

China and the Reconfiguration of the World System

Review of G. Arrighi's book "Adam Smith in Beijing"

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Giovanni Arrighi passed away a year ago on June 18, 2009.

Review of Arrighi's book, *Adam Smith in Beijing. Lineages of the Twenty-First Century*, London, Verso, 2007, 418 pp.

Giovanni Arrighi, a Professor of Sociology at Johns Hopkins University, Baltimore, has contributed significantly to our understanding of the geohistorical evolution and spatial configuration of the world-system. His current research focuses on the causes and consequences of inequalities in the wealth, status and power of nations. His work certainly deserves greater attention from geographers.

Arrighi's latest book is complex and highly enlightening as it offers historically and theoretically grounded insights into the current reconfiguration of the world-system. Where is the world going to? Arrighi argues that we shall concretely witness a world-system with a restored balance between east and west in the near future, as foreseen by Adam Smith more than two centuries ago – a new convergence after the nineteenth century's great divergence.

After decades of study on world-system, capitalist nature, capitalist cycles, and Chinese development, Arrighi explains that nowadays China claims to be an alternative development path to western capitalism with the potential to contribute towards a more balanced and peaceful world. The theory is most likely too optimistic, but it is well founded and free of uninformed prejudices against China.

The book is structurally divided into four parts that often merge theoretical and empirical elements, though the former prevail in the first part. The book's theoretical purpose is to rescue Adam Smith's thought from neoliberalist and laissez-faire ideology. Arrighi deems that 'far from theorizing a self-regulating market that would work best with a minimalist state or with no state at all ... [Smith] presupposed the existence of a strong state that would create and reproduce the conditions for the existence of the market; that would use the market as an effective instrument of government; that would regulate its operation ...' (pp. 42-43). He demonstrates this by adopting a critical and original reading of Adam Smith's thought and by looking into his market-based development conceptions, comparing the said points with Marx and Schumpeter's analyses. In this book the author offers an analysis of Smith's idea on socio-economic development, emphasising the difference between 'natural' development path considered as *non-capitalist market-based* (from agriculture to foreign trade), and 'unnatural' development path reconceptualised as a *capitalist one* (from foreign trade to agriculture) (Chapter 2). The former is deemed to have

been historically revealed in geopolitically peaceful China, whilst the latter characterised European (and North-American) capitalist expansion branded by wars issuing from the synergic interaction between capitalism, industrialism and militarism, besides the financial framework's dominant role over production conditions.

An empirical analysis of the book deeply backs such a difference (see also Arrighi, 1994). Specifically, the author focuses on global turbulence during the dual-phased US hegemony – the crisis in the '70s and '80s that lacked a concrete alternative, and the recent US strategies focused on 'domination without hegemony' (Chapter 7). The latter is characterised by US weaknesses (eg the war against Iraq), and by China's strong points expressed in its new regional and global power. A key thesis is that by funding US wars, China is the true winner in the US war on 'global terrorism' – that is, in practice, a war designed to save US hegemony, which is undergoing a crisis, by countering China's economic growth and subsequent newfound power. As occurred during the two world wars, when the USA fed European battles during its growth, China's growth is likewise bringing about the US decline.

In the final part, Arrighi reviews China's ascent, considering both its historical and recent characteristics. At this point we can find a more substantial convergence between the Chinese development path and Smith's related developmental theory, though 'the close fit between the ongoing transformation of the Chinese political economy and Smith's conception ... does not mean that Deng's reforms were in any way inspired by Smith's text ... those practises originated ... in a pragmatic approach, inspired by Chinese traditions, to problems of governance in mid-Qing China' (p. 368).

Opening-up to European, American and Japanese capital, which envisaged various restrictions, has failed to yield immediate remarkable results for China. However, the country has persevered in its growth, making the most of its domestic planning skills and the role played by Chinese residing overseas. In 1990 capital flowing in from Taiwan and Hong Kong comprised 75% of China's FDI, while Western capital only increased some years later (pp. 352, 353). The book makes many well documented examples to ensure the reader's extensive understanding of Chinese market policies and their peculiarities.

Arrighi invites us to keep our distance from interpretations proposed by David Harvey ('Neoliberalism "with Chinese characteristics" ') and others, who are inclined to associate China with neoliberalism (pp. 353-354). It is dutiful to reject the idea – Arrighi deems – that development guided by Beijing can be associated with the adoption of typical neoliberal principles. Chinese transformations have been based on highly effective agricultural reforms. They have been led by a relatively egalitarian distribution of land, which, for instance, replaces the forms of *accumulation by dispossession* (Harvey, 2005, 2006) with decentralised agricultural and industrial developments – that are forms of *accumulation without dispossession* (Arrighi, p. 361-367). The land was redistributed, thus enabling farmers not to lose control of their means of production and to be involved in other non-agricultural rural activities. Further, recent Chinese developments were not guided by foreign capital, which only intervened at a subsequent stage, but rather by the happy convergence of the internal market's expansion and the productive mobilisation of quality work force (in terms of health, education and self-management skills).

This is also confirmed by the current financial crisis and the various structural conditions implemented in the geo-economic and geopolitical space. In this case we can easily notice

that, despite the degree of interdependence, western countries are more vulnerable to the current crisis than China, which has maintained a state-controlled banking system, strong monetary policies and a very low level of speculative activities. Quite the opposite, or quasi, of IMF 'suggestions', *The Economist's* analysis, western economic policies and so on.

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