CONGRÈS AFSP STRASBOURG 2011

ST2 : Penser le changement international

Golub, Philip
American University of Paris (AUP)
p.golub@wanadoo.fr

Systemic Change Over Long Periods: East Asia's Reemergence and the Two Waves of Globalization

Synopsis:

The re-emergence of East Asia and of other formerly peripheral world regions represents the most significant systemic transformation since the European industrial revolution. Wealth and power, long concentrated in a handful of states and a small fraction of the world population, is diffusing to post-colonial societies that have become, or are fast becoming, active units of the world system, shaping the global environment rather than simply being conditioned by it. As a result, we are witnessing a gradual but historically speaking rapid return to the conditions of pluralism and relative international equality that prevailed prior to the fracture between the "West and the rest" during the first wave of globalization in the nineteenth century. This paper examines systemic change over long periods and argues that the end of the long cycle of Euro-Atlantic ascendancy calls for a multidisciplinary rethinking of modernity to deal with the intellectual challenge posed.

Keywords: globalization, core, periphery, empire, modernity

Twenty years ago, when most American and European observers were focused on the end of the Cold War and celebrating the supposedly definitive 'triumph' of the West, Janet Abu-Lughod presciently anticipated the end of the era of "European/Western hegemony" and a "return to the relative balance of multiple centers" that preceded the age of western empire and industry. [Abu-Lughod, 1991, 370-371] Since then, the movement towards a polycentric systemic configuration has quickened rather dramatically as various postcolonial countries have exited the periphery and consolidated their emergent position as growth centers of the world capitalist economy. Though the dynamic extends beyond East Asia, the most significant advances have occurred there. Indeed, the region is gradually but irresistibly regaining the economic position held prior to the European industrial revolution as one of the world's centers of wealth creation, credit and trade. The results, discussed below, include a new geography of world production, finance and trade. A fundamental re-patterning of international relations is underway, the full effects of which will become apparent as the Asian economic revolution unfolds.

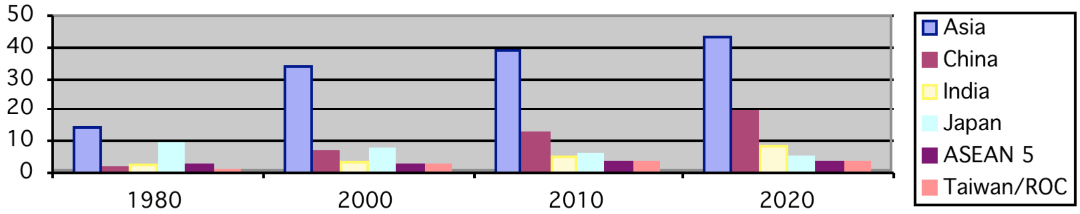
This paper argues that we are witnessing a systemic transformation comparable to the European industrial revolution in terms of its importance and effects: the re-emergence of East Asia as well as other postcolonial world regions marks the end of a long historical cycle during which wealth and power were concentrated in the hands of a small number of euro-Atlantic states. The hierarchical international system constructed in the late modern period that was centered in the Atlantic and ordered by the West, and which established a global division of labor dividing the world into dominant cores and dependent peripheries, is giving way to a horizontal world system organized around multiple semi-autonomous cores – a world system without a center of gravity. This movement marks a return, under conditions of far deeper interdependence and incomparably denser inter-linkages than the past, to the *decentred* systemic configuration of the early modern period in which various *économies mondes* coexisted under conditions of relative equality. (Abu-Lughod, 1991; Braudel, 1986; Pomeranz, 2000) The discussion is divided in three parts. The first describes the main features and effects of the East Asian developmental dynamic. The second places it in long historic perspective and the third addresses the challenge it poses for theory and understandings of globalization and modernity.

I. EAST ASIA'S RE-EMERGENCE

East Asia has been engaged in a time-compressed process of economic expansion and ascent, the intensity, spatial scope and duration of which have been remarkable by historic standards. Beginning with Japan in the 1960s the regional growth dynamic spread successively, in wave like formations, to the Newly Industrialized Countries of North East Asia (South Korea, Taiwan), to the "emerging" countries of South East Asia (ASEAN 4) and, over the past two decades, to China. Sustained economic growth over long periods – 6-8 percent in the case of the Newly Industrialized Countries (NIC) of North East Asia (Taiwan, South Korea), 6-8 percent for the ASEAN 4 (Singapore, Thailand, Indonesia, and Malaysia), and over 10 percent per annum on average over the last three decades in the case of China, has irreversibly transformed the region and had world transforming effects. The NIC's and Singapore have successfully caught up with the most advanced economies while many other countries that in the 1960s and 1970s appeared condemned to lasting "underdevelopment" and endemic poverty have exited the 'Third World' and become middle income societies. While varying initial conditions have resulting in differentiated outcomes, there is no question that we are dealing with a general dynamic that has unfolded over time and space and extends to virtually the entire region today.

