The Leverhulme Lectures
All poor, but no paupers: a Japanese perspective on the Great Divergence
Professor Osamu Saito, Hitotsubashi University
5pm on the 1st, 3rd, 8th and 10th February 2010
LGA19, Faculty of Law, University of Cambridge

Ken Pomeranz’s The Great Divergence (2000), based mainly on Chinese evidence, argued that in early modern times, the Asian standard of living was on a par with that of Europe and market growth in East Asia comparable to that in western Europe. The book has stimulated a major debate amongst economic historians and much progress has recently been made in cross-cultural comparison of real wages. However, real differences between East and West cannot be properly understood unless household income, not just real wages, and income inequality, not just per-capita income, are to be compared; and due attention should be given, not only to product markets, but to factor markets as well. This lecture series examines those issues of the Great Divergence on the empirical basis of what Japan’s economic history can offer. The findings are not consistent with either Pomeranz’s account of East-West differences in living standards or with those presented in Bob Allen’s recent book.

Lecture 1. Wages and income
The first lecture begins with the most recent of all the efforts to compare real wages between Asian and European countries. The results, while confirming that Tokugawa Japan was a low-wage and England a high-wage economy, do suggest that the peasant farmer’s household income cannot be estimated by wage data alone. Hypothetical calculations suggest that the average household income of the Japanese peasant family was more or less comparable to that of the English agricultural labourer in the eighteenth century, reflecting the fact that the peasant was an earner of mixed incomes including earnings from non-farm employments.

Lecture 2. Household income and inequality
In the second, an attempt is made to estimate the average household income by social class. A comparison of the results with the English and Indian cases shows that income inequality was substantially narrower in Tokugawa Japan than in Stuart England and also in Mughal India. The contrast with England, but not with India, is likely to have resulted in differences in per-capita output growth (higher in England, lower in Japan); however, it is also likely that market-led Smithian growth characterised both north-western Europe and Japan, but not India.

Lecture 3. Factor markets
The third lecture turns to more fundamental differences between East and West: factor markets and the ways in which the household economy worked. It will be argued that while the extent of market growth for land and labour was unmistakably limited in Japan, the factor markets functioned rather well. However, none of such market forces led to the disintegration of the peasantry, suggesting that there existed a particular kind of the family household economy adaptive to market growth.

Lecture 4. Peasant household economics
In the final lecture, such a peasant mode of production is explored by reference to two versions of Alexander Chayanov’s family farm model. The empirical relevance of the models to the Tokugawa agrarian history is examined in relation to the growth of labour-intensive family farming, product specialisation, and the markets for land and labour. An additional discussion will also be made of implications all this will have for the periods of both proto-industrialisation and full-fledged industrialisation.

The last lecture will be followed by a discussion session lasting around one hour. Professor Richard Smith and Professor Sheilagh Ogilvie will be the discussants.

These lectures have been funded by the Leverhulme Trust and are hosted by the Faculty of History, the Department of Geography and the Faculty of Economics. For more details contact Malcolm Davis: md494@cam.ac.uk