

still the British favorite, British duties on coffee and tea were comparable, and, consequently, so were retail prices, Smith explains. But as the century progressed, the powerful British East India Company, which supplied tea from the Orient, pressured London to cut import duties on its product, tea. The private traders who brought coffee from Britain's West Indian colonies did not wield as much political clout. So tea prices dropped, and consumption increased.

Coffee held its own until the War of Jenkins's Ear (1739–45) with Spain disrupted supplies. After the war, another cut in the duty on tea trimmed the ranks of coffee drinkers again. With tariff reform in the early



*In London's coffeehouses, the java was sometimes spiked with something stronger.*

19th century, coffee briefly regained some customers. But coffee prices in England shot up after 1834, as slaves on coffee plantations in the British West Indies won their freedom. The price of Jamaican coffee, for example, rose by almost 40 percent during the 1830s. Tea's triumph was complete.

## *Russia on the Couch*

"Geotherapy: Russia's Neuroses, and Ours" by Stephen Sestanovich, in *The National Interest* (Fall 1996), 1112 16th St. N.W., Ste. 540, Washington, D.C. 20036.

Pundits such as former secretary of state Henry Kissinger have been sounding the alarm about the dangers of a Russia tormented by its loss of superpower status. Seeking relief from its national pain, these observers fear, Russia will be drawn to an expansionist foreign policy, and they warn against "coddling" the Russian bear. But these "geotherapists" are speaking nonsense, contends Sestanovich, vice president for Russian and Eurasian affairs at the Carnegie Endowment for International Peace.

In last year's election, President Boris Yeltsin used foreign policy "as a tool to demonstrate the differences between himself and the Communists, and to remind voters of what they *don't* want to retrieve from their 'glorious' past," Sestanovich writes. When the Russian parliament in March passed two communist-sponsored resolutions annulling the acts under which the Soviet Union was dissolved in 1991, Yeltsin, denouncing the action as "scandalous," instructed Russian diplomats to tell foreign governments that it would have no effect. Russian public opinion sided with Yeltsin.

A 1996 report by the Council on Foreign and Defense Policy, an "establishment" organization in Russia, asked: *Will a Union Be Reborn?* The conclusion: "However humiliated the national consciousness of the Russians may be, today Russian society is absolutely unprepared to pay the price of a lot of blood to make up for geopolitical losses." The council proposed to boost Russia's international standing and influence by increasing its economic strength. Russia should aim to achieve "economic domination" in the other former Soviet republics, the council said, through "the successful development of Russia itself, the continuation of democratic and market reforms, and the beginning of an active policy of economic growth."

Another Western "geotherapist," Zbigniew Brzezinski, who served as U.S. national security adviser under President Carter, frets that today's Russian leaders have "a self-deluding obsession" with their country's international status. Plenty of Russian rhetoric seems to support this view. But Sestanovich says the leadership's loud talk is no more than a "pol-

icy of bluff" to discourage other nations from taking advantage of Russia's weakness while the country proceeds with democratization. In the war in Chechnya, Sestanovich says, the Russians "called their own bluff."

After the Soviet Union collapsed five years ago, he points out, many analysts said that Russia might well seek to recover Crimea from Ukraine, to detach and absorb Russian territories from northern Kazakhstan or eastern Ukraine, or to acquire "some sort of protectorate over Russian communities in Estonia."

None of these things have happened, however, and they are not likely to. Russian passions on these matters have cooled.

"Nations do have neuroses," Sestanovich admits, and Russia no doubt has its share. "But for all its pseudo-historical depth, the current psychiatric school of analyzing Russia's politics and policies tells us very little about what is going on there." In the end, Sestanovich suggests, wise policy makers need to recognize that national interests are more important than national neuroses.

## *The Triumphant Chinese Family*

"The Chinese Family and Economic Development: Obstacle or Engine?" by Martin King Whyte, in *Economic Development and Cultural Change* (Oct. 1996), 1130 E. 59th St., Chicago, Ill. 60637.

Only a few decades ago, Western and Chinese scholars saw the close-knit extended family as a serious obstacle to China's economic development. But in recent decades, notes Whyte, a sociologist at George Washington University, the experts have made an extraordinary, 180-degree shift: they now portray the family as the engine of economic growth.

During the 1950s and '60s, "modernization" theorists such as sociologists Talcott Parsons and Marion Levy, Jr., and historian Albert Feuerwerker argued that family obligations interfered with efficient economic operations. Nepotism prevented family-run enterprises from hiring and rewarding the best employees. Distrust of impersonal business relationships led them to cultivate *guanxi*—extensive networks of personal connections with nonrelatives. In the scholars' view, this wasted time and energy while generating graft and corruption. Moreover, Chinese "family loyalty, filial piety, and reverence for ancestors," Whyte says, seemed to inhibit entrepreneurship. And family-based organizations tended "to remain small and undercapitalized."

When the Chinese Communists, who were ideologically hostile to the family, sought to eliminate it as a production unit in the mid-1950s, many modernization theorists saw this in at least a somewhat positive light.

Since then, however, the economic success stories written by the Chinese populations in Taiwan, Singapore, and Hong Kong—and since 1978, in China itself—have turned the scholarly consensus around.

Loyalty to family is seen today as "a very

strong source of motivation and performance," Whyte reports. For the sake of family, young Chinese study diligently and, once on the job, work hard, put in long hours, accept lower pay, and stay with the firm, analysts now point out. Scholars such as Susan Greenhalgh, an anthropologist at the University of California at Irvine, argue that the Chinese family can provide unusually large material incentives to the adult sons who manage its enterprises. Diversified family firms can easily shift funds from one subsidiary to another if one runs into trouble.

These strengths, Greenhalgh says, encourage "the emergence of highly motivated, risk-taking entrepreneurs." The small size of family firms now seems an advantage to many observers, keeping start-up costs low and allowing "rapid and flexible responses to changing market conditions," Whyte notes. Even the *guanxi* networks now look like a net plus, permitting family firms to overcome the disadvantage of their limited size.

These new perspectives are not merely the product of experts' fickleness. In certain respects, Whyte points out, the Chinese family itself has changed. "Traits such as high fertility, extreme subjugation of women, and the autocratic power of the senior generation" are things of the past. The weakening of the elders' power, in particular, "means that founders of family-run firms need to provide more incentives and autonomy" for their grown sons. The "anachronistic" Chinese family firm, he concludes, may well continue "to pose a major competitive challenge to modern corporations in the West."