A brief statistical review highlights what has been said: East Asia's aggregate share of constantly rising world gross domestic product (GDP), in purchasing power parity (PPP), has risen from approximately 10 percent in 1980 to around 24 percent in 2009, a share expected to reach 32 percent of a doubled world GDP in 2020. (Graph 1) Asia as a whole is expected to account for more than 40 percent of the world total, with most of the increase coming from East Asia and the rest from India. Per capita GDP, a more reliable measure of development than aggregate GDP, underlines the trend even more clearly, rising spectacularly in nearly all countries of the region.[1] Since 1980, per capita GDP (PPP) has multiplied by 12 in South Korea, by over 7 in Singapore and Thailand, and by 6 in Malaysia and Indonesia. In China, per capita GDP has risen even more spectacularly from a low $250 to $6778 in current international dollars, a 27-fold increase that reflects the intensity of growth and its cumulative impact from 1979 onwards. (Table 1.) China, which accounted for a mere 2 percent of world GDP (PPP) in 1980, is now the world's second largest economy and is expected to equal the United States in 2020 (around 20 percent). The Chinese economy will be three times larger than Japan's, the share of which has fallen from 9 percent to around 6 percent today, and more than twice as large as the three mature industrial economies of Northeast Asia (Japan, South Korea, Taiwan) combined (8-9 percent).[2]

Graph 1. Asia's Share of World GDP (PPP) 1980-2020



Derived from UN Statistics Division and IMF

These statistics obviously provide a flattened picture of the regional transformation that, in ways akin to the European Industrial Revolution, has disrupted longstanding balances between urban and rural areas, generated new social stratifications and tensions, and created large-scale environmental problems and infrastructure bottlenecks that raise questions about its long range sustainability. Modernization has been an uneven and unequal process, leading to significant irregularities among countries as well as within countries between cities and rural areas or, as in the case of China, between the internationalized coastal areas and the much poorer continental heartland. An economic and social cartography of the region highlighting these irregularities would make apparent often sharp spatial and social disparities: the areas of wealth concentration around the dominant urban points of the capitalist structure, the intermediate productive zones supplying these dominant centers, and the internal peripheries left for the moment by the wayside.[3]

Nonetheless, uneven development does not disconfirm the general trend or undermine the thesis presented here. It is inherent to what Braudel calls the "capitalist dynamic which, as European modernization in the nineteenth century shows, feeds on social and spatial unevenness." (Braudel, 1985) Indeed, the international disparities observable in East Asia can be usefully compared to the European Industrial Revolution, the diffusion of which proceeded at different rhythms in various parts of the continent [4] and which was characterized by sharp

---

[1] Notable exceptions include the Philippines, which has underperformed when compared to other countries of the regions due to the persistence of oligarchic social structures that go back to the period of Spanish colonization, as well as semi-autarkic totalitarian states (Myanmar, North Korea) that present no significance for this analysis.

[2] International Monetary Fund (IMF), *World Economic Outlook Database*, April 2008.

[3] For a fuller discussion see Philip Golub, "East Asia in the World Political Economy", in *Cartographare il presente*, Centro dei Studii Historichi, University of Bologna, 2007.

[4] Industrialization and urbanization in continental Europe was much slower and far less intense than in Great Britain during the first half of the nineteenth century. France's share of world manufacturing output was equal to

social inequalities. East Asia's capitalist dynamic has in fact been generally far less socially unequal than Europe's in the nineteenth century, and remains more balanced than in other postcolonial world regions such as Latin America. Indeed, relative equity can be considered a significant factor of the region's initial success. (Campos & Root, 1996) In spite of unevenness, the region's accelerated catch up, evidenced at qualitative level by rises up the technological ladder, the creation of modern market institutions, as well as the emergence of large an growing middle-income groups, should be understood as a general phenomenon obeying a unified development logic.

Table 1. Per Capita GDP (PPP, current international dollars) 1980-2009

	1980	1990	2000	2009
China	250	795	2375	6778
South Korea	2301	7825	14964	27716
Taiwan	n/a	8965	20279	31775
Singapore	7069	19122	32250	50179
Thailand	1089	2903	4962	8050
Malaysia	2350	4840	9169	13799
Indonesia	726	1675	2441	4150
Philippines	1247	1751	2320	3882

