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Review: Was It Pluck or Luck That Made the West Grow Rich?

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The Wealth and Poverty of Nations: Why Some Are so Rich and Some so Poor by David S. Landes

China Transformed: Historical Change and the Limits of the European Experience by R. Bin Wong

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# Was It Pluck or Luck That Made the West Grow Rich?

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*ReORIENT: Global Economy in the Asian Age.* By ANDRE GUNDER FRANK. Berkeley: University of California Press, 1998. Pp. xxix + 416. \$55 hardcover; \$23.95 paper.

*The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor.* By DAVID S. LANDES. New York: Norton, 1998. Pp. xxi + 650. \$30.

*China Transformed: Historical Change and the Limits of the European Experience.* By R. BIN WONG. Ithaca: Cornell University Press, 1997. Pp. ix + 327. \$45.

EACH of these three books deals with how the West became wealthy and powerful. All three authors analyze the political economy—meaning the combinations between the economy and political processes—from which Western dominance can be explained. From this common ground they diverge quickly and sharply in their concerns, arguments, and conclusions. Although the dichotomy of “pluck or luck” greatly oversimplifies their approaches, David S. Landes in *The Wealth and Poverty of Nations* is arguing for the pluckiness of the Europeans, whom he sees as taking advantage of an exceptional cultural heritage to forge remarkable achievements by which they transformed the whole world. Andre Gunder Frank in *ReORIENT* and R. Bin Wong in *China Transformed* see the Europeans as simply lucky, but lucky in different ways. For Frank, early modern Europe was a back-

ward part of the globe economically, but it stumbled into an American bonanza and then “used its American money to buy itself a ticket on the Asian train” (p. xxv). For Wong, China and Europe faced common challenges in production and resource allocation but diverged by developing distinctly different political economies. Wong believes that the European and Chinese political economies produced comparable standards of living and well-being through the eighteenth century. He agrees that around 1800 the European pattern embodying capitalism and the nation-state forged quickly into an advantageous position through the industrial revolution, leaving China trying to adapt to the new balance of wealth and power in the world.

Not only do the three authors differ in their conclusions, but the evidence and style of each book is dramatically different also. Landes’s volume is elegantly written, containing long and diverting accounts while reaffirming his long-held Eurocentric interpretations. This new book is written for a broad public audience and presents conclusions similar to those of his earlier work, *The Unbound Prometheus: Technological Change and Industrial Development in Western Europe from 1750 to the Present* (New York: Cambridge University Press, 1969).<sup>1</sup>

Frank pursues a relentlessly iconoclastic approach, scattering the reputations of Western social science giants such as Marx and Weber like tenpins in his rush to bowl over our vision of the past. His goal is to overturn all Eurocentric social theory, including Landes’s version. He saves special vigor for attacking another Harvard scholar, political scientist Samuel Huntington, who warns of a coming clash of civilizations.<sup>2</sup> In one of his many assaults on European triumphalism, Frank writes that “Europe did not pull itself up by its own economic bootstraps, and certainly not thanks to any kind of European ‘exceptional-

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<sup>1</sup> The 1969 book is itself an expansion of a chapter that Landes contributed to volume 6 of *The Cambridge Economic History* (New York: Cambridge University Press, 1965). The expanded version continues the narrative up to World War I, whereas the long original chapter ended its coverage at 1870.

<sup>2</sup> *The Clash of Civilizations: The Remaking of the World Order* (New York: Simon and Schuster, 1996). In this work, Huntington argues that the dominance of Western civilization may be entering a decline because of internal decay following the end of the Cold War. Huntington endorses Western triumphalism by arguing that the West has been in a universal phase for five hundred years, yet still accepts that other civilizations may be reinvigorated. He urges the West to undertake measures to strengthen itself and writes, “Multiculturalism at home threatens the United States and the West; universalism abroad threatens the West and the World” (p. 318). He suggests that the reemergence of religious and cultural challenges to the West derives from Islamic and Asian civilizations in particular.

ism' of rationality, institutions, entrepreneurship, technology, geniality, in a word—of race" (p. 4). Instead, Frank urges us to consider that Europe may owe its present success to Asia and then concludes by emphasizing the unity and interrelatedness of human life around the globe. He asks us to accept the fact that since the discovery of the Americas the world has become a single system typified by "*diversity in unity* and celebrating *unity in diversity*" (p. 319, emphasis in original). Along the way Frank never passes up the opportunity to emphasize the clash of his judgments with those of others. Just as Landes has long championed Eurocentric interpretations, Frank has grown accustomed to fighting for his scholarly conclusions with acuity and relish.

