**Peer Vries, *Averting a Great Divergence* (Londen/New York: Bloomsbury, 2019) 320 p. ISBN 9781350121676.**

In his previous books, Peer Vries has written extensively about the Great Divergence and the insights that we can develop from the Great Divergence-debate about the origins of modern economic growth (*Escaping Poverty* was published in 2013 and reviewed in this journal in 2015 by Jan de Vries,[[1]](#footnote-1) *State, Economy and the Great Divergence Great Britain and China, 1680s-1850s* was published in2015). Since then, Peer Vries has shifted his attention to Japan, which as a sovereign state was much more comparable to the European states than China.

*Averting the Great Divergence* is not really about the Great Divergence, it is about the catch-up growth that prevented a divergence, or perhaps we should say: about laying the foundations for post-WW2 catch-up growth. Japan is an interesting case, argues Vries, because Japan was the only non-western country that managed, at least partially, to modernize its economy and start to industrialize in the 19th century.

There are two ways to look at the Great Divergence. First it can be viewed as the point where Europe or England started to diverge from the rest of the world and notably from China, that, while much bigger than any European state, had certain similar preconditions but did not industrialize (yet). This allows us to develop a view on the rise of the West and point at the ultimate causes of the ‘European miracle’. Secondly, technically speaking, the Great Divergence refers to a period of about two hundred years during which the gap widened. From about 1800, the western economies caught on with England and kept expanding, while economies elsewhere did not, or to a much lesser degree, or were forced into the role of raw materials supplier. This book is about the Great Divergence in the latter sense. Peer Vries explains this in note 3: ‘What I my view needs to be explained is how Japan could catch up, not why it wasn’t the first country to leap forward. I rate the chance that that would have occurred zero.’

Catch-up growth was a buzz-word in another era, made famous by Gerschenkron and Abramovitz. Japan was a country far away from ‘good old Europe’ that saw the gap widening and then managed to close it to a good extent. As we know from Gerschenkron, catching up is a challenge for state policy. Japan successfully managed to do what Germany and Russia did as well, and what China at the time did not. This book very systematically evaluates state policy in areas such as infrastructure, education, building, improving an institutional framework, and in stimulating SME (however profitable) to be replaced by larger-sized firms.

 The Japanese state did this with a vengeance. As Vries writes: ‘The state in Japan was not only sovereign, modern, centralized and integrated, strong and resourceful when it comes to its political, ideological, economic and military power and in principle in favour of capitalism; it also, as has already transpired, wanted to develop Japan. Japan’s state in the period discussed undoubtedly was a developmental state in the sense that its rulers shared the goal of making the country rich, and its army strong’ (p 163). Previously, Chalmers Johnson has shown that Japanese economic policy was a strong determinant in the period after 1945. He defines a ‘developmental state’ as a state where the government takes the responsibility to develop the national economy. Peer Vries now shows that this was also the case in the period between 1868 and 1945. He gives a thorough account of what the state did and why it worked.

Did Japan catch up? In fact, it did not. But at least, the gap did not widen too much and the fundamentals were laid for post-war catch-up. Vries: ‘When we look at the kinds and amounts of products that were produced in Japan, it, all fast growth notwithstanding, still was something of an industrial ‘dwarf ’ at the end of the 1930s. […] Even in 1937, after many decades of undoubtedly impressive growth and industrialization, Japan still was relatively poor, and in many respects only semi-developed’ (p 36).

 The book claims it analyses the period 1886-1937, starting with the Meiji Revolution, but one could also say that the book covers the period from 1800 to 1937. Ample attention is paid to refuting the idea (widely existent in the literature) that the preceding Tokugawa period 1603-1868 (under the Shogun’s) already established certain preconditions. That is ‘too rosy a view’, according to Peer Vries. The book systematically checks each indicator (such as taxation, government expenditure, agricultural development, infrastructure) for the post-Meiji-period against the earlier Tokugawa period. ‘I have therefore decided to systematically extend my analysis backward’, Vries states on p 2. Tokugawa receives nuanced treatment: it was ‘more dynamic and more developed than has long been assumed’ (p 221) but on the other hand Japan ‘still was rather poor as compared to the wealthiest parts of Northwestern Europe.’ After 1886, however, successful state policies managed to propel Japan forward, and a funded argument can be made about the role of the state fostering economic growth.

 Compared with European industrializers, Japan remained a small economy in the pre-war period. If the average rate of growth of real per capita income for the period 1870–1940 had continued after World War Two, it would have taken Japan 327 years to catch up with the USA (p. 78). But a careful evaluation of the role of the state is important because the present emphasis on free markets in the debate often tends to overlook or play down state policy. There was a sovereign and modern state, a powerful state, a capitalist state, a developmental state, a state promoting knowledge, an open and protective state, and a state strongly promoting bigger companies. This is not merely rhetoric. The analysis is amply supported by quantitative data (there are no less than 103 tables in this book). A systematic comparison is made with the UK, France and Germany, sometimes diachronically, sometime in historical time (i.e. comparing with what happened in these countries at a similar stage of their development).

 Not all of this is new, but it is systematically and convincingly done. What I missed a bit were the Japanese people. There is much information in the book on firms and entrepreneurs, but there is little on the Japanese. Did they, for example, write about state policy measures in newspapers? At some point a historian might raise the question whether ‘culture’ is involved in the success of the Japanese state. Empirical analysis of culture is difficult, but we could ask ourselves the simple question: is the success of such a *dirigiste* policy related to certain characteristics of the Japanese people (maybe power distance, a collective agenda, a certain mentality)? The word *culture* is mentioned twice in the book, *mentality* is also mentioned twice (but *agriculture* about 150 times).

There is a provocative analysis of ‘inclusive institutions’ that, shows to Vries, only have a chance of emerging after a certain level of wealth has been reached and therefore do not *explain* that wealth. The view is pro-openness and pro-market and also very much pro-state.

 In short, this book is “vintage Peer Vries”: it is well-written, has very many footnotes, and is based on extensive scholarly study. And unlike many other books you may read, the author is present on every page, giving opinions, making assessments on the value of certain observations, or drawing explicit conclusions: as a narrator he is omnipresent. With Vries, the narrative is more analytical than most narratives. There are few facts that speak for themselves: the author speaks to us all the time. And allows you to learn a lot from it.

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1. De Vries, J., 2015. Escaping the Great Divergence. *TSEG/ Low Countries Journal of Social and Economic History*, 12(2), pp.39–50. DOI: <http://doi.org/10.18352/tseg.55> [↑](#footnote-ref-1)