Lecture 19. The Great Divergence Debate

The “Prosperous Age” of 18th Century
--Contemporary observers & modern historians share view of 18th-century as “prosperous age” (shengshi 盛世)
--Domestic peace; population growth (but also rising environmental costs)
--No breakthrough to modern economic growth such as Industrial Revolution in Britain
--Scholarship has focused on why, despite earlier precocious economic development, no such breakthrough occurred in China

Pomeranz & “Great Divergence”
--Kenneth Pomeranz’s 2000 book as watershed in global/comparative economic history
--Identified importance of scale of units of analysis; challenged assumptions about inherent superiority of Western institutions, culture, government
--All advanced economic regions across globe in 18th century facing similar problems of exhaustion of resources (land, fuel)
--Limitations of “Smithian” growth (increased economic efficiency through specialization of labor and expansion of market
--Key breakthrough to modern econ growth: development of coal-fired steam power (“Great Divergence” occurred after 1800)

Responses to Pomeranz’s Great Divergence Hypothesis
--Institutional approaches: how do institutions (property rights, contracts, partnerships, dispute resolution mechanisms, etc.) affect economic development
--Unique Chinese institutions included multi-tiered property rights; lineage trusts; native-place associations
--Quantitative comparisons (1) GDP estimation; (2) Real-wage/welfare ratios
--Quantitative analyses (handicapped by theoretical and empirical problems) conclude that “Great Divergence” had already occurred by 1700
--18th century population growth: Malthusian crisis, or sign of prosperity?
--Positive signs: market integration; mortality; living standards (inconsistent with Malthusian crisis scenario)