

# Why does the Great Divergence view Matter?

--Taking the case of the study of  
economic history of the Yangzi Delta

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I. Today's "Great Convergence:" The rapid catch-up of the Yangzi Delta with West Europe in economic growth

II. What does the economic miracle of the Yangzi Delta owe to?

III. The pre-modern economy of the Yangzi Delta in the previous scholarship

IV. The "California School" and the "Great Divergence" view

V. Economic history of the Yangzi Delta in the Great Divergence view

VI. From the "Great Divergence" to the "Great Convergence"

# The Yangzi Delta in the study of Chinese economic history

---The area under the most intensive study

---The major empirical basis of most influential theories in Chinese economic history



# The Yangzi Delta



# The Yangzi Delta



# The Yangzi Delta's shares in the national total, 2008

Land area: 1%

Population: 5.9 %

GDP: 18.9%

Export: 37%

Financial revenue: 25%



# Today's "Great Convergence"

The rapid catch-up of the  
Yangzi Delta with West Europe in  
economic growth



# The GDP of the delta

--- US\$ 44.3 billion (nominal)  
in 1978

--- US\$ 65.4 billion (nominal)  
in 1992

--- US\$ 878.6 billion (nominal)  
in 2009 (or 1,604.3 billion in PPP)





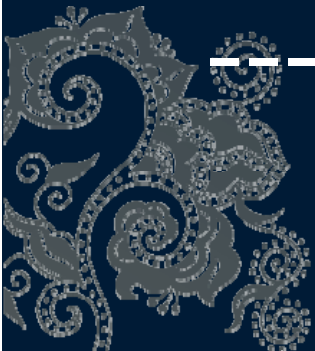
The GDP per capita of the Yangzi  
Delta in 1979

around US\$ 1,200

---less than 1/8 of that of France  
(\$9,424)

---1/5 of that of UK (\$5,727)

---1/2 of that of Portugal (\$2,349)



# The GDP per capita of the Yangzi Delta in 2007

--- US\$ 21,190 (PPP, same as belo, in 2009 US dollar)

--- 60% of that of UK (\$35,200. PPPw)

--- 65% of that of France (\$32,800)

--- equal with that of Portugal (\$21,800)

--- higher than that of Hungary (\$18,600), Poland (\$17,900) and Russia (\$15,100)




# The rise of Shanghai

The busiest container port in the world

--- ranked the 160th in 1980

--- has ranked no.1 since 2006

Steven N.S. Cheung: Shanghai will become an international center of finance, which will keep pace with New York and London in the coming years.



# Pudong, 2007



# Pudong, Shanghai, 1990



# Shanghai Port



# Shanghai Expo 2010



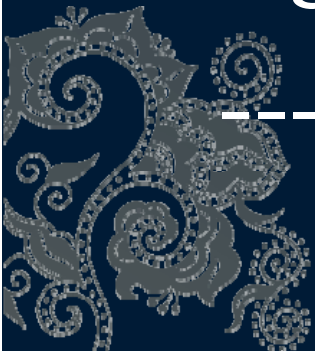
### III. What does the economic miracle of the delta owe to?

--- the 1979 Reform

--- the pouring of foreign investment

--- the introduction of advanced management and technology

--- others





## Economic Growth (1980-90 )

National 14.96%

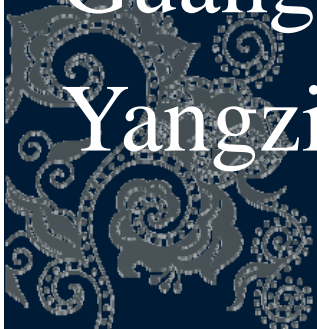
Yangzi Delta 13.10%

## The Yangzi Delta vs Guangdong

	area	population
	(sq km)	(million)

Guangdong	179,757	76.49 (85.23)
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Yangzi Delta	100,200	75.71 (82.28)
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# Map of China

Locations of provinces,  
autonomous regions  
and municipalities.



Compared with Guangdong

The Yangzi delta:

--The reform began much later.

--The policies given were much less favorable.

--The revenue delivering to the central government is much heavier.



# The GDP

2002

Guangdong: US\$ 142.15 billion

The Yangzi Delta: US\$ 230.98 billion

2006

Guangdong: US\$ 325.69 billion

The Yangzi Delta : US\$ 496.58 billion



## Raymond Williams

The term of *reform* originally meant “restore the original form” of something. From the 18th century to the 1970s, the term of *reform* was typically used to describe policies favored by the moderate left, in opposition to advocates of revolutionary change on one side and of conservatism and reaction on the other. From the 1970s to the end of the 20th century, though, the direction of policy change was reversed, with the rise of neo-liberalism. However, the term of *reform* continued to be used, even when the policies it described consisted of the dismantling of earlier *reforms*.