Derived from IMF World Economic Outlook database

One sign of this is the deepening of regionalization. Growth has been accompanied by ever-greater integration at trade level and, more recently, much intensified cooperation at monetary level. Intra-regional trade as a share of the region's total trade, which was negligible in the 1960s and 1970s, rose from 40 percent in 1989, to 50 percent in 1995, and stands at nearly 60 percent today.[5] Even though a significant share of regional trade is in intermediate goods traded through cross border chains for final destination export to the United States, Europe and Japan, with much of the value added captured by transnational firms, it has had significant developmental effects, allowing for technology transfers and stimulating endogenous growth factors in developing East Asia. As Claude Pottier points out, the action of transnational firms in creating cross border production networks has had different effects in East Asia than in other postcolonial regions. (Pottier, 2003) Likewise, ASEAN + 3 monetary cooperation has been an increasingly important feature of regionalization since the 1997/1998 financial crisis which, contrary to widespread contemporaneous affirmations of the supposed demise of the statist East Asian development model,[6] only briefly interrupted without reversing the region's economic ascent. (Heribert & Higgott, 2002)

Britain's in 1800 (4 percent) but accounted for less than half Britain's share throughout the second part of the century (6.8 percent against 19 percent in 1900). Urbanization was likewise far less intense, with a much higher proportion of the active population involved in agriculture. Germany, the continent's emblematic late industrializer, accounted for under 5 percent of world manufacturing output prior to the establishment of unity, and less that 4 percent in 1830 against Britain's 10 percent. By 1900 however, Germany's share surged to 14 percent. See Bairoch [1997, Vol. II].

[5] See Asian Development Bank (ADB) http://aric.adb.org/indicator.php. Statistics vary from one international institution to another. The IMF gives lower estimates (51.9 per cent) but highlights the same general phenomenon. See International Monetary Fund, *Regional Economic Outlook Asia Pacific*, (Washington D.C.: October, 2007).

[6] In 1998, then Chairman of the Federal Reserve Alan Greenspan pronounced the Asian financial crisis an "milestone in what evidently has been a significant and seemingly inexorable trend toward market capitalism and

Regionalization, it should be pointed out, has gone through two distinct phases. During the first phase in the 1980s, it was centered in Japan, which engaged in the creation of a concatenated regional division of labor through the relocation of labor-intensive industries first to the NIC's and then to South East Asia. In recent years, however, the regional integration process has been driven by China due to its attraction as a supplier of low cost labor as well as the growing potential of its domestic market. Since the late 1990s, regional Asian trade with China has been growing faster than Asian trade with the United States. Japan's imports from China already exceed those from the U.S. and Japanese exports to China have been steadily rising. This same trend is apparent in South Korean, Thai, Malaysian, and Singaporean trade flows.[7] The shift from Japan to China was accelerated by the 1997-1998 regional crisis that highlighted Japan's lack of autonomy in the face of shortsighted United States decisions to block Japanese efforts at regional leadership.[8] By choosing to not depreciate the rembibi while other countries in the region were engaged in competitive currency devaluations, and by serving as a market for distress goods, China gained significant legitimacy in the region. Hence the self-congratulatory assessment of senior Chinese leaders that the "launch of East Asian cooperation can be directly attributed to the Asian Financial Crisis of 1997. The process of the East Asian cooperation has been consolidated day by day since then [and is now] based on a multi-layered, multi-faceted structure".[9]

China: a semi-autonomous core

Though development differentials and a troubled regional history currently inhibit the formation of a coherent East Asian international subsystem, China's new role in the integrative trend is unmistakable and presents a significant challenge to the United States, which since 1945 has been the dominant power in the Asia-Pacific.[10] A China-centered regional political economy is gradually coming into being. At world level, China has become an "active unit" of the international system, the program of which is not simply adapted to the global environment but which is adapting that environment to its program.[11] Another way of saying this is that China is becoming a semi-autonomous core of the world system (semi-autonomous since, like other societies and states, it is inextricably enmeshed in global flows), the developmental dynamic of which is reshaping the conditions of operation of the globalized post-Cold War world economy. This is daily evidenced by the restructuring of the

---

political systems that stress the rule of law", and a sign of failure of state led development strategies. (Greenspan, 1998)

[7] See Li Cui, "China's Growing External Dependence", *Finance and Development*, 44: 3, (Washington, D.C.: IMF, September 2007).

[8] Fearing a loss of control, the United States vetoed the Japanese proposal for an Asian Monetary Fund (AMF) that would have acted as a lender of last resort to countries facing liquidity problems such as Thailand or South Korea. See Golub (2010).

[9] "Further reciprocal cooperation to build a harmonious East Asia", Speech by Vice Minister of Commerce Yi Xiaozhun, May 26, 2008, reported by the *People's Daily* www.english.peopledaily.com.cn/90002/93687/93689/6418402.html.

