

Sorry, But G. Arrighi Is Not Almighty: Why Did He Fail to Explain China's Process of Incorporation into the Capitalist World-Economy?

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As contemporary China's notable economic growth became one of the most popular research themes in the field of social science, China's long-term historical path prior to the twentieth century continued to stimulate the curiosity of world-systems researchers. Among world-systems researchers, G. Arrighi is the most interested in China's long-term and unique economic development. By providing us with theoretical conceptions of 'industrious revolution,' 'trade network of East Asian region,' and 'business network of the overseas Chinese,' he has tried to reveal the origins and dynamics of Chinese mode of production and link the glorious past of China (pre-nineteenth century China) and present glory of China (post-late twentieth century). Despite the original contributions to shedding a new light on the historical capitalism of China, Arrighi's theory was still in a quandary. First, Arrighi fails to present detailed explanations of how China was incorporated into the capitalist world-economy since at least the nineteenth century, how the unique Chinese economic system (non-capitalist system) had been mixed with the European world-economy (capitalist system). Second, while equating Chinese economic cycle and the economic cycle of East Asian region and focusing on common grounds among East Asian countries, Arrighi could not explain of how each of East Asian countries have different politico-economic path during and after its own incorporation process. Last, he did not present compelling reasons of why the 500-years East Asian network is exceptional as compared to previously flourishing East Asian trade network. To make a good use of Arrighi's intellectual legacy, I argue that it is the time to turn our attention to China's incorporation process.

Keywords: G. Arrighi, China's incorporation process, East Asia, China's long-term historical path, the nineteenth century

Theoretical Debates Regarding China's Growth

With the socioeconomic experiment led by Deng Xiaoping in the late twentieth century, China's economic reform transformed Chinese society into a market-oriented capitalist system, which was enough to attract the attention of many social scientists around the world. However, for some social scientists, China's economic reform projects were not as unappealing as they had first seemed. This is because, although the propaganda of the Chinese Communist Party (CCP) of the late 1970s—that markets worked better than socialist allocation—may have fascinated Chinese people, it sometimes appeared dubious in CCP-led economic reform policies (White 1991). Since the establishment of the People's Republic of China (PRC) in 1949, the failure of a large-scale social and economic policy (e.g., The Great Leap Forward, 1958–62), the Sino-Soviet split between the late 1950s and the early 1970s, the hysteria of the Cultural Revolution (1966–76) and the period's leveling-down policies, the June 1989 massacre ensued immiseration, social disorder, and major loss of life has led onlookers to consider the crises of the CCP rather than its prosperity. By the 1990s and 2000s, China's reform policies were in full swing. When comparing it with other post-socialist societies in Eastern Europe that had transitioned from socialism to market-oriented capitalism, many social scientists predicted that Chinese society would be unable to tolerate distributive inequity or urban-rural disparity,¹ which had the potential to challenge the CCP's political authority.²

In contrast to the dire predictions on the China's future, Chinese economic reforms were achieved with a high degree of political and social stability. As China entered the twenty-first century, it turned into a major engine for the global economy and became the world's second largest economy. The longer China's miraculous economic growth continues and the longer China's political system remains stable, as it has been since the 1970s,

¹ For instance, considering the fact that the Gini coefficient soared at the end of the twentieth century (World Bank 1997; Gustafsson, Li, and Sicular 2008), it was predicted that China would experience sociopolitical turmoil at the beginning of the twenty-first century.

² Many Chinese people believe that those who have high social status and are rich today gained their wealth and status by taking advantage of the corruption, nepotism, and injustices of the current system. This distrust in the sociopolitical system was expected to lead to a weakening of China's political authority (Kahn 2006). Furthermore, given China's numerous post-socialist reforms that were only accomplished with a huge sacrifice of peasants (Potter 1983), some expected the fury those peasants to be the Achilles' heel of Chinese society (Hannah 2006).

the greater the promise of China's prospects grow. The so-called "Chinese Century"—whereby China is not just one of the great powers but a global superpower—seems to be inching closer to reality (Allison 2017).

When reality contests with prior researchers' gloomy image of China's politico-economic system, it forces social scientists to attempt to find the answer to this question: how has China's politico-economic system led to such astonishing economic growth? And, how has it overcome socioeconomic inequalities and political turmoil, in defiance of expectations? Tsai (2007) viewed ongoing interactions between the PRC and private entrepreneurs through informal institutions as a primary factor accounting for China's capitalist development. In a similar vein, McNally (2012) contended that the centerpiece of China's capitalism is a combination of top-down, state-coordinated strategies and the bottom-up, profit-driven activities of entrepreneurs. Whyte (2010) asserted that China's state developmentalism, though the Chinese economic system posed grave concerns with regard to widening socioeconomic inequality, alleviated the adverse effects of free market-oriented practices through such acts as establishing infrastructure in underdeveloped areas, abolishing rural taxes, and providing fee exemptions for rural school in an effort to reduce the gap between urban and rural incomes.

The greater the impact of China on the global economy, the more social scientists began to be optimistic about China's future. As a result, they became more interested in China's social, economic, cultural, and political systems. Like other social scientists, world-systems researchers began to pay attention to China. Since world-systems analysis became a notable tendency in the history of social science, China-related topics—especially contemporary Chinese politics and economics (China after 1949)—, have become the object of attention among world-systems researchers. When it comes to socialist states (including the PRC) in the boundaries of the world economy, world-systems scholars have explained how socialist socioeconomic systems are defined (Chase-Dunn 1982; Selden 1982) and how the PRC conducted itself in a manner that allowed it to not only meet socialist goals,³ but also compete in a capitalist world economy (Sokolovsky

³ Catching up to and surpassing the technology and economic growth of advanced capitalist countries is one of the essential aims in socialist countries (including China). In this context, Stalin argued that "in order to achieve the final victory of socialism in our country, it is necessary to catch up and surpass the advanced countries in both a technical and economic respect. Either we achieve this, or they will destroy us" (quoted in Davis 1978, p. 44). However, socialist countries failed to materialize this intent. Inadvertently, most socialist countries became more and more involved in the

1982).