IV. The pre-modern  
economy of the Yangzi  
Delta in the previous  
scholarship



## Some Traditional Negative Views of China's past (Thomas Rawski)

- ◆ Arbitrary, corrupt state, exploitation, oppression.
- ◆ family, dysfunctional, nepotism, personalistic, particularistic
- ◆ Confucian value and education not appropriate.
- ◆ economic stagnation/decline.
- ◆ Modernization paradigm and missing prerequisites: China is not modern? Why not?
- ◆ Increasing radicalization of modernization ideology: from May 4, CCP early PRC, and current thinking as well.

# The Marxist scholarship

---“Asiatic society”

---“Stagnant society”

## Chinese theoretical innovations

--- “Chinese Feudal Society”

---- “Chinese capitalist sprouts”





The central theme of the previously predominant theories is that modern economic growth would be impossible to take place in China.

“Impact - Response”

“Involutionary Growth”




---The model derived from the experience of the “West Europe” (called the “Smith-Marx model”) is taken as the norm of modern economic growth.

---Capitalism is seen the final destination of the evolution of pre-modern economic history of the Yangzi delta, explicitly or implicitly.

# Other problems

---Many issues in the field were ignored.

---The evidence collected was limited to those which supported those presupposed conclusions.



These theories are based on a few assumptions which have never been well documented.

V. the California School  
and the view of the “Great  
Divergence”



## Challenges (Thomas Rawski)

- ◆ Paul Cohen – Discovering History in China – past studies too Eurocentric (i.e, Challenge and Response).
- ◆ Will-Wong – granaries, famine relief
- ◆ James Lee et al -Family – demographics
- ◆ Bin Wong-Fiscal
- ◆ E Rawski- market development; education
- ◆ William Rowe-Merchant organization, autonomy
- ◆ Peter Perdue- local gentry important role in water control
- ◆ Benjamin Elman – Science on own terms
- ◆ Madeline Zelin- contracts and commercial law
- ◆ Wang, Chuan and Kraus, Shiue- Efficient markets, famine relief, limited price variation even in famine
- ◆ California School (Li Bozhong, Kenneth Pomeranz)