[10] US foreign policy since 1945 in East Asia, as in other world regions of strategic interest, has been based on the assumption that the rise of a dominant regional power (or "hegemon") would represent an unacceptable outcome that would upset the US' predominant position and induce major security risks. In 1989, Lawrence Summers, who soon after being named Secretary of Treasury, warned: "An Asian economic bloc with Japan at its apex is in the making. This raises the possibility that the majority of American people who now feel that Japan is a greater threat to the U.S. than the Soviet Union are right". The emergence of a Chinese centered "bloc" is, of course, a far greater challenge.

[11] This is a particularly fecund notion, borrowed from François Perroux who uses it in a different context, to grasp the transformation of the relative position of states in the world system. Perroux notes: "a unit is said to be active if through its own action and in its own interest it is capable of modifying its environment, that is the behavior of the units with which it is in relation". [Perroux, [1976] 1994: 236]

international division of labor; the partial or total deindustrialization of labor-intensive sectors in the most advanced countries; the price effects of rising Chinese demand on world raw material markets; new and increasingly important "South-South" trade patterns; and the reconfiguration of global monetary relations. China has been the principal actor of the "global financial power shift" of the past decade, accumulating huge surpluses and surpassing Japan as the leading international creditor of the United States.[12] The trend has been less pronounced at political level. China has yet to translate its new economic position into effective political influence at world level and has not asserted leadership on outstanding global issues. But the political dimension of the systemic reconfiguration will inevitably become apparent in coming decades: power, the ability to set frameworks and to shape outcomes (Strange, 1996) will be more evenly distributed and will have to be shared.

II. THE PAST AS PRELUDE

The significance of the "new Asian renaissance", to borrow François Godement's apposite expression, [Godement, 1997] is better grasped when situated in long historic perspective. Asia is gradually regaining the relative weight she held in the world economy during the early modern period when China, Southeast Asia and South Asia accounted for a predominant share of world trade and world proto-industrial output. Reflecting the need to reassess previously dominant narratives and theoretical perspectives in light of the current world transformation, a growing body of scholarship has provided new and increasingly strong evidence that the "great divergence" between the Euro-Atlantic countries and the rest of the world occurred later than has been previously assumed, becoming manifest only in the course of the nineteenth century. Although Europe was expanding economically and territorially prior to the 1820s, it was far from being the dominant centre of world production, finance and trade that it later became. Rather, it was merely one among many *économies-mondes* in a plural and polycentric world economy, characterized by multiple and relatively autonomous polities (the Ottoman Empire, the Mughal Empire, Russia, China, etc.). The same evidence undermines the other, still commonly held notion that, long before global Western expansion began in earnest, the non-Western world was "immobile", much less uniformly or even partially in decline. In short, it questions the Eurocentric meta-narrative of modernity.

The picture of the world prior to the nineteenth century that has emerged is no longer one of longstanding Western advantages founded on culture and instrumental rationality. Rather, it depicts "surprising similarities in agricultural or commercial development and proto-industrial activities" (Pomeranz, 2000:8) between major regions, with significant parts of the world population moving synchronously along parallel proto-industrial developmental pathways. In this revision, the early modern societies of Asia and the Middle East are no longer represented as "stationary" or "immobile" economic and social systems fatefully locked in feudal pre-capitalist modes of production or religious beliefs and cosmological representations inhibiting modernity. Rather, they are shown to have been developing along similar rhythms as Western Europe and engaged in their own "industrious revolutions": intensifying exchanges, growing markets, rising incomes and widening proto-industrial activities. (De Vries, 1994) Pomeranz's comparative study of the most developed parts of Western Europe and China prior to 1800 shows that pathway divergence between the Western and far eastern parts of Eurasia became effective only in the nineteenth century. Before 1800

[12] In May 2010, China held over $1.1 trillion in US Treasury Securities, well above Japan ($799 billion) and the oil exporting states ($210 billion). See Major Foreign Holders of Treasury Securities, US Treasury, Washington D.C. www.treasury.gov/resource-center/data-chart-center/tic/Documents/mfh.txt

"there is little to suggest that Western Europe enjoyed decisive advantages" in terms of physical capital, life expectancy, average incomes, market institutions, agricultural productivity or proto-industrial capacities. Nor did Europe possess decisive technological and scientific advantages that would account for radically diverging trajectories:

> In many areas, various non-European societies remained ahead. Irrigation was perhaps the most obvious; and in many other agricultural technologies, too, Europe lagged behind China, India, Japan and parts of the Southeast Asia… In many areas of textile weaving and dyeing, western Europeans were still working on imitating Indian and Chinese processes; the same was true of manufacturing porcelain. As late as 1827 and 1842, two separate British observers claimed that Indian bar iron was as good or better than English iron… various parts of Africa also produced large amounts of iron and steel that were of a quality at least as good as anything available in early modern Europe… Medicine was probably not terribly effective anywhere in the world, but east (and probably southeast) Asian cities were far ahead in crucial matters of public health, such as sanitation and the provision of clean water… Overall, then, arguments that Europe in 1750 already enjoyed a unique level of technological sophistication need significant qualification. (Pomeranz, 45-46)

