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## Turtle watch

Review by Pietra Rivoli

Robert Guest's 'Borderless Economics' reveals that kinship networks are making us richer and more tolerant

**Borderless Economics: Chinese Sea Turtles, Indian Fridges and the New Fruits of Global Capitalism**, by Robert Guest, Palgrave Macmillan, RRP£18.99, 256 pages

Optimism is out of fashion at the moment, what with financial crises and joblessness in the headlines, and optimism about (or in) the US is less fashionable still. Into this dour setting, Robert Guest, business editor of The Economist, has arrived in his party clothes. Guest's new book, *Borderless Economics*, is a celebration of the modern upsides of globalisation, immigration and kinship ties. As such, it might be the least fashionable important book to appear in some time.

A few pages in, I thought of Lan, a young woman who came to my office in 1998. She had just arrived from China to begin Georgetown's MBA programme. Though she spoke English perfectly, Lan was a stranger in a strange land. She was nervous, quiet and lost, particularly in the rather macho environment of the typical MBA classroom.

A week later Lan was back in my office. She'd written her first case, attended her first beer keg party and challenged someone in class. I asked how things were going and she confidently replied: "I think I've got it."

"It", of course, was a mostly American way of being that allowed one into global business networks. Lan got more of "it" in her next two years at Georgetown, then moved to New York, where she climbed the ranks of a US bank. In the process, she got the "it" of the global financial services industry, Wall Street and American culture.

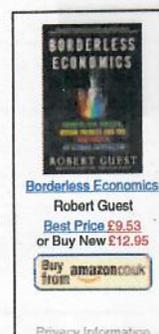
After a few years Lan returned to China and became a "sea turtle", the nickname for Chinese who return to China after working or studying abroad (and who often spend their careers going back and forth). Lan brought America with her, of course, as she climbed in the finance industry in Shanghai yet stayed connected to Washington and New York.

Much of *Borderless Economics* is a study of Chinese sea turtles and international equivalents. Such global citizens are networked into both (or many) countries, and falling airfares and instant communication mean that such networks are sizzling with money, trade and, most of all, ideas. Guest reports on these networks from ground level, making a convincing case that, like birds of flight, humans consume and fertilise wherever they land, taking some ideas with them and leaving others behind. The more individuals "to and fro", the richer, smarter and more tolerant societies become.

*Borderless Economics* is important because it illuminates so well a critical attribute of our global economy that cannot be easily measured. While economists have long studied and counted the goods and dollars that cross borders, Guest gets underneath these conventional measures of globalisation to show how the near costless connections among human beings – often those in the same "tribe" – are powering global flows of goods and money.

Though Guest is far too colourful a storyteller to be weighed down by the language of economists, *Borderless Economics* is in part a story of transaction costs. Networks of countrymen can dispense with translation and all manner of explaining and introducing, getting right down to business with a (nearly free) text or phone call. What's more, such networks are built on trust, which reduces the need for fair courts and functioning contract law. The networks therefore allow poor countries into the rich man's club, serving as substitutes for a whole class of business-enabling "institutions".

Guest's charming bright-sidedness extends even to economic calamities. He barely mentions the recent crises but points out that cross-border kinship networks can be part of the solution. Flows of funds through kinship networks are more dependable and stable than the volatile hot money that fuels some financial crises, he points out, and therefore exert a calming influence on the system.



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He dutifully reports the dark side of global kinship networks, from al-Qaeda to drug smuggling rings, but his heart isn't in it. While it seems churlish to temper Guest's optimism about the value of human ties, one might wish that he had spent a bit more time in the grey areas. We can all agree that global terrorist networks are bad and global scientist networks are good but the space between these is ripe for exploration. Guest is hopeful, for example, that the Chinese diaspora will speed the melt of Communist party rule in China.

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But the Communist party is part of the diaspora and is as plugged into the networks as anyone else. More broadly, the slope is slippery indeed from networks to connections to *guanxi* to corruption, as any study of the great family firms in Asia makes clear. Counter-examples and more tempered enthusiasm, however, do not diminish the power or truth of Guest's message.

At the end of the book, Guest shows his truest colours. He is a British sea turtle, it turns out, back home after several years in the US. The reserved Brit has a tear in his eye, justified with a book's worth of stories, analyses and research. Guest loves the idea of America, the land of immigrants, entrepreneurs and opportunity. More people should visit, he believes, and then go home.

*Pietra Rivoli is professor and deputy dean at the McDonough School of Business at Georgetown University and author of 'The Travels of a T-Shirt in the Global Economy' (Wiley)*

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