James Lee & Feng Wang:  
demographic changes

Bozhong Li: economic growth

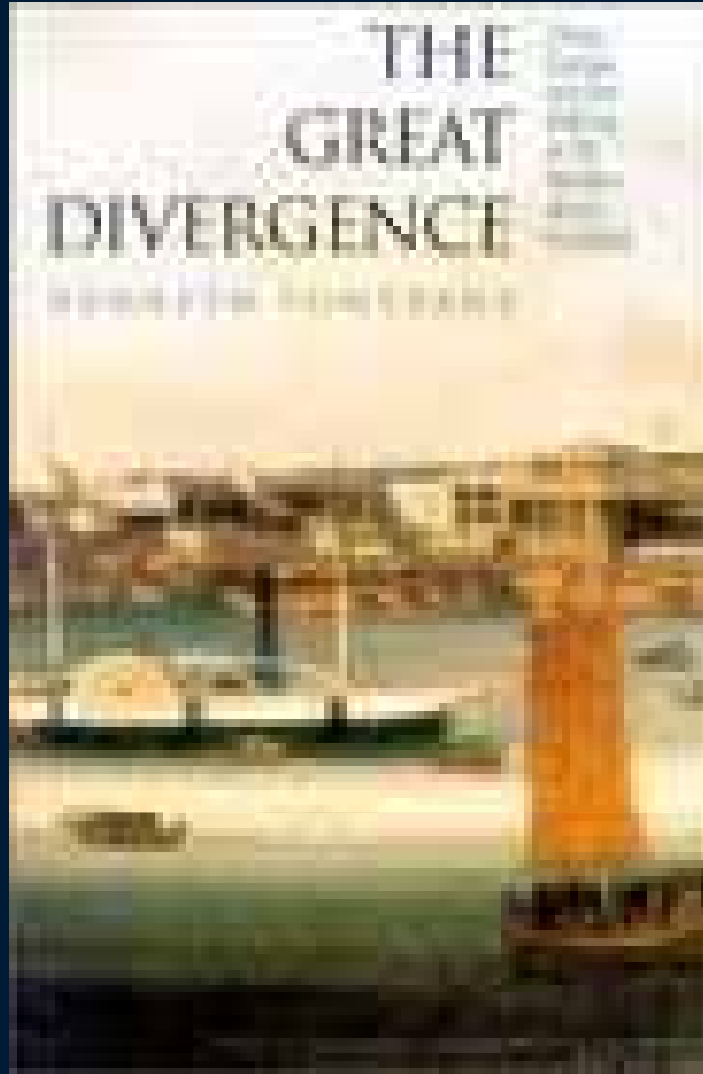
R. Bin Wong: comparative studies

Pierre-Etienne Will: State and  
welfare systems

Peter Perdue: Market and welfare  
systems

A decorative floral pattern in a light, muted color, featuring intricate scrollwork and floral motifs, positioned in the bottom-left corner of the slide.

*The Great Divergence: China, Europe and the Making of the Modern World Economy (2000)*



# Main points (Thomas Rawski)

- No big China-Europe divergence before 1800
- Advanced region living standards roughly comparable
- Broad similarities: commercialization, demographics
- Great Divergence emerges only following Industrial Revolution
- Which originates in Britain thanks to accidents of abundant coal and land-intensive colonial imports



## Results (Thomas Rawski)

A big push toward global analysis & interpretation

China study no longer isolated, peripheral

China-Europe comparisons proliferate (vanZanden & Li)

Pomeranz ideas influence Allen's work on British Industrial Revolution

## Criticism (Thomas Rawski)

Many authors (e.g. Elvin, K. Chao, Huang, Pomeranz, Li Bozhong) view factor and resource endowments as fundamental, adopting Malthusian or Boserupian (induced innovation) perspectives.

But if resources provide the key constraint, opening should ameliorate or solve the problem – it allows China to import coal or mining equipment, or to reduce fuel requirements (and fund imports) by exporting products that consume little fuel.


Why the big difference between China and (equally resource constrained) Japan, which faced the same open-economy provisions (often imposed by the same diplomats and companies), and populated the same trade network as China?

VI. Economic history  
Of the Yangzi Delta  
in the view of the Great  
Divergence



# Kenneth Pomeranz


In the pre-1800 world there some parts of Eurasia “shared some crucial features with each other, which they did not share with the rest of the continent or subcontinent around them... relatively free markets, extensive handicraft industries, highly commercialized agriculture”.

A decorative floral pattern in a light beige or gold color, featuring intricate scrollwork and floral motifs, is positioned in the bottom-left corner of the slide.

California school: “Great Divergence” of incomes begins only in the 19th century  
(Thomas Rawski)

- Bold, sweeping generalizations
- Novel, challenging interpretations
- Strong emphasis on international comparison

Big benefits: major shift toward comparative research, now INCLUDING China. China research no longer isolated, neglected.



“Before the Great Divergence? ---  
Comparing the Yangzi Delta and the  
Netherlands at the beginning of the  
nineteenth century”

Bozhong Li and Jan Luiten van Zanden



Land area  
(sq km)

Population  
(1,000)