Christopher Bayly similarly notes that the late eighteenth-century Chinese economy was characterized by: "buoyant trade, increasing inter-regional specialisation, and a positive engagement by peasants and gentry with the emerging market". China, the world's largest economy at the time, shows convergence of conditions of life, levels of knowledge and types of economic activity late in the eighteenth century. But the "industrious revolution" also encompassed parts of South Asia, the Ottoman Empire and other East Asian countries (Japan, Siam):

> Similar patterns were appearing in Japan over the course of the late seventeenth and eighteenth centuries… more surprising perhaps, in terms of the old historical literature, is the impression that parts of India and the Middle East also experienced broadly favourable economic conditions until at least to the middle of the eighteenth century… Prasannan Parthasarathi has estimated that the standard of living of weavers in contemporary South India was actually higher in real terms than that of British ones in the mid eighteenth century. (Bayly, 2004: 56-57)

The Indian Ocean had long been the heart of "an enormous trade network, a kind of world system [of which India was the centre], stretching from the Near East to the coast of Vietnam, and down to Indonesia, and into the China Seas towards the Philippines". (Goody, 1996:89) In the Indian subcontinent, as in China, there were articulated markets with peasant communities that were tightly linked to the villages and the cities through merchant and banking institutions and a complex system of production and trade. Europe was neither a central actor in trade nor a major factor in the region's proto-industrialization, which flowed from the subcontinent's position in longstanding regional networks of production and trade. Bairoch's estimates of the share of world proto-industrial or craft manufacturing output of various countries and regions, and of their respective per capita Gross National Product (GNP), suggest that productivity differentials between Europe and Asia were unremarkable until the early nineteenth century. With anywhere between 27 and 30 per cent of world population in 1750 (200-250 million people), China accounted for nearly 33 per cent of world proto-industrial output, whereas Europe, with a population of 163 million, accounted for 23.2 per cent. Given East and South Asia's demographic weights these world regions accounted for a predominant share of world economic activity.

Table 2. Share of World Manufacturing Output 1750-1900 (per cent)

	1750	1800	1830	1860	1880	1900
Europe	23.2	28.1	34.2	53.2	61.3	62.0
GB	1.9	4.30	9.50	19.9	22.9	18.5
USA	0.1	0.80	2.40	7.20	14.7	23.6
China	32.8	33.3	29.8	19.7	12.5	6.20
South As	24.5	19.7	17.6	8.60	2.80	1.70
Japan	3.8	3.50	2.80	2.40	2.40	2.40
Non West	73	67.7	60.5	36.6	20.9	11.0

Source: Bairoch [1982] Ò

According to Bairoch's computations, average per capita GNP in extra-European regions was slightly higher than the European average in 1750. Variations were as great or greater within world regions as between them: Great Britain was well ahead of most continental European countries with respect to per capita GNP, levels of industrialization, and other measures such as energy use. In 1800, per capita GNP in France and Germany was only four-fifths that of Britain. Yet, as Pomeranz evidences, *circa* 1750, living standards in the Yangzi delta (31-37 million people in 1750) as measured through life expectancies and per capita calorific intake were comparable. Writing on the eve of the industrial revolution and Europe's global expansion, Adam Smith surmised that China, "long one of the richest, most fertile, best cultivated, most industrious and most populous countries in the world", remained one of the world's most opulent countries, though he thought it had become "stationary". He also remarked: "China, though it may perhaps stand still, does not seem to go backwards". (Smith, 1991:76) In fact, according to Bairoch's computations, China's share of world proto-industrial output actually rose slightly between 1750 and 1800, from 32.8 to 33.3 per cent.

Table 3. Per Capita GNP 1750-1995 (1960 dollars)

	*MDC**	*ADC*	*ATW*	*World*
1750	230	182	188	188
1800	242	195	188	190
1860	575	324	174	218
1913	1,350	662	192	360
1950	2,420	1,050	200	490
1995	5,230	3,320	480	1,100

Source: Bairoch [1997: Vol. 1, p. 111].

*MDC stands for Most Developed Country (GB until 1890, USA thereafter), ADC for Average Developed Countries (including settler colonies), and ATW for Average "Third World".

Living standard differentials between Europe and the European settler colonies on the one hand, and the rest of the world on the other, remained insignificant until the turn of the century [Table 3]. However, by mid-century, average per capita GNP in the newly constituted "Third World" had declined in absolute terms, recovering to mid-eighteenth-century levels only in the early years of the twentieth century. Between 1800 and 1900, the colonial world's share of global manufacturing output fell dramatically from 73 per cent to 11 per cent. China's share declined from 33.3 per cent to 6.2 per cent, and South Asia's from 24.5 per cent to 1.7 per cent (reflecting the thorough deindustrialization of the subcontinent). Average per capita GNP in the "Third World' was only marginally higher in 1950 than it had been in 1750, representing less than one-fifth of the Western average (and a mere one-eighth of American per capita GNP).