Wong offers a markedly more restrained approach than either Landes or Frank and aims his book at a professional audience interested in problems of comparative history. On the basis of carefully explained arguments, buttressed by wide reading in recent historical scholarship in English, Chinese, and Japanese, he mounts a determined comparative approach in hopes of establishing that similar situations produce different historical outcomes. He has two main purposes: to "avoid privileging European categories of analysis and dynamics of historical change" and to recognize "the difficulties of explaining long-term processes of change and continuity" (pp. 2–3).

Each of these authors has written with awareness of the others' views and positions. Landes declares that "anti-Eurocentric thought is simply anti-intellectual; also contrary to fact" and then goes on to state in a footnote that Frank's conclusions in particular are "bad history" (p. 514). Frank is equally dismissive of Landes, whom he sees as a practitioner of Eurocentric bias (pp. 17, 20). Wong studied at Harvard and tells us that in his doctoral exams, Landes posed a question "about what he [Landes], as a historian of Europe, could learn by studying China," with the implication that it wasn't worth much time or effort. Wong explains, "This book is a belated response" (p. ix). Frank refers to Wong several times as an ally in attacking Eurocentric history (pp. 50, 110, 221, 343), yet Wong dissociates himself from Frank through arguments for two distinct political economies at either end of Eurasia. Far from seeing the unity of the world, Wong argues against theories of convergence and writes that "the plurality of historical pasts makes more likely the persistence of multiple, open, and contingent futures" (p. 293). The truth is that each of these authors has developed a highly distinctive approach, and some consideration of their particular approaches is warranted.

## DAVID LANDES'S EUROPEAN EXCEPTIONALISM

The best characterization of Landes's book comes from the Stanford economist Paul David, who noted that *The Wealth and Poverty of Nations* is without sustained arguments. In his title Landes first calls up Adam Smith's shade and then states in the subtitle that the book will explain why some nations are rich and others poor. Instead Landes, in David's words, gives us "a series of decorated panels adorning a structure one cannot fully discern."<sup>3</sup> In his response, Landes noted with some pleasure the book's brisk sales and commented that the individual chapters of his book—David's "decorated panels"—were carefully constructed tableaux that could be read almost at random, but would still leave the reader with a strong impression of his overall argument.

For example, chapter 11, entitled "Golconda," discusses with elegance and erudition the story of European expansion in India. Landes retells the story of Robert Clive's rapacious creation of an immense personal fortune by the age of thirty-four, but characterizes the Mughals as ruling with typical Muslim tyranny and then dismisses evidence that trade in the Indian Ocean was thriving before the Europeans arrived. Behind this diverting tableau Landes finds confirmation that by the eighteenth century India was hamstrung by "limited property rights and technological backwardness," while Western Europe was "well on its way to the Industrial Revolution" and "had long since passed Asia by" (p. 165).

The structure that Landes has decorated so artfully is a conclusion that the West's success began before the industrial revolution, that it was internally generated, and that ever since the industrial revolution, the rest of the world must struggle to assimilate the European pattern for themselves: "some countries made an industrial revolution and became rich; others did not and stayed poor" (pp. 168–69). He asserts that Western Europe developed key cultural characteristics after 1000 C.E. that made possible this great transformation. Indeed, "Europe of the Middle Ages [was] one of the most inventive societies that history

<sup>3</sup> David spoke at a session (20 November) of the 1998 Social Science History Association meetings in Chicago that was devoted solely to a discussion of *The Wealth and Poverty of Nations*. In addition to Landes and David, the panelists were Kenneth Pomeranz, George Grantham, Joel Mokyr, and Deirdre McCloskey, with Jonathan Liebowitz serving as chair. Frank and Wong both attended the conference, and they too appeared together on a panel (19 November) entitled "Orienting the European 'Miracle': Comparisons, Connections, Conjectures," with papers by Frank, Pomeranz, and Wong, followed by comments from Bruce Cumings and James M. Blaut. These two sessions and the views expressed by the authors and panelists have informed my own analysis of these three books.

had known" (p. 45). Still, "the hinge of this metamorphosis was the Industrial Revolution begun in Britain in the 18th century and emulated around the world" (p. 168). All this rephrases and pares down, with increased emphasis on sociological aspects, the arguments Landes advanced in *The Unbound Prometheus*. Landes reasserts in his new book the dominant Eurocentric interpretations of modern history that have prevailed among European and North American historians for at least two centuries.

In chapter 13, "The Nature of the Industrial Revolution," Landes emphasizes three factors as bringing about what is for his position the most momentous change in modern times: (1) the substitution of machinery for human labor; (2) the substitution of inanimate for animate sources of power; and (3) the availability of abundant and diverse raw materials for production (p. 186). He presents a ringing defense based on the logic of a revolutionary transformation against the evolutionary interpretations of European changes advanced by younger economic historians who emphasize more formal economic analysis. It needs to be noted that Landes does not try to challenge calculations and models used by these cliometricians. Instead he follows Harvard Nobel laureate Simon Kuznets's paradigm based on "the logistic (lazy-S) curve of possibilities implicit in a given technological sequence—slow gains during the experimental preparatory stage, followed by rapid advance that eventually slows down as possibilities are exhausted" (p. 189).