Other world-systems scholars have paid close attention to the resurgence of the Chinese economy. Ho-Fung Hung has roseate expectations China's future rise even if its capitalist boom cannot overtake the United States (Hung 2016). An essential point, Hung (2009) argues that China's late twentieth-century economic resurgence is characterized by its becoming the "workshop of the world," having an ideological frame embedded in the socialist state by many engineers and technicians, and the formation of a megamarket for industrial products. And, he argues, this can be distinguished from the flying geese model for the economic rise of the East Asian Tigers such as South Korea, Taiwan, Hong Kong, and Singapore that was dependent on the hegemony of the United States. Another way to locate China's capitalist boom, as Alvin Y. So pointed, is in the government's involvement. According to So (2009), China's state developmentalism contributed the alleviation of the adverse effects of free market-oriented practices through such acts as establishing infrastructure in underdeveloped areas, or rural taxes, and exempting rural schools from fees in order to reduce the gap between urban and rural incomes. This helped pave the way for sustained, stable, and less counterproductive capitalist development.

Chinese economic prosperity since the 1970s may have been exceptional and unprecedented. However, not all world-systems scholars predict a glorious future to accompany China's rise in modern capitalism. Li (2010) argued that if global market conditions experienced an economic downturn or if global environmental regulations are strengthened, China will not be able to sustain its economic prosperity. This is because, Li believes, China's golden age was achieved by drawing heavily on an export-oriented economic system, exploiting a massive cheap labor force, and exhausting ecological resources (see also Wen 2005). More broadly, Wallerstein (2011) argued that the period from 1970 to 2050 represents a "chaos stage" or a "structural crisis" within the long-term history of the (modern) world-system. As a result, there is not much that can be predicted about who will win in that situation. Wallerstein's gloomy outlook on the current economic situation has not changed even though China has recorded tremendous economic growth and been one of the leading countries in the world economy since 1970. For Wallerstein, China's economic growth is not important when compared to the rise of Western Europe and Russia in the modern world-system's dynamic changing process. Wallerstein expected Japan and East Asia to become not

international division of labor led by the world economy (Sokolovsky 1982).

the birthplace of the world's next global hegemon, but one of the principal loci of capital accumulation in the modern world-system, meaning they would not compete with the United States but collaborate with it (Wallerstein 1991). After the United States' hegemonic power in the world-system came to an end in 1990 (Wallerstein 1995), Wallerstein viewed Western Europe and Russia as rivals (Wallerstein 2005). What he means by this is that China's rise cannot remake the global order, thus, he does not intend give particular consideration to the notion of Chinese supremacy.

Arrighi's Approach: China's Unique Developmental Path within its Long Historical Context

With scholarly interest in China growing, world-systems scholars have presented conflicting ideas in their considerations of China. China's position and interpretations of that position from the world-systems perspectives are so contrasting that they cannot be narrowed down into a single approachable method. However, the answer to on question, at least—among world-systems researchers, who showed the greatest interest in China?—can be easily answered: Giovanni Arrighi. Among world-systems researchers, whether they have an optimistic view of China's politico-economic system or not, few have showed as much interest in China as Arrighi did. Although Andre Gunder Frank, Janet Abu-Lughod, and Barry K. Gills made no bones about debunking the Eurocentric perspective of conventional world-systems analysis in their examining of the powerful dynamism of imperial China and its considerable influence over European society, therefore pointing out Europe's second-mover advantage, their perspectives do not compare with Arrighi's focus on Chinese civilization.

In Arrighi's work, China was considered an atypical example of a world empire that had previously existed in many ways since the beginning of human civilization. He disagreed with Wallerstein's idea that the Chinese empire can be defined as a political organization (or system) that redistributed surplus which originated from many local (or mini) markets in the empire's territory (Wallerstein 1974, pp. 390–391). Rather, he believed that the Chinese empire had an impressive politico-economic system that could be understood as the quintessence of East Asian civilization.

To explain the developmental path of the Chinese empire, Arrighi, Mark Selden, and Japanese historians like Takeshi Hamashita and Kaoru Sugihara investigated how the East Asian region, including China, developed along its

own path with things such as the “Industrious Revolution”⁴ or the “treaty port network,”⁵ created approximately 500 years ago. They looked at how these unique economic mechanisms became prime movers in contemporary China’s economic advance (Arrighi 2007). Another distinct feature of the Chinese growth process, Arrighi (2009, p. 42) pointed out, was an overseas Chinese network⁶ and related enterprises that were based on the high quality but low cost of Chinese workers. He suggested that, China’s pursuit of a labor-intensive system, was a factor that played a determinant role in twentieth-century China’s economic success. Geopolitically, the rapid economic growth in East Asia after World War II was a stimulus for China, and it led to China’s reform policies in the late 1970s. China’s successful reforms then led to a revival of the East Asia’s economic network that had been stagnant throughout the nineteenth century and fueled the rise of China within the capitalist world-system.

Consequently, as China’s economic power and influence grow in Asia and beyond, Arrighi looked to China’s long history to understand how such a robust China came to be. Distinguished from Western Europe’s capitalist mode of production, which is understood as an endless accumulation of capital based on physical violence and unnatural methods—capitalists have power over the government—Arrighi contended that China had a long-term Smithian economic development characterized by the exchange of goods in the market based on peace and natural method—a balance of power between capitalists and government (Arrighi 2007, p. 10). Arrighi and Silver (1999) even anticipated that a renaissance of Chinese civilization would overtake the United States’ economic ascendancy or otherwise solve systematic problems related to a US hegemony. Likewise, Arrighi named China the next leading country while providing an analysis of China’s distinct historical path.