Cultural factors cannot account for the radical shift from the "surprising similarities" of 1750-1800 to the acute core/periphery divergence that appeared less than half a century later. Pomeranz argues that even if there were some European "differences that mattered", notably in emerging energy and textile production techniques, these would have had "smaller, later, and probably qualitatively different effects without both the fortunate geographic accidents essential to the energy revolution and Europe's privileged access to overseas resources [in the Americas]". Until the late 1760s the British cotton industry was, in the words of a leading scholar of the industrial revolution, "backward, small and unable to compete with Indian calicoes or muslins in either quantity or price unless protected". (Deane, 1979:88) Later advances in textile spinning machinery that began to be widely used in Britain in the last two decades of the century would not have had world-transforming outcomes had European traders not had easy access to abundant and cheap New World cotton resources worked by slaves, and had the British imperial state not imposed manufacturing and trade restrictions on India and other Crown colonies. Development was arrested outside of the Euro-Atlantic countries that, in the process of their globalization during the nineteenth century, constructed an unequal world system divided between dominant cores and dependent peripheries.

The Developmental State

Japan was of course the major Asian exception in this broad pattern, retaining a constant share of rising world output in the latter half the nineteenth century. Though it was forced to partially "open" its market to foreign trade under the threat of American armed intervention in 1853, the archipelago avoided entrapment and successfully launched endogenous industrial development under a mercantilist state following the Meiji Restoration in 1868. *Pace* the neo-weberian thesis that singular cultural traits (the "Protestant analogue") somehow accounted for Japan's success, the archipelago's industrialization suggests that the industrial revolution could have diffused to the many non-European regions where industrious revolutions were underway had colonization been avoided and appropriate state institutions been in place. Indeed, the key explanatory variables accounting for Japan's nineteenth century modernization – efficient state bureaucracies, state led industrialization policies, and "governed markets" (Wade, 2000) – are also those that account for the rest of East Asia's exit from the periphery in the late twentieth century. Strong developmental states, (Johnson, 1982) or what Bruce Cumings calls "bureaucratic authoritarian industrializing regimes" (Cumings, 1984) harnessed scarce resources to re-industrialize (in the case of Japan) or to kick start modernization.

During most of the Cold War these regimes were encouraged and upheld by the United States, which had an overweening strategic interest in curbing revolution in East Asia and building a secure and prosperous belt of subordinate allies around the Soviet Union and the Peoples Republic of China. (Golub, 2010) For Japan, South Korea, Taiwan, and at least some of the capitalist countries of South East Asia, the Cold War created exogenous circumstances favoring state-led endogenous development. There were of course significant associated costs: at the domestic level, the absence of political freedoms and the tight and often suffocating grip of the authoritarian state on civil society. At international level, the Cold War compact with the United States left the North East Asian allies little or no foreign policy autonomy. Democratization only occurred towards the end of the Cold War, opening the way for greater political autonomy. Today, this developmental model, in which the state mobilizes society in driving to catch up with the most advanced economies, is being reproduced by China, under different circumstances. China, which was never enmeshed in the US security system and consequently is not bound by the same political restraints, has been able to harness global capital flows to domestic developmental purposes. Gradual internationalization and controlled market liberalization behind protective barriers have avoided the type of entrapment that historically generated and perpetuated core/periphery dependency.

III. A WORLD WITHOUT A CENTER

Thus, while the creation of a single world economic system in the late nineteenth century led to power concentration and the establishment of durable structures of international inequality, late twentieth and early twenty first century globalization has taken a different path. Rather than representing the "triumph of global capitalism over nationalism", (Lim and Pang, 1991) internationalization has contributed to the expansion of power and autonomy of those states in a position to channel transnational flows and fit them to national institutions and purposes. There are historic precedents: transnational capital flows from Europe in the nineteenth century played a decisive role in American capital formation, infrastructure building and overall expansion. They were a major contributing factor in making the US the world's leading industrial power in the late nineteenth century. (Golub, 2010) Likewise, capital flows stemming primarily from London boosted Japanese capital formation and industrialization following the Meiji Restoration. (Feis, 1975) In spite of its reliance on cross border production and export chains, East Asian industrialization has become endogenously rooted. The single market dependency on the United States exhibited by most East Asian countries has been constantly diminishing since the 1980s. Conversely, weaker post-colonial states exhibiting vulnerabilities to world market forces and to decisions by dominant states beyond their control [13] have seen their development paths warped by internationalization (Mexico's deep single market dependence on the United States is a case in point).