The economic historian R. M. Hartwell criticized *The Unbound Prometheus* in a 1971 review article, calling Landes "an old economic historian strong on empirical research and narrative skill, but unfamiliar with economic theory about the causes and process of growth and even often display[ing] an ignorance of basic economics."<sup>4</sup> In his new book Landes continues to emphasize sociological over economic analysis. For Landes Europe's success is measured in terms of economic advancement, but based on the superiority of its culture. "If we learn anything from the history of economic development, it is that culture makes all the difference" (p. 516).

Landes believes that European culture can best be understood

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<sup>4</sup> R. M. Hartwell and Robert Higgs, "Good Old Economic History," *American Historical Review* 76 (1971): 474. Other reviewers also have criticized Landes's control of economic theory. See Nathan Rosenberg's review in *Journal of Economic History* 31 (1971): 497, where he points out Landes's "lack of interest in economic explanations." Asa Briggs felt that *Prometheus Unbound* was a book "strong as an essay of interpretation" but that it showed weakness in economic history: *Encounter* 33 (1969): 850.

through the insights of Max Weber, who held that Protestant societies in Western Europe internally generated “a new kind of man—rational, ordered, diligent and productive” (p. 177). These people, as a group, “created a new economy (a new mode of production) that we know as (industrial) capitalism” (p. 178, parenthetical remarks in the original). He admits that Weber is out of fashion and that “most historians today would look upon the Weber thesis as implausible and unacceptable” and then declares, “I do not agree” (p. 177). This attention to sociological argumentation means that Landes’s characterization of European exceptionalism emphasizes how European culture, including its religion and politics, but especially its openness to technological innovation, has led to its superior pattern of economic growth and material well-being.

Landes’s devotion to arguments based on the distinctive nature of Western European culture is a hallmark of this book and shows that his approach has remained constant over the past three decades. Landes writes disparagingly of cliometricians who spin elegant economic theorems carefully gathered from statistics of the early modern era, but he has little to say about theoretical developments in the field of political economy. Indeed, in this new book Landes continues largely to ignore the two positions that have emerged in post-Marxist and post-Weberian theories of political economy. One of these, called “old institutional economics,” emphasizes the contingency of any historical development and argues that different societies—variously defined as civilizations, nations, or other political units—follow different trajectories.<sup>5</sup> The second is “positive political economy” or “new institutional economics,” defined as “the study of rational decisions in a context of political and economic institutions.”<sup>6</sup> The second position, associated with Douglass North and Mancur Olson, has so far had limited impact on the study of world economic history because of its rational choice paradigm, together with its formalistic, rigorous character. These ideas, however, have had a considerable impact on the study of economic growth in contemporary societies.<sup>7</sup>

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<sup>5</sup> Old institutional economic views are represented in the *Journal of Economic Issues*, published by the Association for Evolutionary Economics. I wish to thank Neil Buchanan for pointing me toward this school of political economy.

<sup>6</sup> My own understanding of this field derives in large measure from James E. Alt and Kenneth A. Shepsle, eds., *Perspectives on Positive Political Economy* (New York: Cambridge University Press, 1990) and Peter A. Hall and Rosemary C. Taylor, “Political Science and the Three New Institutionalisms,” Max-Planck-Institute für Gesellschaftsforschung Paper 96/6 (June 1996).

<sup>7</sup> See Robert Bates, “Macropolitical Economy in the Field of Development,” in *Perspectives on Positive Political Economy*, ed. Alt and Shepsle, pp. 31–54. Bates’s account is

It was not Landes's shortcomings in theory that made me critical of his book. Rather, it was his dismissiveness of the non-European world as existing in a slough of despotism, poverty, and darkness. For Landes the past is a complex anagram from which the one correct answer has appeared in Western Europe, derived from the Enlightenment, industrial capitalism, and the nation-state. The rest of human experience—intriguing as it may be to those within the dominant European tradition or important to those outside it for purposes of maintaining their own identity—is essentially a record of despotism, exploitation, and failure to replicate the benchmarks of Western Europe's accomplishments. "To begin with, the Chinese lacked range, focus and above all, curiosity" (p. 96). The Aztecs "conquered one people after another, using a combination of art, power, and above all a terror" that "took the form of the industrialization of blood sacrifice" (p. 103). In Russia, "unfree labor would not work well or honestly" (p. 241). "The new 'states' of Latin America were little different, then, from Asia's autocratic despotisms, though sometimes decked with republican trappings" (p. 313). "The Ottoman empire was a typical despotism, only more warlike" (p. 398). These quotations leave little question about Landes's views on those societies that did not join the rush to industrialization. Landes labels those who would question the interpretations of Eurocentric history as "Europhobes" who value feeling over knowing and would replace the truth that European civilization has been the key to world progress with "a multiculturalist, globalist, egalitarian history that tells something (preferably something good) about everybody" (p. 513, parenthetical remark in original).