For all his emphasis on the development of capitalism in Europe, which

⁴ Ikeda (1996), Li (1998), Selden (2015), and Sugihara (2003) shared the idea that East Asian economic models (including China) were fundamentally different from the Westernized development pattern. Sugihara (2003, p. 84) suggested that China had a unique developmental path; in contrast to labor-saving machineries or technologies of Western society, by using a huge labor force, Chinese society developed labor-intensive methods. He named China’s developmental path the “Industrious Revolution.”

⁵ Hamashita (2003) argued that maritime zones that were mainly composed of interconnections of three elements—the first zone was a coastal area like Fujian or Guangdong that intersected the land and sea in China; the second zone was the sea rim—like Ningbo; and the third zone was the port cities like Naha, Guangzhou, Macao, or Hong Kong—existed in East Asia and Southeast Asia.

⁶ On the subject of Chinese sojourners or overseas Chinese (*huaqiao*) economic contributions to China, see Chan (1986), Godley (1982), Hamilton (1996), Leo (2015), and Pan (1994, chapter 11).

evolved from an inseparable relation between the territorial logic of power and the capitalist within the capitalist world economy,⁷ why did Arrighi suddenly turn his attention to China and East Asia's economic system which had formed over a long period of time? A full answer to this question would be impossible to provide here, instead I will primarily focus on his epistemological turn. Arrighi's intense interest in China and East Asia is closely related to theoretical backlash against the old, and outworn world-systems analysis. Arrighi, influenced by Frank's (1998) criticism of Wallerstein's Eurocentric world-system⁸ and P. McMichael's (1990) critical comments on the methodological holism and functional approach of Wallerstein's world-systems analysis, was more interested in the various economic developmental paths that emerged in non-European areas and placed greater emphasis on the regional specifics that were uninfluenced by the dynamics of the European world economy.

Taking an epistemological break from Wallerstein's world-systems analysis, Arrighi became enthralled with advanced (late) imperial China's long-term modes of production, noncapitalist market development, and the East Asian regional systems between Chinese and other East Asian civilizations.⁹ Arrighi's passion for China and East Asia is a remarkable

⁷ This resulted in emphasizing the expansion of territorialism-based capitalism and hegemonic transitions that were played out in the capital accumulation process (C-M: material accumulation, M-C: financial accumulation) and political capacities (e.g., leadership and governance) (Arrighi and Silver 1999, p. 22).

⁸ Although Arrighi expressed sympathy with Frank's critical remarks on the Eurocentric world-system, he did not agree with Frank's other idea that the East and the West had culturally and economically been united into a social system ("world system") and the appearance of this system dates back 5,000 years (Chase-Dunn 2010, p. 43).

⁹ Of course, Arrighi had his own theoretical background even before meeting with Wallerstein. Arrighi elaborated on a discussion of imperialism provided by Vladimir Lenin and J. A. Hobson. In his book, *The Geometry of Imperialism* (1978), Arrighi claimed that imperialism had been developed in four stages. The first stage of imperialism was nationalist imperialism. A prime example of this is the British Navigation Acts, which were established from 1651 to the 1690s. The second stage was the birth of a formal empire, which means that until 1815, many Western countries ruled their own colonies through centralized controls. The third stage was the informal empire. In the case of the British empire, they invaded non-European areas (e.g., the Indian subcontinent) to take advantage of economic expansion and international trades. The final stage is the "imperialism *tout court*", in which imperialist states occupied colonies with heavy dependence on their capital and armed forces. It is also a period of intensifying competition among imperialist countries (Semmel 1979: pp. 74-75).

Nonetheless, until the 1970s, Arrighi did not provide an elaborate theoretical work on the relationships between imperialism capitalism, and multi-national imperialism (Semmel 1979: p. 77, 78). To make up for this, he became interested in the world-systems analysis invented by Wallerstein and got some insight from Wallerstein's theoretical ideas. This consequently helped him write the

breakthrough in world-systems analysis, which had exclusively focused on the dynamics of a single unitary European world economy or the subjugation of peripheries by core states. Shifting attention from the European world economy to non-European areas enabled world-systems researchers to renew their interest in the histories of premodern East Asia and to trace the development of late imperial China that was barely touched by the European world economy. Arrighi's approach to Chinese history, in this sense, is insightful in that it investigates the Asiatic mode of production and the cultural identity of Chinese society, liberated from preconceived views entrenched in European standards.¹⁰

Given that the Chinese and East Asian cases help illustrate for scholars the importance of economic dynamics in non-European areas, few world-systems researchers could gainsay Arrighi's contributions. Yet despite this progress, key questions remain: when was China incorporated into the capitalist world-system? How was China converted into a capitalist system?

Arrighi's Dilemma Regarding China and the East Asian Region

Arrighi provided a different analytical framework from the conventional perspective of world-systems analysis by illustrating a new economic model developed in East Asia over the long term and by designating China as an emerging hegemonic state in the global economy. Nonetheless, rooted as Arrighi's theoretical perspective was in world-systems analysis, his discourse on China's long-term economic development failed to provide answers to vital questions, such as how and when was China incorporated into the capitalist world economy? And, when did the Chinese capitalist system begin?

"East-West relations over the past 500 years present two main puzzles. The first concerns the extraordinary geographical expansion of the European system of states. By 1850 or shortly therefore, that system had come to encompass the entire globe, thereby reducing the China-centered tribute-

book *The Long Twentieth Century* (1994). Considering this, Arrighi's epistemological break with Wallerstein's world-systems analysis means a lot to world-systems researchers.