The Netherlands 33,883

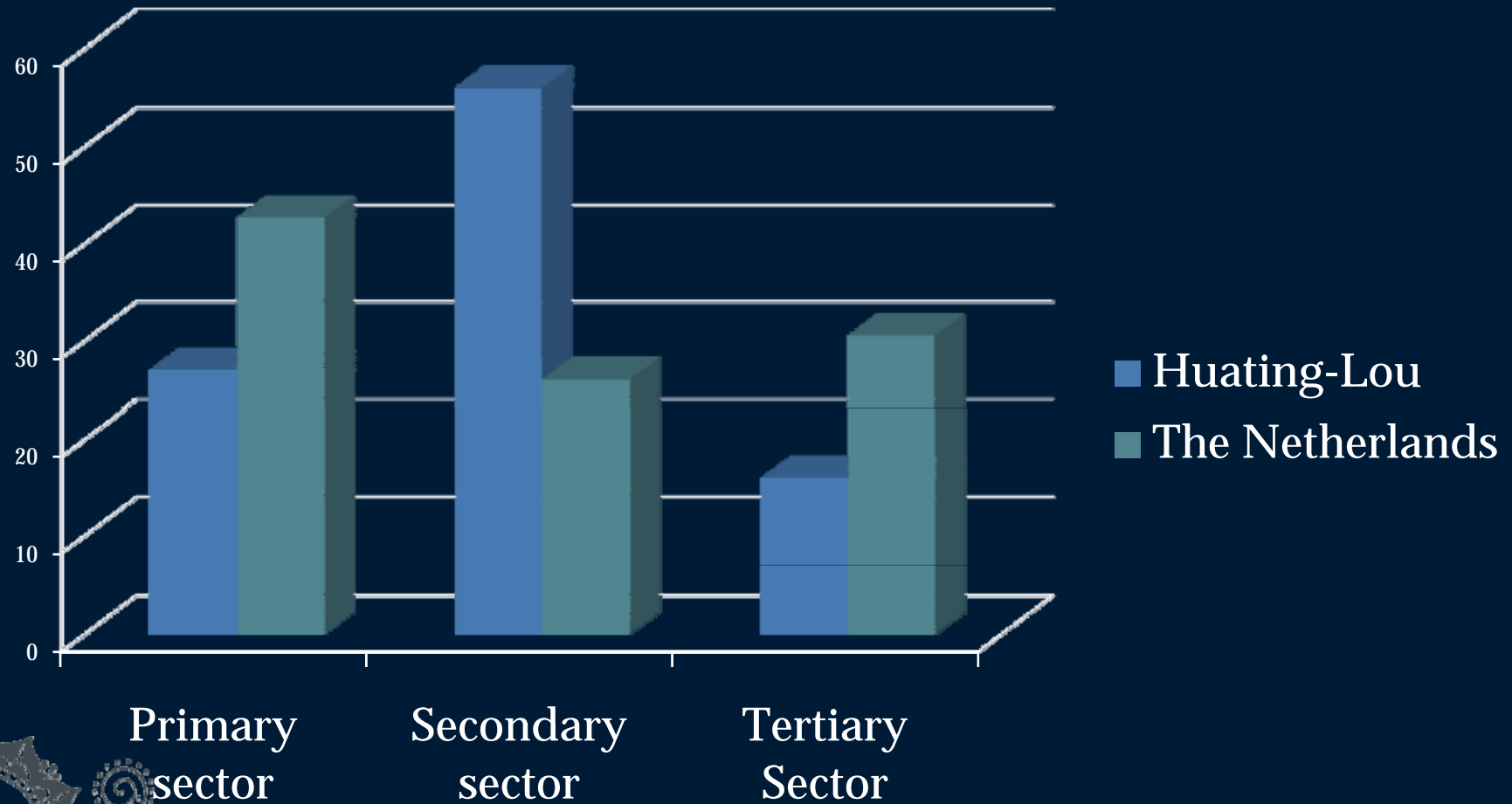
2,292 (1815)

The Yangzi Delta 39,100

36,000 (1820)