I share several of Landes's opinions against the concept that knowledge can only come through shared identity, as well as his dislike for history that is designed to make everyone feel good about some element of their heritage, and I am strongly opposed to blanket condemnations of Western expansion as genocidal rapacity. Yet I would stop far short of Landes's Eurocentrism. How will Landes respond to Wong's careful attempt to argue that China, like Europe, experienced a period of premodern economic and social growth characterized by increasing productivity and demographic expansion? What about growth fostered by Chinese states based on a highly paternalistic but remarkably effective system of bureaucratic rule in which the economic and social well-

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notable for its clarity and the author's concern with how positive institutional economics has difficulty taking into account the differences that underlie the situations in non-Western settings. His account is therefore particularly recommended to those concerned with the world beyond the United States and Western Europe.

being of the inhabitants was the primary concern of the empire? My reading of Landes is that in his devotion to Eurocentric interpretations he remains opposed to serious comparative history such as Wong's.

#### ANDRE GUNDER FRANK'S CHAMPIONING OF A WORLD ECONOMY BEFORE 1800

Frank accepts the primacy of economic measures in evaluating political economy, but flatly rejects Landes's emphasis on culture as "bad Europocentric historiography" (p. 339) and argues that Europe belatedly joined a preexisting world economic system by means of wealth it extracted from the Americas. For Frank culture does not count for much; the real force in human history is the shape and dynamism of the world economy. Frank rejects the notion that the world economy is a recent creation associated with the spread of European capitalism and the expansive nature of the modern nation-state. For him, there was "a single global world economy with a worldwide division of labor and multilateral trade from 1500 onward" (p. 52). This world economy rested on a system and dynamic "whose roots in Afro-Asia extended back for millennia" (p. 52), while the economy of Western Europe remained backward and isolated. He rejects the notions of Landes and others about a long and distinct pattern of European culture that prepared the West for wealth and power after 1800. For Frank the rise of the West "came late and was brief," implying, too, that the West's dominance is already over (pp. xxiii–xxiv). He believes that "the industrial revolution was an unforeseen event, which took place in a part of Europe as a result of the continuing unequal structure and uneven process in and of the world economy as a whole" (p. 343). To him the West's success is not the result of pluck; rather, the disadvantaged West became the lucky beneficiary of a sharp and short discontinuity in the world economy. So, mistaking Europe's recent and short-term advantage for a universal truth, historians and social scientists have constructed a wrongheaded, racist, Eurocentric perspective. Frank goes on to suggest that the Asian economic miracle of the 1980s and 1990s marks a return to Asia's previous central place in the world economy. The edge of Frank's argument is blunted somewhat by the Asian economic crisis that began in July 1997, some months after Frank completed his manuscript. Such a setback, however, cannot dull Frank's ardor for his cause.

Frank is at some pains to distinguish his present views about world history from his earlier position as a leading proponent of dependency

theory best represented by *Capitalism and Underdevelopment in Latin America* (New York: Monthly Review Press, 1967). Yet both his present position and his earlier advocacy of dependency notions of how European and North American involvement in Latin America only promoted the underdevelopment of those parts of the world, characterize Europe not as a center of progress but as a center of exploitation and rapacious engrossment.<sup>8</sup> Landes delivers a blistering condemnation of dependency arguments (p. 327–28) and dismisses Frank's current arguments about Europe as a late comer and free rider on the prosperity of Asia as evidence of Frank's incurable Europhobia. It would be hard not to agree with Landes here, for Frank in both his old and new interpretations relentlessly attacks Europe.

It would be a mistake, however, to dismiss Frank simply as a Europhobe, for he presents in his conception of an early modern world economy (1400–1800) a dramatic challenge to prevailing conceptions. Frank argues for the existence of an elaborate network of trade linking together the Orient—meaning what we today would call the Middle East, South Asia, Southeast Asia, and East Asia—into a global economy trading by sea and overland routes in a complex and vast network of commerce. The Portuguese and successive Western European seagoing nations inserted themselves into this system by means of military might, but would have remained bit players without their willingness to use the gold and silver from the Americas as means to buy themselves roles as significant commercial players in this Asian economy. This condition did not pass quickly by the boards in Frank's eyes, for "Europe was certainly not central to the world economy before 1800" (p. 5).

