

## **The Great Divergence: China, Europe, and the Making of the Modern World Economy by Kenneth Pomeranz**

Review by Pete Sweeney for SIS500 Professor Guy

Kenneth Pomeranz's work appears, at first glance, to be slightly out of phase with current (if rapidly fading) philosophical fads in international development theory. Where once the approach to elevating emerging economies was to simply apply technology to them (which appears to be the prescription one could extract—with some qualifications—from *The Great Divergence*), the pendulum appears to have swung solidly back towards a focus on "culture", be it judicial, political, familial or whatever. If one is to take the argument's of structuralists (and accused Euro-centrists) like Wallerstein, or the modern neo-conservatives and their fellow travelers like Francis Fukuyama, then Western superiority in technology and thus living standards is a *product* of some socio-political advantage, not its cause. Where Diamond ascribes this advantage to geography alone—as far as I can tell, most modern arguments do take geography into account when discussing differing rates of advance—there is a wide range of other alternatives variously seized upon. Pomeranz sums up the situation nicely in a barbed paragraph in his conclusion to *The Great Divergence*: "Accepting the importance of small factors can also lead to intellectual anarchy. Explanations can become so cluttered that we cannot grasp them; or they can become a grab bag, with everybody championing as "crucial" the factor that suits their personal agenda." Without indulging in punditry, we need look no further than the various rallying issues assigned to the "War on Terror" for an example of this. Is terrorism caused by male chauvinism? Global poverty? Smoking marijuana? Driving gas guzzlers? Do elections encourage it or discourage it, or do they matter?

That said, I wish I more clearly understood the conclusion we could take from Pomeranz's work, above and beyond the rejection of a certain "grab bag" of other conclusions. Pomeranz mounts a head-on assault on theories that ascribe European success to political or economic institutions. He pooh poohs the suggestion that Europe had occupied "commanding heights" prior to its industrialization. In fact, he denies that the changes in agriculture and labor structures that Immanuel Wallerstein bases his world systems argument on were in fact indicative of any positive direction at all. Nor does he admit to the utility of a world system metaphor: "Our perception of an interactive system from which one part benefited more than others does not in itself justify calling that part the "center" and assuming that it is the unshaped shaper of everything else."

Continuing his opposition to the hypothesis, Pomeranz suggests that not only was "proto-industrialization" in Europe paralleled in China, but that it was as likely to lead to the same "cul-de-sac" that he claims China drove into. Nor does he admit to the development of a superior European capitalist market structure, or even that such a structure would have necessarily produced an industrial revolution. "Perfect markets," he says "have not been the historic precondition for transformative growth anywhere."

Like Diamond, Pomeranz' argument appears to be prompted by a moral drive to counter essentialist arguments—otherwise why take so much time to apologize neglecting to systematically survey the market structures and potentialities of states in Africa and elsewhere? Clearly Pomeranz is wary of being accused of some variety of centrism himself, as his argument deals almost entirely with China and Europe— and largely Britain at that. I suspect some tacit social pressure from the company he keeps, as there is precious little fodder for the Euro-centrist in his work. In fact, Pomeranz generally presents a picture of China as possessing more structural, institutional, geographic etc. advantages than Europe prior to the 1800s. One is left wondering why China did not, in fact, industrialize instead of Europe. Pomeranz presents an argument as to why it did not: “Clearly, then, a big part of the European achievement in the industrial revolution was to escape a long-standing pattern in which all growth placed significant incremental demands on the land.” His argument is interesting and stimulating. It is not, to my view, compelling.

Nevertheless, Pomeranz draws a fascinating picture of a China that was anything but backwards or politically constrained from developing a neo-classical market economy. China had demand for luxuries and manufactured goods, and this demand was not limited to internally-produced products; Pomeranz denies that sino-centrism was a significant force in restraining Chinese demand. China had “effective” property rights, a developing culture of consumerism (no, he says, the Chinese were not “hoarders” who took money out of the market and hid it under their mattresses), a relatively efficient water-based transport system, equivalent income distribution etc. It did not have a state, as others have suggested, that can be blamed for policies that prevented China from revolutionizing its industry. Pomeranz allows for various distinctions between regions but upon identifying any distinction, immediately consigns it to irrelevance or argues that evidence is not sufficient to do more than speculate. This does not restrain him from speculating; indeed his work's premise relies on counterfactual speculation. Unlike Wallerstein or Diamond, Pomeranz allows that it *could* have been different, particularly if China had been able to get effective access to its coal. The work is full of could have's and maybes and naturally this leaves him wide open to the “So what?” counter-argument . . . but there, at least, he joins a respectable crowd. More confusing, perhaps, are some holes he leaves for opponents. In allowing for so many counterfactual possibilities, he fails to *prove* that China could not have had an industrial revolution. He frequently posits that data is missing, incomplete— he routinely admits that he is working with “admittedly limited evidence,” and that most data on Europe and China is drawn “disproportionately from relatively prosperous areas.” His humility and honesty are laudable— and unlike Wallerstein, he has not anointed himself marshal of the academic tilting field, but what then to do with his positive conclusions except sit back and wait for the data to improve?

Nevertheless, Pomeranz's survey and comparison of the actual state of Chinese development is fascinating, and his pointed attacks on the state of pre-capitalism in Europe will require a strong

response from those who would posit the emergence of capitalism immediately following feudalism. For example, Pomeranz points out that coal mining and development was not, in fact, financed by large capitalist entities but rather by families and local contacts, and that by and large capitalists in Europe did not enjoy greater protection from government seizure or default than Chinese investors did. Pomeranz also briefly narrates the history of a sort of Chinese East India Company that engaged in armed trade . . . and therefore in naval battles with European traders, which it won.