¹⁰ Unlike K. Marx (1978) who used a value-laden Europe-centered epistemology in analyzing Asiatic modes of production, Arrighi did not depend on a Europe-centered epistemology; rather, he attempted to uncover a distinct developmental path for China that had little to do with the developmental patterns of the West.

trade system to a regional subsystem of a now European-centered global economy. What is most puzzling about this tendency—which is what we shall understand by “the rise of the West”—are its modest origins. On the eve of its first major expansion across the Atlantic and around the Cape in the late fifteenth century, the European system of states was a peripheral and chaotic component of a global economy that had long been centered on Asia. In spite of this first expansion, two centuries later no European or American state had managed to create within its domains a national economy that could match the size, complexity and prosperity of the Chinese economy. And yet, within the short span of another century, tiny ‘Great’ Britain was poised to incorporate within its domains the entire Indian subcontinent, and then, in cooperation and competition with other Western powers, to turn China from the center into a peripheral component of the global economy. How can we explain this turnaround? (Arrighi, Hui, Hung, and Selden 2003, p. 259).

The intriguing but difficult questions posed by Arrighi, Hui, Hung, and Seldon (2003)—why the Chinese empire entered into the capitalist world economy and how it became a part of the capitalist world economy—have puzzled people for decades not only in comparative historical sociology but also in world-systems analysis. Also, Arrighi did not provide us with plausible or convincing answers regarding these questions.

Few deny the fact that Arrighi, borrowing the concept of incorporation from world-systems analysis, created a sketch for China’s incorporation process. In Arrighi’s book *The Long Twentieth Century* ([1994] 2010), he proposed that China’s process of incorporation happened under the rule of the British global hegemony that had begun in the 1770s. After the abolishment of the British East Indian Company (EIC)’s monopoly in Indian trade (1813), the company attempted to create another monopoly in Chinese trade, while escaping the long-standing problem of trade imbalances between Britain and China (the silver-tea trade). The EIC’s opium trade played a decisive role in developing a trade monopoly and overcoming trade deficits (Arrighi [1994] 2010, pp. 248–249). The EIC-led mercantile activities transformed the silver-tea trade into the tea-opium trades. As a consequence of structural changes in international trade between Britain and China, Britain found it easier to penetrate the Chinese market, while China began to integrate into the Britain-led transnational commercial network (Arrighi, Hui, Hung, and Selden 2003, p. 259).

Combined with the extension of the British hegemony to China, Arrighi

proposed that this also held the implication of China's incorporation. He suggested that the key to China's process of incorporation was the Britain-led opium trade and its unprecedented influence on the Chinese people (e.g., opium addicts), Chinese society (e.g., the rampant corruption endemic to the illegal opium trade), and the Chinese economy (e.g., the massive silver drain, and financial insecurity). In this context, Arrighi assumed that the opium trade and its consequences led to the Chinese incorporation and decline. He, however, did not delve into the specifics of China's incorporation process. He merely outlined the connections between the world economy (especially under the British hegemony) and China; as a result, he had made little progress toward developing a detailed explanation regarding China's incorporation process, when compared with other Chinese incorporation studies (e.g., Basu 1979; Moulder 1977; So 1986; So and Chiu 1995).

Arrighi's assertion—that the Chinese economic system and its developmental path have been following a Smithian model of growth since the sixteenth century—is also rather dubious, because if China had maintained its noncapitalist modes of production since late imperial China (Ming or Qing), China's economic system would have, at some point and in some manner, collided with Europe's capitalist world-system. This collision would in turn leave its traces in Chinese society, based on the premise that Europe's capitalist world-system would continue to expand into non-European areas (Mielants 2007), and the Smithian growth model would be undermined by external aggression (Epstein 2006, p. 238). Regarding this matter, although Arrighi offered a brief explanation about the clashes between two differently evolved socioeconomic and military systems as a way of explaining China's incorporation process (i.e., the Opium Wars), he did not explain in which ways China's incorporation process was coupled or decoupled with China's Smithian manner of economic development. Without a satisfactory answer to this question, his exclusive focus on China's distinctive economic path, as proof of late imperial China's remarkable economic advance and the assertion that the Chinese economy in the twentieth century is a revitalization, therein becomes untenable. This is because, unlike what is suggested in Arrighi's cursory narrative suggesting that China's transformations were triggered in response to Western encroachment, since the nineteenth century, China had already been experiencing unprecedented socioeconomic and political changes caused by the penetration of Western powers. For instance, J. K. Fairbank, Edwin O. Reischauer, Albert M. Craig, Paul H. Clyde, and Burton F. Beers, in particular, emphasized the significance of the Western effects on China and

China's response to Western penetration. They shared a common theory ("the impact-response approach,") that suggested that the accumulation of Western pressures in the nineteenth century not the earlier history of Sino-Western contact represented a serious threat to Chinese society (Teng and Fairbank [1954] 1979). In addition, Harold Isaacs ([1938] 1961) and Mao Zedong (1965) have insisted that the violence and coercion of Western powers, along with Britain-led free-trade imperialism, led us to believe that China's underdevelopment was coupled with Western powers' incessant exploitations of Chinese resources. Recently, Sen (2017) examined how European powers' reliance on coercive forces to achieve their political and economic interests turned the peaceful and mutually beneficial relationships established in Asia, including with China, into imperial connections.