In the early part of his book, Frank refers again and again to the formulation "the whole is more than the sum of its parts" (pp. 28, 29, 33, 37) and declares that he is trying to describe the whole of a world economy centered in Asia, not to analyze the parts. The primary question about Frank's book then is, how well does he manage to convince us that such a world economy existed? He fully recognizes the challenge and enthusiastically addresses the task. Indeed, Frank's most

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<sup>8</sup> Bruce Cumings pointed out this common anti-European character of Frank's interpretations to me in conversation following the 18 November 1998 panel at the Social Science History Association meetings in Chicago. Although in *ReORIENT* Frank rejects the label "Marxist" and specifically criticizes the manifold weaknesses of Marxism because of its European blinkers, both in his former advocacy of underdevelopment and his present advocacy of a single world economy, he sees the Europeans as managing a system in which they have a special ability to acquire and control capital. In this he echoes one of Marx's principal insights about the importance of capital and its control in economic history.

impressive quality as a historian is his clear formulation of his own and others' positions and his ability to carefully argue on point against his opponents. In contrast to Landes's elegant tableaux covering his argument, Frank gives us the clear thrust and parry of clashing arguments.

Frank makes a strong case for the integrated response of economies around Asia to the increased presence of Western money and the new productive forces unleashed by New World crops. These created what he calls "horizontally integrative macrohistory" (pp. 226–57), meaning a common response across wide regions to the same forces. To test this question, Frank asks if Asia experienced a major crisis similar to that in Europe during the seventeenth century (p. 231). He concludes that there was no general social crisis in Asia during that time, so that Asia was able to continue its long-term expansion, but that there was a short-term global monetary crisis culminating in the 1640s, based on a shortage of American silver. As a consequence of that shortage, the Tokugawa rulers of Japan clamped down on foreign trade in an effort to save Japan's monetized silver from flowing out to China, thereby assuring the fiscal and monetary stability of their regime (pp. 246–47). Frank then argues against the generally accepted conclusion that the Tokugawa developed their closed-country policies primarily as a means of avoiding unwanted foreign influence.<sup>9</sup>

Another key argument of Frank's is his belief that economic forces induce technological change. In his own words, "institutions are not so much determinant of, as they are derivative from the economic process and its exigencies, which are only institutionally instrumentalized rather than determined" (p. 206). Consequently, during the early stages of the industrial revolution, Western Europeans could contemplate substituting capital for labor because of the relative cheapness of capital in Europe—made possible by an abundance of monetary wealth derived from the Americas—and the high cost of skilled labor and raw materials. Thus, it was economic forces, not exceptionalist European cultural values that brought about the industrial revolution.

Frank draws extensively from others' studies to challenge Eurocentric interpretations. His arguments surely will not be acceptable to Eurocentrists, and insofar as he questions the internal dynamic of the industrial revolution by arguing that the rise of the West is really derived from the prior development of Asia, he offers another dynamic

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<sup>9</sup> John Whitney Hall, in the introduction to volume 3 of the *Cambridge History of Japan* (New York: Cambridge University Press, 1989), pp. 4–5; and Ronald Toby, *State and Diplomacy in Early Modern Japan* (Princeton: Princeton University Press, 1984).

that might be used to explain the industrial revolution and the dominance of the West since 1800.

For myself, I find Frank's claims about one integrated global economy based in the Orient difficult to accept fully, but I do agree with his position that the European economy was isolated and backward until at least 1500. Although it is clear that China, Southeast Asia, and South Asia all had strong economies linked by long-distance seaborne and overland trade, I remain unconvinced that a global economy was in operation before the nineteenth century, even in view of the global spread of crops in the sixteenth century and the worldwide circulation of gold and silver in the sixteenth and seventeenth centuries. Still, Frank presents a fresh and intriguing way of understanding the world in the period from 1400 to 1800. His challenge to Eurocentric history is justified and provides a fresh perspective on the past.

#### R. BIN WONG'S COMPARATIVIST APPROACH

Wong, like Frank, challenges Eurocentric approaches to modern history and argues that "Europe's leading role has been exaggerated both spatially and temporally" (p. 281). Wong accepts with Landes the importance of Europe's transformation through capitalism and the nation-state, but sees this situation in terms close to Frank's view that the West's current success is an unusual discontinuity. Like Landes, Wong emphasizes the role of culture, but he argues that history reveals not a single path for humankind, but multiple pathways. He concentrates on comparing China and the West and sees them as "shaped by historical processes both similar and different, both shared and solitary" (p. 293). History suggests to him that responses in China and Europe to similar problems in political economy produced different solutions that are not yet subsumed into a single European pattern.