Pomeranz does assign China a major role in the silver trade; China needed to remonetize its economy and European silver (ultimately colonial silver from the Americas) was a critical factor. Pomeranz does not go into detail as to the reasons *why* China needed to remonetize, as this factor happened to profoundly inform the export market from the European colonies, but perhaps he assumes a readership intimately familiar with the history of early Chinese monetary policy. Nevertheless, the major distinction between China and Western Europe (a term which Pomeranz seems to use interchangeably with Britain), is in Pomeranz's view an ecological one. Thanks to its proto-industrial agricultural system and expanding population, Britain was running out of land, goes Pomeranz' argument. Therefore Britain either faced a developmental cul-de-sac as population expanded without any technology to make production more efficient, *or* the British could *happen upon* coal supplies (that also happen to require regular pumping, and thus the invention of pumps) and colonies that would both supply land-intensive foodstuffs and consume manufactured goods. Britain, in a word, had "fortunate problems," and the solutions for them happened to be at hand in the form of an industrial revolution. China, in Pomeranz's view, had no overseas colonies it could use for the purposes of industrial revolution, to provide calories, markets, and stores for capital in the forms of slaves, precious metals, etc; China had to buy its silver from the West at highly arbitrated rates. China also was blocked from access to its coal fields by a series of natural disasters (and invasions, which he seems to conflate with irresistible natural disasters) and an unfortunate policy of ceding mining rights to small miners who only scratched the surface. And China was blocked from Pacific exploration by unfavorable wind patterns.

Refreshingly, Pomeranz takes exception to a common anti-colonialist line that holds that European advantages were created by its militarism and thus that European hegemony was basically caused by essential European nastiness: invention and capitalism in the service of violence. Pomeranz asserts- and the peace lover hopes it is true- that warfare does as much to damage the emergence of capital markets and viable industrial societies as to advance their development- and he uses the example of Spain using New World silver to attack the more capitalized/industrialized states in Northern Europe as his example. This has the attractive utility of cleaning the bloodstains off of many inventions and institutions tarred by their association with military applications; Lydia Liu, for example, attributes the invention of Morse Code and semaphore largely to the requirements of violent imperialist military applications.

Granted Pomeranz's military logic appears somewhat weak. For example, he attributes Pizarro's success subduing the Incan empire by apparently conflating the Inca with the Aztecs; all American indigenous militaries, he asserts, were designed to take captives, not territory, and so they simply withdrew and hoped the Spanish would go away. Not only does this not jar with the large conventional field battles the Spaniards were forced to fight, but the Incan empire was an empire, not a tribe. It clearly subdued, controlled, and taxed territory— they were much more than raiders for slaves and sacrificial victims— and it was largely the Aztecs (to my admittedly non-doctoral understanding) that suffered military disadvantage from trying to capture (and sacrifice) Cortez's troops during the final great battle of Tenochtitlan. Even this in no way involved simply ceding territory, nor could an empire that administrated subject tribes from an urban center simply melt into the jungle at will. Generally Pomeranz appears disciplined but this sort of sloppy aside disturbed me; what else did I miss?

Even if we accept all of Pomeranz's more salient conclusions and consider his data both valid and indicative of the statistical "tipping points" he posits, more problematic are his admissions that Europe may, in fact, have had some cultural advantages over China— he simply denies they were decisive based on an argument that there's no reason to assume this advantage or that one would have inevitably caused industrial revolution. This weapon, alas, retains its utility when applied to Pomeranz's own argument. For example, Pomeranz also admits that "Europe may have had a significant edge" in scientific culture! Which provides enough room for a busload of essentialists, structuralists etc. to drive through, it seems to me— it just excludes Wallerstein and the Marxists. Other criticisms of the work have seized on this, pointing out that China did not need coal for power when it had plentiful hydro power, and that China too could have exploited both hinterlands and external territories in its neighborhood. I also question why Britain did not simply use Eastern Europe as it did the Americas.

Pomeranz has a compelling argument as to how the Americas, the slave trade, coercion and natural resource advantages *served* the industrial revolution in Britain but he far from proves that China was incapable of doing the same with the resources it had to hand . . . or that Britain *could not have* industrialized without a slave trade, transatlantic colonies, and coal. Nor does he demonstrate why it was that the British could invent water pumps for their mines but the Chinese did not invent air pumps for theirs. Far be it from me or anyone to accuse China of being backwards or uncivilized, but there is still plenty of room for question regarding the scientific revolution that accompanied the industrial one. Pomeranz suggests that China might have been *more* conducive to scientific innovation since innovators did not face a religious authority like the Catholic Church that blocked scientific advance. That seems like two arguments at once, and I'm not sure how much water either holds. If European religious authorities were committed to blocking scientific research, they did a spectacularly poor job of it; Pomeranz himself alludes to studies showing that the "Dark Ages"

were actually periods of scientific fecundity. If China was friendly to innovation due to its difference in religious culture . . . then why was dam-driven hydro power not pioneered there? Either way, Pomeranz declines to pursue it, and is satisfied largely with demonstrating how similar Europe and China were during the long sixteenth century. In short, he has knocked a lot of stuffing out of Wallerstein without acquiring much stuffing of his own.

As Pomeranz himself says, “need alone could not effect results.” He asserts that both China and Europe shared a need to acquire more resources without using more land. Both had various advantages and disadvantages specific to geography and culture. Pomeranz’s argument implies that one must have need *and* opportunity plus some luck, then sit back and wait for the actual innovation to manifest and take advantage of all three. The exact brew of ingredients that produced Newtonian mechanics is still left vague. While it is a worthwhile assault on a certain class of historical thought, I’m not sure how far this advances the alternative it suggests.