Considering these factors, Arrighi's inattention to details with regards to China's incorporation process and China's capitalist transition becomes apparent. His overemphasis on China's noncapitalist market economy as a channel of accumulation without dispossession and exceptional human resources being the result of the Industrious Revolution,¹¹ leads to a preposterous conclusion: thanks to the fact that the Chinese economy was, in principle, not a sufficiently capitalist system, China was able to be victorious in the global capitalist system.¹²

In summation, Arrighi, instead of focusing on the process of China's incorporation into the capitalist world economy and its subsequent capitalist transformation, examined the civilizational differences and significant divergences between the West, representing the capitalist system, and East Asia, representing the noncapitalist market system. In other words, rather than tracking how the capitalist system that emerged in the long sixteenth-century of Western Europe expanded into non-European areas, he elucidated how China and the East Asian region's economic systems developed independently. Negligence in his research, however, such oversight regarding China's incorporation process or China's capitalist transformation initiated by the penetration of Western powers and a hybridization between the Smithian developmental path and capitalist development, leads paradoxically to comparative political economists or comparative historical researchers to cast

¹¹ In analyzing contemporary China's miraculous economic growth, Arrighi (2007, chapter 12) emphasized the roles of township and village enterprises (TVEs), cheap but highly educated workers, and advanced division of the labor system toward "knowledge-intensive production and innovation," which had evolved from the Smithian features of the Chinese economic system.

¹² In contrast to Arrighi's assumptions, some have strongly argued that China was most faithful to capitalist principles, at least after the 1970s (e.g., Harvey 2005; Panitch 2010; Stiglitz 2006).

doubt on the origins and dynamics of Chinese capitalism.

Theoretical doubts surrounding Arrighi are not limited to just one genre of Chinese capitalism. Arrighi's account—lumping China and the East Asian region into the same category—is also problematic. To provide an active and constructive role for the East Asian region, Arrighi, Hamashita, and Selden presented the concept of a “world region.” They shared a common idea that the “uni-directional convergence of the East Asian pattern of social, economic and political interaction” (Arrighi, Hamashita, and Selden 2003, p. 13) was overshadowed by a holistic view of conventional world-systems research. For this reason, they attempted to discover some exceptional dynamism that existed within the East Asian region. They believed that the peculiar trajectories of East Asian dynamics, involving three different temporalities (50 years since the mid-twentieth century, 150 years since the mid-nineteenth century, and 500 years since the sixteenth century), could offer an opportunity to reilluminate an interdependent, interactive, and culturally homogenous East Asian region, distinguished from the dynamism of the European world economy. This is not all: Hamashita (2003, p. 23) even argued that the emergence of the multilateral trade network and Qing's decline in the international order of East Asia, which occurred in the mid through late nineteenth century (1830s–1890s), should be interpreted as results of internal dynamics in the East Asian region, not as the result of the relentless incursions of Western powers.¹³

I share with Arrighi, Hamashita, and Selden an issue with the methodological problem of holistically explaining the modern world-systems. Their theoretical framework was to trace the development of East Asia's trade networks over a long historical period, and this should be considered as a remarkable breakthrough in world-systems analysis.

However, a significant issue regarding the missing link to explain the different incorporation processes of East Asian countries is still unresolved. Though they emphasize “a certain organic political-economic unity” (Arrighi, Hamashita, and Selden 2003, p. 9) as the indigenous legacy and interdependence of East Asian countries, they have paid little attention to the different developmental paths taken by East Asian countries after their incorporation processes. Put differently, the world-region theory typically focuses on the commonalities (e.g., culture) or interdependencies shared

¹³ In contrast with this, Kim (2005) argued that Western powers' penetration into East Asia was an important variable in transforming the politico-economic system of nineteenth century East Asian countries, including China.

between the states (e.g., trade networks) of the East Asian region as the primacy loci of regional processes, but they have tended to disregard the unique and different incorporation processes of each East Asian country.¹⁴

When looking at the East Asian region and considering its the incorporation process, it is imperative to note that fact Japan, China, and Korea were all incorporated into the capitalist world economy differently. China was beset with the encroachments of colonial powers and turned into a periphery when its incorporation process was completed, whereas Japan's incorporation process started later than China, but it ended more quickly.¹⁵ Contrary to China's trajectory, Japan's status was changed to a semiperiphery at the end of the nineteenth century (Bilotti 1997, pp. 118–119). Korea experienced the most unfortunate incorporation process of the East Asian countries, as it was a colony of the Japanese Empire when its incorporation process concluded. However, Arrighi, Hamashita, and Selden, who focused

¹⁴ For instance, Lee (1996)'s study showed how Korea's incorporation process into the capitalist world-economy can be distinguished from that of Japan.

¹⁵ In addition, in world-systems terminology, Japan was not subjected to the same pressures as China, which enabled Japan the breathing space to adapt its own incorporation process (Moulder 1977, p. 150), even though Commodore Perry's black ships forced Japan to open trade. This consequently paved the way for Japan's swift transition to a semiperiphery within the capitalist world economy. Another reason for Japan's rapid transition from a periphery to a semiperiphery is also related to its Western-oriented political reforms. The decisive practice was to proceed through the samurai class's centralized political reform that transformed the old politico-economic regime into a Westernized society in accordance with the logic of the capitalist world economy (Westney 1987; Hamilton 1999). When the political readers of the Satsuma and Choshu domains, such as Ito Hirobumi, Matsukata Masayoshi, Kido Takayosi, Yamagata Aritomo, Mori Arinori, and Okubo Toshimichi, had successfully replaced the decentralized and fragmented administration of the Tokugawa Shogunate with the highly specialized and centralized bureaucratic systems of the Meiji Restoration in 1868, their political practices (e.g., Western civilization and enlightenment through modern ethics, ideas, and technology) adopted to the interstate logic as well. The military advancement, backed by the political elites, *inter alia*, was the most closely associated with the power dynamics of the interstate system. In effect, "the Choshu, like the Satsuma clan, had early realized the importance of acquiring modern ships and up-to-date weaponry" (Conte-Helm 1989, p. 9). They were dedicated to adopting a developmental path of what advanced European countries had experienced earlier. One of the famous slogans of the early Meiji government—"enrich the country, strengthen the army" (Conte-Helm 1989, p. 17)—represented well their efforts to develop military power. To learn about advanced warship-building industrial and military technologies, the Meiji governments sent Japanese technicians and students to Britain and purchased heavily armed cruisers (e.g., the Naniwa-kan of 1885 and its sister ship the Takachiho-kan of 1885, and the Idzumi of 1894). The new political elite of the Meiji government who realized the basic principle that a military-predatory network was a source of power in sustaining the interstate system of the capitalist world economy were dedicated to constructing an advanced military. The political elites' "strong army policy" consequently paved the way for government-initiated industrial-military growth (Yamamura 1977).

