

monetary policy. On the other hand, as a historian he materially supports at least substantial parts of the “credit approach of money” (p. 397). Marx’s manuscripts point towards exactly this direction.

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ROSENTHAL, JEAN-LAURENT and R. BIN WONG. *Before and Beyond Divergence. The Politics of Economic Change in China and Europe.* Harvard University Press, Cambridge (Mass.) [etc.] 2011. xi, 276 pp. \$47.50; £35.95; € 43.00. doi:10.1017/S0020859014000224

Given that economic history as well as the history of economic thought have all but disappeared from the curricula of most American universities’ economics departments, and that few economists actually take up the challenge to write a book on such a major topic as the origins of capitalism, I was initially intrigued by this volume, co-authored by Jean-Laurent Rosenthal (a professor in Business Economics at the California Institute of Technology) and Roy Bin Wong (formerly a professor in History and Economics at UC Irvine and currently Director of the Asia Institute at UCLA). Their backgrounds in economics weigh heavily on the book: boxes on contractual arrangements, pricing credit, family structure, labor markets, wages, and so on are sprinkled throughout the study, but unlike, for example, Emigh’s discussion on socioeconomic developments in medieval Italy,¹ they are often formulated in mathematical abstractions and not grounded in an in-depth historical assessment of their sources. To be fair, *Before and Beyond Divergence* is an intellectual exercise in comparative social science examining the different path dependencies of Chinese and European political economies over the last 2,000 years, and is therefore unlikely to meet the specific demands of a historian’s desire to see primary sources uncovered or even evaluated.

The authors’ “immodest ambitions” (p. 231) to shed more light on this major historical conundrum certainly deserve to be applauded, as relatively few studies even dare to tackle such a vast topic: comparing developments in two different continents over so many centuries is not an easy undertaking. What is striking, however, to this reviewer is the rather cavalier way centuries are glossed over, often without evidence substantiating dubious statements or generalizations. Entire pages are written without a single bibliographic reference to familiarize readers with the historical and socioeconomic developments or to provide further background for the interested reader. Did, for example, the Emperor Augustus’s claim to the throne really come from his “military prowess” (p. 27)? One can only wonder. The actual bibliography, given the richness and complexity of the issues at hand, is at less than twenty pages quite underwhelming, and over a dozen references in it are unpublished “working papers” whose accuracy or intellectual depth the reader cannot possibly verify. A dozen endnotes for the entire book

1. Rebecca J. Emigh, *The Undevelopment of Capitalism: Sectors and Markets in Fifteenth-Century Tuscany* (Philadelphia, PA, 2009).

unfortunately do not provide much discussion and constitute quite a contrast with recent studies written on the same topic by Lieberman,² Parthasarathi,³ or Duchesne.⁴

The authors' writing style also leaves something to be desired, at times coming across like a turgid World Bank report: "[W]e borrow from the literature on induced innovation that has derived how factor scarcity might affect the pace and direction of technological change" (p. 120). Contrast this with other sentences that are suddenly so generalizing that they elicit amused relief: "we can assume that both rulers and subjects would prefer to conquer than to be conquered" (p. 179). Nor is the book free of errors: on page 116 the authors state that "what made the sack of Antwerp in 1685 so surprising was that the Spanish armies visited the kind of destruction on an urban population that they and their foes normally imposed on peasants". Not only is the date of the famously long siege of Antwerp by Spain off by 100 years, but the Spanish actually gave all of the city's inhabitants 4 years to convert or sell their real estate and take all their property with them, which resulted in about one-half of the population moving to the Netherlands with all their wealth. But these are really all minor reservations.

What is far more disturbing is that the study's bibliography reads as a "Who's Who" of Smithian economics and serves as an echo chamber for those writers, without engaging in a serious discussion with intellectual adversaries who have written on the same topic, be they Weberians, Marxists, or World-System scholars. A short summary of its chapters clearly illustrates this unfortunate choice. After the introduction in Chapter 1, Chapter 2 dismisses demographic arguments that Asia had been "ruled by a Malthusian positive check" (p. 65). Chapter 3 undercuts cultural-institutional lock-in, as exemplified by the work of the late David Landes.⁵ Chapter 4 gets us to the heart of the book: how Smithian unintended consequences (namely, war in a system of political competition) led to Europe's urban manufacturing (including weapons production), contributing to a "capital bias that set Europe off on a different path toward machine-based innovation" (p. 110), despite warfare causing serious trade distortions within the European continent. In typical Smithian fashion, developments in Britain predominate over any other part of the continent (pp. 166, 121). Chapter 5 summarizes existing literature on credit markets in order to argue that financial innovations did not cause the Industrial Revolution and were of overall limited significance to economic growth in the pre-industrial era.