The transition from the western-centered world system to a system with multiple sources of authority challenges longstanding collective representations about world order, hierarchy and modernity. It calls into question deeply rooted imaginings of western cultural singularity and political centrality. For two hundred years or more the "West" has understood itself as the thinking subject of the history of others, the measure of rationality and modernity, indeed as the arrow and meaning of History (Hegel). The modern western observer, "trading and conquering as well as looking" began to see "the world as a differentiated, integrated, hierarchically ordered whole" (Agnew, 1998:18) rather than as a mosaic of autonomous polities and equal albeit differentiated socio-cultural spaces. Thinking and mapping the world became coterminous with intervention and domination as global systems of control and management of populations, resources and space were put into place. In the mental map of the late modern Euro-Atlantic imperial powers, the world was divided into "advanced" and

[13] The visible hand of the state often complemented the invisible hand of the markets. As Robert Keohane and Helen Milner point out in their discussion of the effects of internationalization in the 1980s and 1990s, "intense political pressure was exerted by advanced industrialized countries on developing countries to open their economies… along a variety of dimensions, the national economic regulations of developing countries were called into question by powerful states". (Keohane & Milner, 1996:24)

"primitive" or modern and pre-modern cultures. As Europe projected itself onto the world, incorporating or enmeshing ever-larger parts of the "rest" into its constantly expanding and ever-tighter global net, there emerged a picture of a continuously ascending "west" as the thinking and active subject of history, and a picture of plural others as passive or immobile, history-less or pre-historical objects caged in tradition and circular time, hence locked out of modernity. (The current expression of this *orientalist* outlook is diffuse antagonistic representations of the culturally alien and hence dangerous post-colonial *other*.) The geopolitical imagination that emerged concurrently represented the West as the necessary center of the world, akin to the sun in the solar system, out of which flowed regimes of world order. This whole intellectual edifice, which legitimized persistent interventionism and intrusion, is now falling apart.

The challenge posed to international relations theory is significant. Macro level systemic changes are exceedingly rare and there are no modern historical precedents for the kind of change discussed here. During the long cycle of Euro-Atlantic ascendancy a systemic recentering occurred when the US supplanted Europe at the centre and the apex, a shift that would likely have eventually occurred even without Europe's self-destruction, [14] but which the two World Wars considerably accelerated. Notwithstanding the Soviet challenge after 1945, the system itself remained anchored in the Euro-Atlantic region and wealth remained concentrated in the West. (Due to the Cold War, Europe paradoxically regained some of the importance though not the power it had lost.) By way of contrast, the current change, which is occurring across cultures, is leading to a rebalancing rather than a recentering of the world system. East Asia and other postcolonial world regions that have exited the periphery are gaining or regaining positions in the world economy concomitant with their demographic weights. This is a prospect to be applauded rather than feared. Structural realists will argue, of course, that like all systemic change this change is risk laden given the mechanics of international anarchy. States being undifferentiated like units moving in "abstract systemic structures" and "programmed like automata to meet only one objective" (Katzenstein, 1993), structural realism predicts conflict at the end of the road: wars of hegemonic succession. Robert Gilpin has given a highly deterministic formulation of this: "Disequilibrium replaces equilibrium and the world moves toward a new round of hegemonic conflict. It has always been thus and always will be, until men either destroy themselves or learn to develop an effective mechanism of peaceful change". [Gilpin, 1984]

This somber ahistorical vision reflects a status-quo bias: the hegemonic order that is necessarily better than any plausible alternative, including pluralist cooperation among equals. There is no reason to believe that China, or the East Asia region, is intent on global expansion through conquest. Nor is there any good reason to believe that the United States will try to conserve its position through war. Unless leaders go mad, hegemonic wars appear inconceivable in the era of nuclear weapons. In fact, it is not plausible that China will supplant the United States as *the* center of a new sino-centric world system. Rather, China is likely to become the center of an international subsystem, within a polycentric system of roughly equal ensembles. The highly centralized nineteenth century hierarchical world order was a contingent historical outcome that may retrospectively be seen as an exception to rather than a regularity of international history. As Jack Goody argues, no society or group of societies remains in the vanguard forever. The pendulum, which swung to the Atlantic, is now swinging back to the East. (Goody, 1996) Negotiating the transition will prove complex. As

[14] In 1913 the United States already accounted for a quarter of world manufacturing output, a share that rose to 39 percent on the eve of the Great Depression. After the First World War, the US became a mature creditor of the world financial system, supplanting London as the main source of credit in the early 1920s. (Kindleberger,)

the erosion of its credibility and authority over the past decade suggests,[15] the "West" will have to learn to accept a more modest imprint on the world. Conversely, China and other re-emerging giants will have to take on wider leadership responsibilities. A few years ago, Fred Halliday wrote that the "greatest analytic and *normative* challenge facing social science" was to account for late modern international hierarchy (Halliday, 2002:256) In future, it will be to theorize the conditions of cooperation in a world without a center.