on the unit of East Asia, failed to discuss how the expansion of the capitalist world economy interacted with each East Asian country differently and therefore what different implications were born from this process (Baek 2019). Furthermore, they were unable to observe key insights into the new trade networks created during the incorporation process of each East Asian country.

Aside from global connectivity between the capitalist world economy and each East Asian state, Arrighi's theoretical idea regarding the 500-year East Asian trade network is also questionable. This is because, by insisting on the 500-year East Asian trade network as an independent and distinctively East Asian economic system, he tended to ignore the question of why one, out of many possible versions of the East Asian maritime network, was exceptional. Contrasting his basic assumption, there was, for instance, the Chang Po-Go-led maritime network in East Asia before the year 1000 (Hwang 2010; Seth 2011), which was as advanced and indigenous as the 500-year East Asian network. On these grounds, the idea of that 500-year East Asian trade network was a unique regional dynamic of East Asia seems anachronistic.¹⁶

To recapitulate, in the past three decades, advances in world-systems analysis have made it possible to overcome Eurocentrism and the holistic-functional approach—inattention to the significance of regional processes and decoupling regional dynamics from the capitalist world economy—of the modern world-system. This condition has led to important insights related to the independent modes of production in non-European areas. Arrighi's idea, especially, contributed to approaching and assessing imperial China and the East Asian region's distinctive modes of production. His analysis is not, for these reasons, totally wrong, but it is incomplete. This is due precisely due to the missing of the particular history of each East Asian state's incorporation process, especially China's incorporation process, and his exaggeration of the importance of the 500-year East Asian network. Viewed from the incorporation framework, indeed, the concept of East Asia does not elaborate and develop world-systems analysis but rather weakens the explanatory power of world-systems analysis. Thus, instead of depending on existing literature on the regional dynamic, I, in this article, argue that we need to pay

¹⁶ Arrighi (2007, p. 322) also emphasized the role of the Chinese people in the development of Southeast Asia's maritime network, but, he paid little attention to the transformations of Southeast Asia's trade system led by Western powers, like Portugal's trade monopoly through the Cartaz system or the way the Dutch East India Company used its military power to limit the role played by indigenous merchants. See Kim (2011, 2012), Kim (2005), and Reid (1995) for more details.

more attention to the nature of the interactions linking China and the capitalist world economy.

How to Make the Most of Arrighi's Legacy

As F. Nietzsche ([1907] 1967, p. 97) discussed, those who “[fight] with monsters should be careful lest he thereby become a monster. And if thou gaze long into an abyss, the abyss will also gaze into thee.” Arrighi struggled to provide the long and distinctly Chinese historical development process, instead enshrining the anti-Eurocentric perspective and regional dynamics of East Asia. In this process, he should have been more careful to not, himself, become a monster in his fight; however, Arrighi was not careful enough. When Arrighi looked into the abyss of China, he forsook the advantages of the modern world-system and eventually became a cross-eyed world-systems analyst. Though he used world-systems perspectives to understand the capitalist world economy's expansion into China (e.g., the opium trade under British hegemony), he placed greater emphasis on the internal causes (i.e., the regional dynamics of East Asia or the Industrious Revolution) when he summed up the long-term developmental path of China over the past 500 years. Consequently, he failed to clarify China's complicated pattern of economic development, especially in relation to the capitalist mode of production.

Then, what lesson should we take from the legacy of Arrighi? First of all, if China's Smithian economic growth contributed to the development of the Chinese economic system, as Arrighi argued, we can elucidate the relationships between the Smithian developmental path that evolved from internal dynamics and the capitalist mode of production transplanted from the West. Furthermore, we will explicitly identify how and when the Chinese economy became a hybrid of the Smithian developmental path and the capitalist mode of production.

Simultaneously, we need to specify in detail how the environments of the Chinese trading network were changed after the expansion of the capitalist world economy. Contrary to Hamashita's viewpoint that exclusively focused on a resilient and long-lasting East Asian network, we will look at how Western merchants who were snugly ensconced in the Chinese market¹⁷

¹⁷ For instance, Chen (2017) argued that English merchants (e.g., James Matheson and William Jardine) of Canton who suffered from the Qing government's strict restrictions on the lucrative

became influential in China's international trade system and how they cooperated or, conversely, combatted the existing trade networks. Linked with environmental changes of China's trading network, as I mentioned earlier, we need to describe how the network was conjoined with the hierarchical structure of the capitalist world economy and how it has paved an unprecedented and unique developmental path as distinguished from other East Asian countries.