It is this notion of different solutions to the same set of problems of political economy that marks him as close to "old institutionalist economics" in his interpretations. It also sets him off from Landes and Frank, who both argue that one system is really decisive in global history. Wong begins with the idea that China and Europe operated in essentially the same economic situation in which a fragile population-to-resource ratio existed. He believes that both regions were subject to the same Smithian dynamics, meaning that both experienced economic growth through increasing division of labor made possible by the spread of markets. Both regions experienced modest rates of eco-

conomic and demographic growth in the 1400–1800 period. But in Europe's case the economy moved beyond these Smithian dynamics through the capture of resources from overseas, the exploitation of inanimate sources of energy, the existence of specialized financial institutions, and an intensive burst of technological change.<sup>10</sup>

Wong was led in this direction because he wanted to go beyond asking European-derived questions about why China failed to have an industrial revolution, to determine what was the political economy of China in the period from 1400 to 1800—called “early modern” in European historical parlance and “late traditional” by historians of China. He characterizes China as lacking a “public sphere as an arena within which politically active populations can contest and influence state actions” (p. 116) but as nevertheless far from being a despotic or disconnected polity. Instead, officials and local elites worked cooperatively in accordance with shared Confucian moral principles. They sustained public order based on established property rights and joint responsibilities for key institutions, such as public granaries, schools, and charitable endeavors. Wong uses the mathematical term *fractal* to explain this quality of Chinese society, meaning that irregular patterns repeat themselves in certain structures at all scales from the largest to the smallest (p. 121). As applied to China, Wong invokes this fractal quality to explain how the same agenda for the social order was accepted at all levels within the system by officials and elite members. He contrasts this fractal Chinese order with the European one in which claims were framed in oppositional terms. Wong uses this same concept to explain how the Chinese polity could extend over such a huge empire while the European polity could never sustain a single imperial form and had territorial units that were repeatedly breaking apart or recombining. This fractal character also explains how the Chinese empire could easily reestablish control over territory wrested temporarily from its rule or extend its rule into new areas. The Chinese empire needed merely to find officials and elites and a peasantry willing to shoulder the basic Confucian notions, and a new element could be assimilated. For Wong it is this fractal quality of China that sets it apart from Europe.

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<sup>10</sup> Nathan Rosenberg and L. E. Birdzell, *How the West Grew Rich: The Economic Transformation of the Industrial World* (New York: Basic Books, 1986), advance the arguments of the old institutional economics in their account by separating growth into two categories: accumulation and innovation. In the European case they see innovative growth being fostered by various institutional forms involving the diffusion of authority in territorial and class terms, the ability of small enterprises to undertake experiments, and a spirit of technological innovation.

Wong further develops the difference between the Chinese and European political economies by arguing that European states, locked in a struggle with the elites over revenue extraction, developed new credit institutions because they needed to borrow money from merchants. In China, with a highly stable agrarian economy organized along fractal lines, the state did not need to find new sources of income because Confucianism allowed only a modest level of taxation, and there were no strong patterns of conflict between the ruler and the elites. In Europe, he sees the state's encouragement of more complex financial institutions needed to sustain itself as laying an institutional foundation for capitalism that China lacked.

Among those historians who have seen, as Wong does, that Europe and China were comparable in terms of productive resources and social welfare in the eighteenth century, the nineteenth century marked a parting of the ways. This view is probably best articulated by John King Fairbank, who wrote that "judged superficially the Ch'ing regime by the late eighteenth century was at an unsurpassed height of power. Yet by the mid-nineteenth century, it would prove a hollow colossus."<sup>11</sup> In this widely held view China entered into a steep decline marked by domestic rebellion and foreign pressures, while Europe leaped ahead through the industrial revolution. Wong challenges these conclusions by arguing that "this axis of integration between the center and locale forged during the eighteenth century collapsed in the nineteenth century without affecting the basic social principles composing the agenda for local rule and order" (p. 122). He believes that after 1850 the imperial order showed remarkable strength throughout its fractal structure and only succumbed when foreign imperialism presented a broad range of new challenges that the Manchu dynasty met by adopting foreign-derived institutions—specifically foreign-style schools, police forces, and military units. These post-1900 reforms released forces that quickly overturned the imperial order and proved unable to create a stable replacement.

Wong's stress on the strength and resilience of the Chinese social order leads him to a series of arguments about how the underlying qualities of the Chinese fractal agrarian political economy shaped twentieth-century China. Wong traces how the agrarian and subsistence focus of state policies in the Maoist era (1949–78) and the community-based nature of post-1978 economic reform reflect the heritage

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<sup>11</sup> In his introduction, "The Old Order," to volume 10 of the *Cambridge History of China* (New York: Cambridge University Press, 1989), p. 34.

of China's political economy. He sees the concerns of the present central government in China as mirroring the concerns of the imperial era in that both employed "the logic of creating comparable economic activities across the entire country" (p. 182). He denies, however, that the Communists consciously imitated their eighteenth-century imperial predecessors.

