three arguments that require more detailed analysis in order to check them and see if the Arrighi thesis that equates Europe or the West with capitalism and East Asia with a market society holds up, both in the past, present and future.

Footnotes:

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³ Walden, George, Adam Smith goes to China, Marxists cheer in dodgy new orthodoxy, in: Bloomberg News. 18 November 2007; available at: www.bloomberg.com.

⁴ Clark, Gregory, China as the Antidote to Oppression and Exploitation?, in: The Chronicle Review. volume 54, issue 27, Page B16, available at: <http://chronicle.com>.