Finally, it is necessary to remove "orientalism in reverse" from the focus on the East Asian trade network and China that exists in Arrighi's perspective. Reverse orientalism refers to the opposite of orientalism as a distorted fiction created by the West. It often espouses Asian culture, tradition, economy, and politics and, furthermore, makes absolute and divine Asian values and civilizations while ignoring the impact of the West or the connected histories of the West and the East (Yoon 2014, p. 177). To avoid this 'orientalism in reverse,' we should not disregard the influence of the West on East Asian countries, nor should we conflate the developmental paths of each East Asian country during and after their own integration processes into the capitalist world economy. As Chakrabarty (2000) discussed, after the globalization of Western capitalism, what we need first is to clearly identify the West and its influence and to analyze what distinctive hybrid has been created in non-Western areas.

To overcome Arrighi's blind spot regarding the incorporation process and to make good use of Arrighi's legacy, it is time to reexamine incorporation study. In doing so, we fill in the missing links of China's incorporation process and determine how the trade network of the East Asian region connected with Western powers. It is nothing but a reinterpretation of the long nineteenth century of China and the East Asian region and a discussion and rethinking of the theoretical issue of the capitalist transformation in China and East Asia.¹⁸

Britain-China-India trade (e.g., the opium trade) played an important role in creating the Opium Wars. They propagated an inseparable relation between mercantile economic benefits and national interest or national honor, lobbied for war, and provided the British government with military intelligence about China (e.g., espionage). Indeed, under the rule of the British empire, Indian merchants, especially Paris of India, made a significant contribution to the development of the opium trade (Palsetia 2015).

¹⁸ Few deny the fact that while unprecedented expansion of the capitalist world-economy occurred, many core and semi-periphery states appeared in non-European areas, in particular in the Pacific region. The rise of United States, Russia, and Japan in the capitalist world-economy proves that the capitalist world-economy was not operated entirely in a Europe oriented manner. These Pacific powers seek and expand their own politico-economic interests, while competing with

China's Incorporation Process in the 19th Century

In the preceding section, I proposed two alternatives—examining China's incorporation process and explaining the interactions between the East Asian trade network and the capitalist world economy—that will allow us to take full advantage of Arrighi's theoretical legacy. However, since it would be impossible to deal with both research topics simultaneously, I will primarily focus on the first alternative (China's incorporation process).

Due to the significance of the incorporation processes of external arenas' in explaining the expansion of the capitalist world economy's boundaries, many studies on incorporation using world-systems analysis have been conducted.¹⁹ Given that the developmental patterns of incorporation processes are distinctive, though the expansion of the capitalist mode of production originated in Europe, we need to delineate China's unique incorporation process.

Within the epistemological framework of the incorporation process, what happened during the process of China's incorporation? Wallerstein (1986) argued that an external arena's incorporation process involves two fundamental structural transformations. First is the reorganization of the production processes. Faced with the capitalist world economy's expansion, an external arena's economic system is reorganized to serve the globalized production networks of capitalism. In the case of China, the development of entrepôts to increase international trade volumes, entry into the international commodity chains, and workers' (e.g., coolies') participation in the axial division of labor were evident during the incorporation process. The second fundamental structural transformation involved a change from an ancien

existing European powers in the modern world-system. They in particular struggled with each other to take the advantageous position in China, considered as one of the biggest markets in the world (e.g., competitions over the China's railway concessions). The presence of Japan in China, *inter alia*, is remarkable. In fact, through a consecutive victory in two wars in 1894-95 and 1904-05, Japan's political influence in China had been strengthened. In this sense, it was no exaggeration to say that after 1905, Japan became a regional hegemony of East Asia (Bilott 1997, p. 119; Kim 2016). Furthermore, the Japanese economic presence in China was much more important than its control by Britain until the 1930s. According to statistical data of Duus (1989, p. 3), Japan's economic presence in China had grown significantly since the late nineteenth century and had surpassed that of Britain by the early twentieth century.

¹⁹ Examples are Phillips's (1987) study on the Caribbean's incorporation process, Kasaba's (1987) study on the Ottoman Empire's incorporation, Wallerstein's (1986) study on the Indian subcontinent's incorporation process, and Martin's (1987) study on Southern Africa's incorporation process.

régime to an interstate system, as the society was restructured within a globalized hierarchical frame. In other words, almost all of the precapitalist political structures declined and were simultaneously reconstituted as part of the interstate system in response to the capitalist world economy. This was the case for the Ottoman Empire, which once enjoyed considerable political strength and had a well-organized bureaucratic system but then declined, or the Caribbean's acephalous political system, which was largely destroyed after incorporation. This was also the case in China, during the nineteenth century, when its political structure and tributary system were debilitated.

Economically, the reorganization of nature in China for export crop cultivation—the most representative case is tea cultivation—pushed China into the globalized production chain. China's restructuring of the tea cultivation system, provided mainly by the British hegemony, profoundly changed how people related to tea cultivation (Worster 1993). Since tea became a part of “a worldwide capitalist transformation of nature” in the nineteenth century (Marks 1998, p. 339), tea-related people in China (e.g., tea cultivators and tea merchants) and geography (e.g., Fujian Province or Taiwan) gradually became coupled within the logic of the capitalist world economy.²⁰ Furthermore, financial difficulties arising from international trade, in particular opium trade, accelerated due to the outflow of silver (Lin 2005). Qing's reparations for the wars (like the Opium Wars and the First Sino-Japanese War) and the government expenditures for suppressing rebellions (like the Taiping Rebellion) depleted Qing's purse. The Qing government's coffers, consequently, could not be replenished to their former level. Qing's fiscal degradation led to the state becoming economically dependent on Western powers (e.g., an increase of foreign debt), and it paved the way for China's incorporation process.