BIBLIOGRAPHY

Abu-Lughod, Janet L. (1991): *Before European Hegemony: The World System A.D. 1250-1350*. New York: Oxford University Press.

Agnew, John (1998): *Re-visioning World Politics*. New York: Routledge.

Bairoch, Paul (1997): *Victoires et déboires: Histoire économique et sociale du monde du XXe siècle jusqu'à nos jours*. Paris: Gallimard Folio.

Bairoch, Paul (1982): "International industrialisation levels from 1750 to 1980", *The Journal of European Economic History,* Vol. 11: 1 (Spring 1982), pp. 269-333.

Bayly, Christopher (2004):

Braudel, Fernand (1985) : *La dynamique du capitalisme*. Paris: Arthaud.

Braudel, Fernand (1986): *Civilisation matérielle, économie et capitalisme. XV^e^-XVIII^e^ siècle*. Paris: Armand Colin, 1986.

Chang, Ha-Joon (2002) : *Kicking Away the Ladder: Development Strategy in Historical Perspective*, London: Anthem Books.

Cumings, Bruce (1984): 'The Origins and Development of the Northeast Asian Political Economy: Industrial Sectors, Product Cycles, and Political Consequences', *International Organization*, 38: 1. (Winter 1984).

Davis, Lance E. and Cull, Robert J. (1994) *International Capital Markets and American Economic Growth (1820–1914)*. New York: Cambridge University Press.

Deane, Phillis (1979): *The First Industrial Revolution*, Cambridge, U.K.: Cambridge University Press.

[15] The Bush administration's failed wars in Iraq and Afghanistan, as well as the lasting financial and economic crises in the US and Europe have deeply eroded the US' historical claim to world leadership and Europe's claim to be a forward looking exemplar of integration and cooperation.

De Vries, Jan. (1994): ‘The Industrious Revolution and the Industrial Revolution’, *Journal of Economic History*, 54, pp. 249–70.

Dieter, Heribert and Higgott, Richard. “Exploring alternative theories of economic regionalism: From trade to finance in Asian co-operation”, Centre for the Study of Globalisation and Regionalisation, *CSGR Working Paper* No 89/02, Warwick University, January 2002.

Feis, Herbert (1973): *Europe: The World’s Banker, 1870-1914*. [1930] Clifton, N.J.: Augustus M. Kelley Publishers.

Godement, François (1997): *The New Asian Renaissance: From Colonialism to the Post-Cold War*, London, Routledge.

Golub, Philip (2010): *Power, Profit and Prestige: a History of American Imperial Expansion*. London, Pluto Press.

Goody, Jack (1996): *The East in the West*. Cambridge, Cambridge University Press.

Greenspan, Alan (1998): “Remarks of Alan Greenspan before the annual Convention of the American Society of Newspaper Editors”, Washington D.C., April 2, 1998.

Halliday, Fred (2002): “For an International Sociology”, in Hobden, Stephen and Hobson, John M. (eds), *Historical Sociology of International Relations*. Cambridge, UK: Cambridge University Press, pp. 244-64.

Hu, Angang. “Five Major Scale Effects of China’s Rise on the World”, *Discussion Paper 19* (April 2007), China Policy Institute, University of Nottingham, U.K.

Johnson, Chalmers (1982): *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975*. Standford, Standford University Press.

Katzenstein, Peter J. (1993): “Taming of Power: German Unification, 1989-1990”, in Meredith Woo-Cumings and Michel Loriaux (eds), *The Past as Prelude, History in the Making of a New World Order*. Boulder, Co.: Westview Press, pp. 59-81.

Keohane, Robert & Milner, Helen V. (eds) 1996: *Internationalization and Domestic Politics*. New York: Cambridge University Press.

Lim Y.C. Linda and Fong, Pang Em (1991): *Foreign Direct Investment and industrialization in Malaysia, Singapore, Taiwan and Thailand.* Paris, OECD Development Center, OECD.

Maddison, Angus (2001): *The World Economy: A Millennial* Perspective. Paris, OECD Development Center.

Perroux, François (1994[1973]) *Pouvoir et économie généralisée*, Grenoble: Presses universitaires de Grenoble.

Pomeranz, Kenneth (2000): *The Great Divergence*. Princeton: Princeton University Press.

Smith, Adam: *The Wealth of Nations*. New York: Prometheus Books, 1991.

Wade, Robert (1990): *Governing the Market: Economic Theory and t he Role of Government in East Asian Industrialization*, Princeton, N.J.: Princeton University Press

Woo-Cumings (ed) (1999): *The Developmental State*, Cornell: Cornell University Press.