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Adam Smith in Beijing: Lineages of the Twenty-First Century by Giovanni Arrighi

Citation

Published version

<https://doi.org/10.1086/605750>

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the state's capacity to fully control its own administration and even to raise more money. The somewhat exceptional case of England as a "balancer" in early modern Western Europe is ascribed in large part to its remarkably effective early overhaul of its system of public finances, which enabled it to punch militarily—and navally—far above its intrinsic economic weight.

Not examined is the obvious question of whether a state under a less dictatorial regime than the Qin empire may, at least under certain circumstances, have some potential countervailing longer-term advantages, such as more enduring popular loyalty and elite devotion to disinterested public service, higher economic growth, and richer scientific and technical skills, provided the regime can survive to cash in on them. Nonetheless, though Hui's conceptual model does not fully capture real-life history, it has considerable clarifying power at times, so long as one treats it as a heuristic device.

No systematic attention is paid to the substantial differences in economic and technological capacity between the two periods analyzed, which are separated by approximately two millennia. It is thus difficult, when making comparisons, for the author to control for the large number of variables involved that are external to her model. Nor does she look into the question of how far her theory might be usefully applied outside the two examples examined. For instance, multistate systems of various types, including some states dominated by non-Han ethnicities, later reappeared at various times in China and its immediate environs. In ancient Europe, the quite extended survival, with a variety of political structures, of the ancient Greek multi-*poleis* system, in spite of often fierce and vicious competition between city-states and alliances of city-states that ended only with the rise of Macedon to hegemony, might also offer a field to explore the theory's usefulness.

A number of the author's generalizations also betray what appears to be a serious unfamiliarity with the richness of European history (especially the Roman Empire) in ancient times, and readers should be wary on this account. Overall, I think the author's often careful assembling of details in her two central chapters deserves respect, but I have to confess that I do not seem to see much deeper analytically into the matters that she covers than I did before.

Adam Smith in Beijing: Lineages of the Twenty-first Century. By Giovanni Arrighi. New York: Verso, 2007. Pp. xiii+418. \$35.00.

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In *Adam Smith in Beijing*, Giovanni Arrighi has given us a sequel to *The Long Twentieth Century* (Verso, 1994), which traces the center of the

economic world from Italy to Holland to Britain to America. In that book he argued that the key to being a hegemon was to control finance and capital, not labor or technology. The new book also builds on his *Chaos and Governance in the Modern World System* (with Beverly Silver; University of Minnesota Press, 1999), which traces the rise and decline of Holland and then Britain as world economic centers and maps the present position of the United States against those trajectories. The current book is another exercise in world history from an orbit 10,000 miles out. A book of this scope can hardly nail down every argument put forth, and what Arrighi has going for him is a grand vision of where the world is heading based on where it has been.

The book does several different things, and Arrighi warns us that most readers of early drafts liked one theme and advised him to cut the others. Some liked the theoretical treatise on Adam Smith. Some liked the analysis of U.S. decline since World War II. Some liked the critique of Bush's foreign policy in Iraq and Afghanistan. Some liked the survey of what is happening in modern China.

Arrighi begins with a rereading of Adam Smith's *The Wealth of Nations*, which has long been read as a love song to capitalism and the West. For Arrighi, Smith's point was not that Western capitalism was the be-all and end-all, and it was not to develop a theory of capitalism. While Smith saw some Western efficiencies, in the division of labor for instance, his main point was that markets are a mode of organizing and dominating society. Recently China, along with other former Communist and authoritarian states, has reminded us that markets can be a source of domination and that they need not go hand-in-hand with democracy. This brings us to Smith's original discussion of the divergent paths of East and West. The "unnatural" Western capitalist path was the source of the economic dynamism and unending capital accumulation that created one world economic center after another. But by making capitalist markets the new principle of order that structures all else, China has now veered off its "natural" economic path and is positioned to resume the contest for global dominance. For Arrighi, China's ascendance creates the opportunity for the realization of Smith's vision of a world in which the West and the rest achieve equal footing.

Smith had chronicled the rise of China and then the dominance of the West. But he had not seen the dominance of the West as stretching out into the foreseeable future. Arrighi, like many others these days, sees China as the next likely center of global capitalism. Or at least as one head of a two-headed dragon, though if one takes seriously Arrighi's argument in *Chaos and Governance in the World System* that having a world hegemon solves collective action problems by creating rules and norms and a role model for the organization of finance and commerce, then it seems likely that only one center can prevail at a time, and the message of this book may be that that center will not be New York.

Despite its title, *Adam Smith in Beijing* is very much about the decline

of the United States. America's slide in the 1960s and 1970s came about because Vietnam and the oil crisis chipped away at its political and economic dominance. Following Smith, Arrighi argues that the capacity of economic centers to continue to grow is institutionally constrained, and in recent decades the U.S. ability to generate surplus was constrained by the industrial system. When megacorporations were vertically and horizontally integrated, controlling their own costs and the prices they could charge, surplus continued to pile up. With their reconfiguration and with increased global competition, that nexus of profit making began to unravel. A continuing theme is that the capacity to generate and attract excess capital is what sustains hegemons.

While America recovered from the crisis of the 1960s and 1970s, the failure of the Project for a New American Century and George W. Bush's failure in Iraq (and alienation of much of the world in the process) hastened the decline of the United States as world political-economic hegemon. Arrighi considers different possibilities for the future of East-West, and North-South, relations, drawing analogies to past configurations of the global system. The scenarios are not all rosy, and Arrighi makes clear how important America's stance toward China will be, and how badly things might go in a nuclear age if new divisions, political and economic, arise to replace the old.

Arrighi's frequent refrain is that China will be the real winner of Bush's war on terror. China's red-hot growth rate and skyscraper race to the top altered its role in the global economy by 2007. China came to embody a new development model—a Beijing consensus to challenge the Washington consensus—that other countries began to follow. China's success, then, brought it to the center of the intellectual debate about development and made it the new prototype. Since *Adam Smith in Beijing* was published in September 2007, Wall Street has confirmed Arrighi's concerns about the fragility of a financial system built on massive borrowing from China. This has further tarnished the United States as a political/economic model. Arrighi worried that if the new hegemon did not model democracy for the rest of the world, but modeled authoritarian capitalism, we could see the connection that the utilitarians made between democracy and capitalism vanish. If that happens, we must give up the Western vision of a ceaseless global march toward universal suffrage and universal capitalism. Many futures are possible.