This is an argument against convergence, even in a world marked by obvious globalization. Wong does not mention Samuel Huntington's dark view of the world, in which the reach of the Western order is seen as collapsing into a clash of civilizations. Instead, he argues that in the case of China, and by implication elsewhere, strong, self-sustaining political economies will continue to affect the future. These will produce what he calls "hybrid evolution" (p. 204). He concludes that "the historical trajectories carrying different societies into the present and future will differ" (p. 294). Landes, in contrast, is arguing that convergence or assimilation of the European pattern of industrialization is the only way. The Japanese assimilate and succeed; the states of East Africa do not and fail. For Frank there was already one world economy before the industrial revolution. True to his Europhobia, Frank sees the balance of economic power shifting back to Asia, where it had been before 1800.

#### HOW DID THE INDUSTRIAL REVOLUTION OCCUR?

To return to the question whether it was pluck or luck that made the West grow rich, we see that each of these authors reaches different conclusions about the source of the industrial revolution. When Landes and Frank debated their views on world history on 2 December 1998, Landes asked Frank how he would account for the industrial revolution and its impact. Landes was posing a question that emphasizes the chief weakness of Frank's account.<sup>12</sup> For Landes, and indeed for most historians, there is no escaping that the industrial revolution represents the great change in modern world history.

Landes's discussion of the industrial revolution in *The Wealth and*

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<sup>12</sup> I did not attend this debate on 2 December 1998, organized by the World History Center at Northeastern University in Boston under the title "ReORIENT vs. *The Wealth and Poverty of Nations*: Two Views of the World Economy in History." Jeffrey Sommers, my former student, organized the afternoon and discussed some of its main conclusions with me afterward.

*Poverty of Nations* represents it as the coming together of different streams from within the European tradition to create a great river of change that sweeps across Europe itself and beyond (pp. 186–195). He establishes a clear time period for it, from 1770 to 1780, and stresses the depth and thoroughness of the industrial revolution rather than its speed. What matters most to him are its long and complex roots in European history and the question of how the rest of the world must assimilate to the changes that industrialization brings. While admitting that the industrial revolution occurred repeatedly, Frank marginalizes it in his account. Frank sees the industrial revolution as a distracting discontinuity in a more important history of continuities in world history. He argues that historians caught up in the search for “agency” in human history miss the more important questions of the “structure” of human history, which he identifies as the world economy. So Frank believes attention to the industrial revolution to be misplaced, for it leads the historian away from the larger, long-term continuities in world history.

Both Landes’s Eurocentrism, with his dismissiveness of non-Western civilization, and Frank’s globalist views wash out the distinctiveness of different streams in world history. What Wong accomplishes in his use of “old institutional economics” is both to establish that China was on a different but comparable track to Europe and to develop an argument about why this difference matters today. Wong draws on the work of Joel Mokyr, *The Lever of Riches: Technology, Creativity and Economic Progress* (New York: Oxford University Press, 1990), in which Mokyr characterizes the industrial revolution as “the rare occurrence of intensive bursts of technological change” (p. 53). Mokyr and Wong differ over exactly how these bursts of innovation occur, and Wong in particular stresses how similar situations may yield radically different outcomes. Thus, he writes, “This argument . . . suggests that the presence in China of some dynamics of expansion similar to those in Europe makes likely a set of contingent rather than causal connections between commercial development and industrial breakthrough” (p. 279). Mokyr himself has pointed out that those historians arguing for long-separated and highly contingent, rapid bursts of change in human history are borrowing from current thinking about evolutionary biology, in which long periods of stable existence are altered by rapid shifts to new vectors of evolution.<sup>13</sup> These ideas have been widely popular-

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<sup>13</sup> Mokyr expressed this idea at the 1998 Social Science History Association meetings mentioned above (note 3).

ized by Stephen Jay Gould in *Wonderful Life* (New York: Norton, 1989), where he argues that natural selection produces accidents that would never turn out the same way again in the evolutionary process.<sup>14</sup>

### A REVIVAL OF POLITICAL ECONOMY

In focusing on the strong differences in concerns, arguments, and conclusions reached by three authors, I have ignored a great many other scholars who are asking similar questions. I hope the result will be a more insightful look at three radically different approaches to political economy. David Landes is a highly erudite and effective champion of the widely held notion of European exceptionalism, and he ably defends the notion that modernization is an assimilative process leading to convergence. In contrast, Andre Gunder Frank is relentlessly iconoclastic in his views, but offers a clear new paradigm for understanding the world since 1500. In my view, R. Bin Wong best reflects a serious effort to include economic reasoning in world history. His approach seems close to that of the "old institutionalist economics" that includes among its tenets the belief that "all evolving political economies are embedded in social and cultural processes; individuals are both products and producers of these processes."<sup>15</sup> Such an approach permits a shift away from concern with Europe to encompass the existence of strong and different evolutionary paths in humankind. The historian's task is seen as identifying these different pathways, characterizing the political economy of each, and then projecting how these have reacted, and will continue to react, differently to the modern world.<sup>16</sup>

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<sup>14</sup> In the field of biology, Simon Conway Morris, *The Crucible of Creation* (New York: Oxford University Press, 1998), has challenged Gould's conclusions. He has argued for parallel convergence by demonstrating that several unrelated species show similar anatomical adaptations to the same ecological niche. See *New York Times*, 15 December 1998, pp. D1, D6. Among historians it would seem possible to support ideas of contingency and convergence at the same time, to judge by the logic of the positions taken by Landes and Wong.