Geographically, Qing's deep involvement in the capitalist mode of production accelerated its economic incorporation process. Assuming that “incorporation not only entails the structural transformation of production networks, but also that of local networks of geography” (Martin 1986, p. 30),

²⁰ Given that an increase of export-oriented crops is closely connected with external demand (Xu 2008) and the development of effective agricultural space in pursuit of large-scale tea export production means that Chinese rural areas were connected to the Western merchants, the rise of tea cultivation in China can be viewed as an initial mode of the incorporation process. In fact, although tea had been a popular drink since the Tang dynasty and “tea plantations were common in Anhui, Fujian, Zhejiang, Hunan, Yunnan, and Sichuan” (Xing, Qi, Rui, and Wang 2000, p. 184) in Qing times, nineteenth-century China's abrupt increase of tea cultivation was closely related to the West's demand; as a result, China became the largest exporter of tea. It brought about a radical change in crop cultivation in nineteenth-century China (Chen 1982).

the decline of river networks and rise of port cities (e.g., Hong Kong or Shanghai) and the new interrelations between port cities and their environs that formed in response to the penetrations of the capitalist world economy turned the Qing Empire's geography into the geography of an area incorporated into the world economy. Hardly less visible was the appearance of new foreign settlements in the port cities, as well as changes in the physical fabric of the port cities, which was a result of the logic of interstate relations, the international division of labor, and global commodity chains.

Politically, the central government, which shored up traditional ideology and institutions, was undermined beyond repair due to not only internal disorder (e.g., large-scale rebellions and urban riots caused by food shortages) and the rise of gentry-led local militia, but also external pressures (e.g., Western countries' intervention in domestic affairs). In addition, due to the failure of the Self-Strengthening Movement, the Qing regime's political purpose—the revival of the empire—became a distant hope. Through these processes, which removed obstacles for penetration from world economy, China entered an interstate system. Specifically, after its defeat in the Opium Wars, China-centered international relations faced the irreversible ebb; thereby, China was forced to transform in order to accept Europe's international orders and laws (e.g., the translation of *wangguogongfa*). Especially, the decline and passing of China's tributary system in East Asia was remarkable. Since Qing was completely defeated by Japan, it could not maintain the central mechanism of China's tributary system—a China-centered world order—in East Asia. This consequently triggered a radical change towards becoming a part of the interstate system. In addition, unlike the fluid and protean Qing Empire's boundary line controlled through its own politico-military capacity, a new boundary line in the interstate system turned the empire into a modern state (Chen 2008), which was in accordance with the requirements of the interstate system of the capitalist world economy.

From a sociological perspective, the capitalist world economy pushed Chinese workers into the international division of labor system. Western powers' colonial plantations became a black hole for Chinese coolies. Faced with increased demand for cheap labor in the nineteenth-century capitalist world economy, Chinese workers were incorporated quickly into the globalized labor system (Hu-Dehart 1994; Meagher 2008; Yun 2008). In this sense, the rise of coolies and their massive immigration to the colonial powers' colonies were an important sign of China's incorporation process. The international division of labor system forced Chinese laborers to become

coolie laborers and turned China into a labor-exporting country. In addition to this, the rise of new classes in China that conformed to capitalist logic facilitated penetration by the capitalist world economy. In particular, compradors in the economic sphere and a large number of new lower classes in port cities smoothed China's incorporation process (Cochran 2000; Dernberger 1975; Hao 1970). A rise of new social classes was not limited to the economic sphere: as a response to the military penetrations of the colonial powers, new military officers, disciplined with Westernized military training, emerged in Chinese society as well (Bastid-Bruguiere 1980; Rowe 2009).

Conclusion: Using Arrighi's Legacy as a Way to Locate China's Capitalist Transition

I explained, albeit briefly, how China was incorporated into the capitalist world economy during the nineteenth century. China's incorporation process turned the Chinese empire into a part of the capitalist world economy, which led to socio, geographical, and economic changes throughout Chinese society. China's transition to a capitalist state is in principle not much different from the massive changes of other incorporated areas. The single most important legacy of Chinese incorporation, however, is China's capitalist transition.

I assume that China's capitalist transition was initiated by the penetration of the capitalist world economy. However, this does not mean that China's transition was as resplendent as Britain's capitalist transition. Rather, this theoretical assumption refers to the fact that China's capitalist transition is not a clone of the European state but a result of the global expansion of the capitalist system.

Unlike the expectation of Adam Smith (1937, p. 30)—the optimum use of human skills and its free and fair trades in an advanced mercantile system—European states depended on violence, monopoly, and exploitation, along with plundering and looting in their establishment of a globalized market (Wallerstein 2006) since the sixteenth century. Crucial to understand, in this respect, is that the zone of European capitalism is composed of mainly of “monopolies” and “exploitations: that is, unequal or forced exchange” (Braudel 1982, pp. 588–589), and that extra-European resources were central to the development of European capitalism.

Given that Chinese society did not generate and foster such material or

ideological conditions (e.g., a politico-economic system based on violence, monopoly, and exploitation or lust for capital accumulation) for capitalist development, the basic conditions that are necessary for the capitalist mode of production had to be transplanted into Chinese society during China's incorporation process. During this period, China had to discipline itself effectively to internalize capitalist logics, to connect the Chinese market to the network of global capitalism, and to produce (and reproduce) a capital-friendly political system and cultural and social norms. Through this process, the fundamental conditions for developing China's capitalist system were ensconced in Chinese society. In this regard, the Smithian development and Industrious Revolution that Arrighi suggested took place before China's incorporation process differed in quality from those that took place after its incorporation process. If we can refer to the former as an endogenous developmental path for the Chinese economy, the latter can be defined as a kind of hybrid between an endogenous developmental path and the capitalist logics of the European world economy, and after China's incorporation process, this hybrid forged a new way forward for Chinese capitalism.

In contrast to grudgingly recognizing Arrighi's theoretical contributions as a remarkable in relation to China's long and unique pattern of historical development, it is time for us to shine a new light on his theoretical legacy by connecting it to the incorporation process and capitalist transition of China.

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