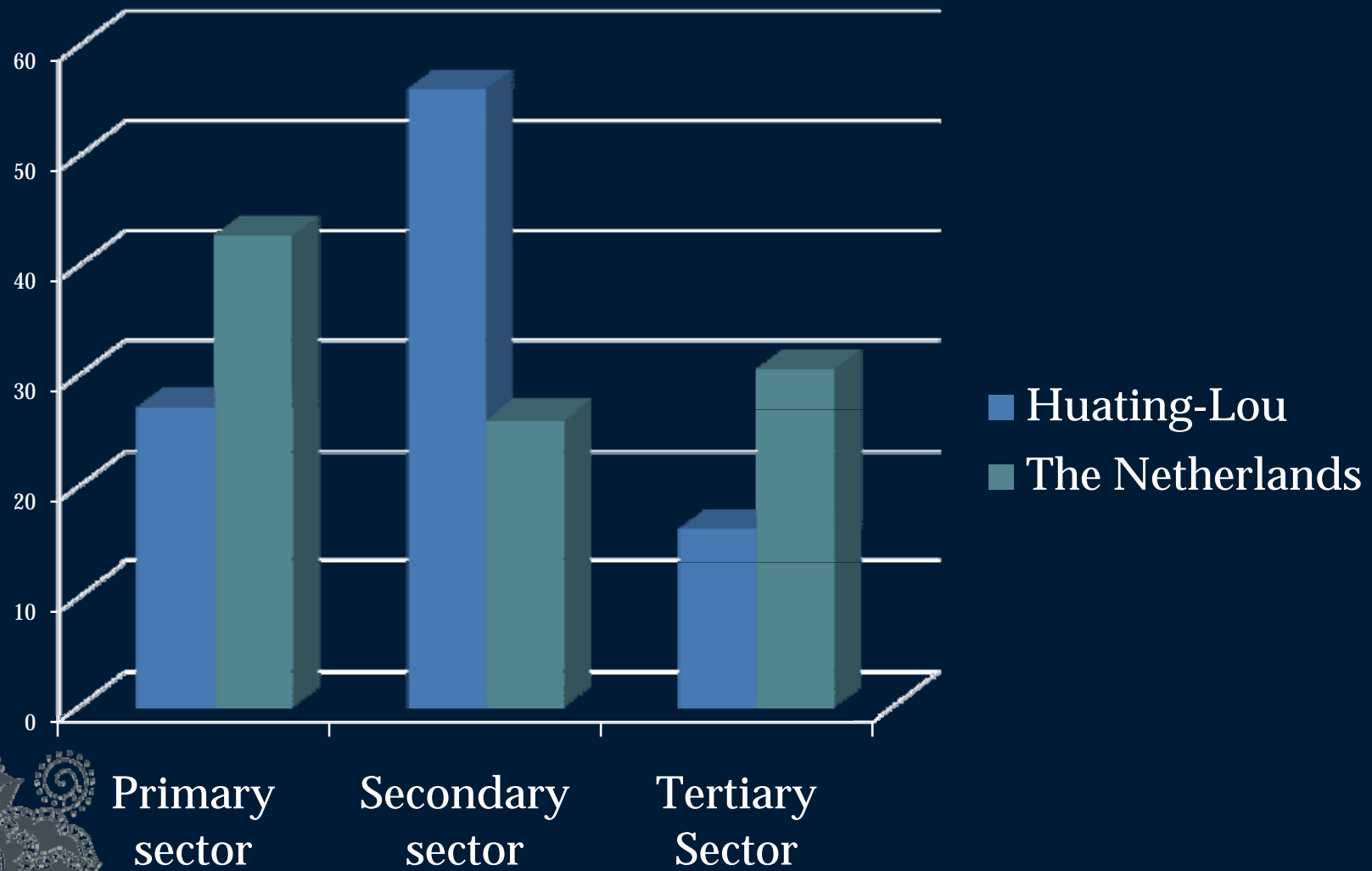


# Comparison of the structure of GDP (%)





# Comparison of the Structure of Employment (%)



# Differences

---The share of foreign (external) trade in the GDP was much bigger in the Netherlands.

---The share of industry in the GDP was obviously bigger in the Huating-Lou area.



# Income per capita (PPP) in around 1820

in 1990 US dollar

Songjiang	1,015
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The Netherlands	1,838
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Western Europe	1,194
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## Jan de Vries

The Dutch experience, when viewed in an international context, suggests that a modern, urban, commercial economy was continuing to rely on premodern, rural-agrarian techniques to adjust its population to its economic environment.



VII. From the “Great  
Divergence” to  
the “Great Convergence”



Albert Feuerwerker :

(1) pre-modern or extensive growth characterized by constant returns to additional inputs and by the absence of large and sustained increases in per capita output and incomes;

(2) modern growth of a Smithian type where both total output and per capita product may increase but slowly with large fluctuations and with uncertain continuity;

(3) modern economic growth *a la Kuznetz* (industrialization) identified by sharp structural changes, large and sustained per capita output increases, and the continuous development and application of new technologies.

# The relationship between Smithian and the Kuznetzian growth

---Both the two types of growth are modern growth.

---There is a great gulf fixed between the two types of modern growth.

---the absence of one type of modern growth does not rule out the possibility of another type of modern growth.


--- There is no necessary successiveness between the two types of modern growth.



Some kinds of economic modernity exist  
in the two types of modern growth

--- an integrated and well-functioning national market created by Smithian growth is also crucial to Kuznetzian growth

--- the “industrious revolution” during the period of Smithian growth created an army of hardworking, readily trainable and well disciplined labor forces and a large number of entrepreneurs, professionals and skillful merchants. This kind of human resources is also essential to Kuznetzian growth






What were created by both of Smithian and Kuznetzian growths are an economy in which industry and services are dominant, in contrast to the previous economies in which agriculture was the bulk of the economy.



## Dwight Perkins

China on the eve of its post-1949 push on the economic front had a hardworking, readily trainable population already experienced in the operation of or participation in a commercial economy. The Chinese people had many values and traits that prepared them for modern economic growth once it came. And these values and traits had in large part arisen out of accumulated Chinese experience with a complex premodern society.



End

Thanks!