<sup>15</sup> This is one of eight "Tenets of Institutional Economics" advocated by the Association for Evolutionary Economics, the group identified with the old institutional economics position. Another is "Social value judgments are a part of inquiry and must themselves be objects of inquiry; the normative-positive dichotomy is rejected." The positive political economy school, in contrast, emphasizes the importance of positive analysis meant to accomplish specific social values and downplays the importance of normative analysis. Neil Buchanan, personal communication, 12 February 1999. See also Anne Mayhew, "Foreign Investment, Economic Growth and Theories of Value," in John Adams and Anthony Scapenlanda, *The Institutional Economics of the International Economy* (Boston: Kluwer, 1996), pp. 36-45.

<sup>16</sup> *Daedalus* 127, no. 3 (summer 1998) is devoted to questions of "Early Modernities" based on the premise of "how narrow many of our perspectives on the past have been"

As yet the school of “positive institutional economics” or “new institutional economics” has not had a great impact on the study of world history. As Robert Bates sees it, efforts to introduce rational choice into the study of economic history of the world require accepting “four key postulates: (1) The individual actor is the basic unit of analysis. (2) Individuals, including politicians, are rational actors. (3) Politics is relatively autonomous; institutions create incentives for politicians. (4) Individual rationality implies social rationality.”<sup>17</sup> Already, Bates’s framework will probably seem much too formalistic and limiting to most historians. Nevertheless, it seems to me that the kind and quality of information developed by Wong in his discussion of tax resistance in Europe and China (pp. 231–51) invites attempts by students of positive political economy to try out their analytical approaches in the field of world history. How soon that may come and how ready the readers of this and other historical journals may be to consider this new approach remain to be seen.

Taken together, these three books indicate a renewed interest in questions of political economy that represents a revitalization of concerns that have long fascinated historians, economists, and political scientists. These concerns, and indeed the question of the “rise of the West,” have enjoyed a prominent place in the *Journal of World History* since its inception.<sup>18</sup> These concerns will not replace cross-cultural considerations of gender, identity, and nationality, but I would suggest that while both Landes’s and Frank’s approaches will continue to be used by various scholars in their work, it is Wong’s comparativist approach—based either on the “old institutionalist economics” or the new “positive political economy”—that will probably be most copied in the next few years.<sup>19</sup> Indeed, Wong already incorporates some aspects of rational choice interpretations into his account by stressing

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(p. vi) and therefore covers a variety of early modernities around the world. A second collection on the theme “Multiple Modernities” is promised in the future. None of the contributors to this collection lays the same emphasis on political economy as do Landes, Frank, and Wong. Still, the logic of their joint project is that various parts of the world developed different political economies in the past and will do so in the future.

<sup>17</sup> Bates, “Macropolitical Economy,” p. 51.

<sup>18</sup> The lead article in the first issue of the journal was William H. McNeill, “*The Rise of the West after Twenty-Five Years*,” *Journal of World History* 1 (1990): 1–22.

<sup>19</sup> I have avoided a discussion of the differences among these authors about multiculturalism. Landes attacks multiculturalism as wrong and anti-intellectual, but is less dismissive of that approach than Samuel Huntington. Frank embraces multiculturalism fervently, while Wong gives a much more muted but still strong defense. The world history textbook of which Wong is a coauthor, *Societies and Cultures in World History* (New York: Harper Collins, 1995), contains as mild an endorsement of multiculturalism as one can imagine, where the authors express “intellectual respect for the integrity of all civilizations” (p. xxv). In practice, some degree of multiculturalism is a common coin among most world histori-

how popular seizures of grain in Europe and China developed out of a similar set of choices by rational actors. For example, he certainly could endorse Douglass North's assertion that "institutional change shapes the way societies evolve through time and hence is the key to understanding historical change ignored by economic theory and cliometric history."<sup>20</sup> Still, Wong stops short of embracing the formalism of the new rational choice school of political economy, as well as the difficulties that rational choice approaches have in explaining how, through politics, rational individuals from other cultures have reached collective outcomes. It seems possible, however, that the work of political scientists on development economics using this new paradigm may come to affect the interpretation of world history, especially in the early modern and modern eras.

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ans. The more serious issue is how historians understand different patterns that have emerged around the world in the past and the impacts of their differences on human history. Those are the questions that I have tried to address in this review article.

<sup>20</sup> *Institutions, Institutional Change and Economic Performance* (New York: Cambridge University Press, 1990), p. 3.