Chapter 6, perhaps the most interesting of the book, is framed around the concepts "mechanisms of exit" and "voice", illustrating the authors' desire to avoid a discussion in class terms. In it Wong and Rosenthal effectively dismantle the stereotype that empires overtax and competition between democracies results in progress, since China's autocracy taxed less and spent more on public goods and social welfare, facilitating Smithian economic growth. Chinese rulers were mostly concerned with "voice" (peasant uprisings); European governments were more concerned with "exit" (migration, or work in the informal economy) and spent more on warfare which stimulated the emergence of "investment and technological changes that could be beneficial without warfare" (p. 199).

In the last chapter, which examines political economies of growth between 1500 and 1950, the authors cannot escape the topic of colonialism altogether so they do mention it in passing: "Europeans grasped the desirability of pursuing power and wealth internationally [...] industrialization fostered an international division of labor within which industrial capital

2. Victor Lieberman, *Strange Parallels. Southeast Asia in Global Context, c.800–1830, II: Mainland Mirrors: Europe, Japan, China, South Asia, and the Islands* (Cambridge, 2009).

3. Prasannan Parthasarathi, *Why Europe Grew Rich and Asia Did Not. Global Economic Divergence, 1600–1850* (Cambridge, 2011).

4. Ricardo Duchesne, *The Uniqueness of Western Civilization* (Leiden, 2011).

5. David S. Landes, *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor* (New York, 1998).

concentrated in western Europe and North America bought raw materials and attracted labor from other parts of the world” (p. 220). I’m not entirely convinced that the enslaved would have recognized themselves in this depiction of the historical process. Just as any dialogue with Marxist or World-System scholarship on the same topic has been exorcized from the study, the classical Smithian argument resurfaces here simply by virtue of what is not explicitly written: profits derived from the slave trade, plantations, and colonization all over the world did not generate any significant wealth worth mentioning and cannot possibly be related in any way to the capitalist system itself. In addition, when Europeans were able to take advantage of their international political position it was because “technological and institutional changes were more likely to occur in Europe than in China” (p. 220). Essentially, claim the authors, “by 1500 the European and Chinese economies were on structurally different paths” (p. 100), well before any colonization occurred.

Surprisingly, Bin Wong and Rosenthal claim that this had nothing to do with class cohesion though they themselves juxtapose Machiavelli’s *The Prince* as required reading for European elites with the Confucian training depicted in the *Supplement to the Exposition on the Great Learning* by Qiu Jun (p. 209). That Europe thrived because its merchant class was able to graft itself on to institutional power structures in order to colonize and expand its own power is given no consideration. Nor is the enduring presence of internal class struggles in China: “When natural disasters or social problems emerged, officials, elites and common people often expected that joint efforts would resolve the crises” (p. 212). Though the authors do admit that “European monarchies had to find alternative paths to raise revenues” (p. 194), colonization appears so absent to this quest it makes one wonder what all the European warfare in the late medieval and early modern era (with its alleged benign unintended consequences), was actually about.

What makes this volume especially disappointing is that both authors, senior and tenured scholars in their fields, though liberated from the necessity to conform and speak to only one audience, have chosen to do exactly that. While in their conclusion they lament existing disciplinary conflicts between the social sciences, and especially between history and economics, the lack of dialogue with other (predominantly non-economic and non-Smithian) scholarship is a missed opportunity and greatly diminishes the overall value of the book. As in Rostow’s classic *The Stages of Economic Growth*,⁶ it would have been fitting to warn the uninitiated reader with an appropriate subtitle. Perhaps “A Smithian Manifesto” should have been considered.

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COX, ANTHONY. *Empire, Industry and Class. The imperial nexus of jute, 1840–1940.* [Routledge/Edinburgh South Asian studies series.] Routledge, London [etc.] 2013. xvi, 270 pp. £90.00. doi:10.1017/S0020859014000236

This book is about two cities—Dundee and Calcutta—and the history of the working classes in these two major centres of the jute industry up to the 1950s. Jute, Anthony Cox

6. Walt Whitman Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge, 1960).