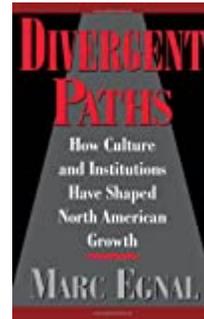


# H-Net Reviews

in the Humanities & Social Sciences



**Marc Egnal.** *Divergent Paths: How Culture and Institutions Have Shaped North American Growth.* New York: Oxford University Press, 1996. xvi + 300 pp. \$45.00 (paper), ISBN 978-0-19-510906-1; \$111.00 (cloth), ISBN 978-0-19-509866-2.



**Reviewed by** Leonard Carlson (Emory University)

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This book is provocative, informative, and fun-to-read. In the preface, Marc Egnal, an Associate Professor of History at the University of Toronto, states that the book “explores the impact of institutions (such as slavery and the seigniorial system) and culture (including religion, literacy, and the entrepreneurial spirit, and intellectual activity) on development” (p. vii). How institutions and culture shape economic growth are, of course, important and controversial topics in economic history.

Egnal ventures into territory that is both novel and familiar. The work compares the U.S. North, U.S. South, and Quebec, which is probably his single most important contribution. Most comparative work has ignored Quebec, which has been a major omission. An example of the familiar is Egnal’s use of Max Weber’s “Protestant Ethic” hypothesis.

Egnal draws on the debates as to whether colonial British North America was “pre-capitalist” or not, as well as a similar debate about Quebec. In a nutshell, his conclusion is that all three regions were similarly pre-capitalist in outlook and had comparable standards of living in 1750. The North, however, had a tradition of thrift and hard work that differed from the South and Quebec. Drawing on these traditions in the century after 1750, the North became truly “capitalist,” while the South and Quebec stayed hierarchical and pre-capitalist. To Egnal, cap-

italism is distinct from capitalists. Capitalists could operate in the South and Quebec without their values dominating the social and economic life of either region. By contrast, he concludes that capitalist values favoring entrepreneurship, risk taking, and profits dominated in the North, making it truly capitalist. I am on the side of those who do not find it useful to draw a distinction between capitalist and pre-capitalist societies, but Egnal is part of a large tradition that sees this as important.

Chapter One, “The Paths Diverge,” sets the stage for the arguments that follow. Egnal makes a good case that as of 1750 there was relatively little difference in the material standard of living in Quebec, the North, and the South. All three were traditional, agricultural, slow growing, and pre-literate (although literacy was widespread in the Northeast, according to Egnal, it was not important in the economic realm). The South, with its wealth in slaves and export-oriented economy was something of a special case, but still pre-capitalist and hierarchical. By 1840, however, per capita incomes in the North (the eight original northern states) were much higher than either the South (the five original southern states) or Quebec. The North also led the other two regions in urbanization and manufacturing.

The fact that Egnal leaves out the western states at this point in the comparison is important. As he dis-

cusses in later chapters, the North Central states in 1840 had lower than average per capita incomes while states in the South Central region had much higher per capita incomes. Since there was a notable east-west pattern of migration, many scholars treat the old northwestern states as an extension of the “North,” and the old southwestern states as an extension of the “South.” Egnal might be right in limiting his comparison to the same states in 1750 and 1850, but since it is so favorable to his argument, he could do more to justify the choice. Similarly, the use of per capita income in 1840 is important, since the south was a slave society and slaves are both part of the population and treated as a capital asset. Thus most scholars discuss both per capita income and per capita income of free persons. Egnal does discuss the distributional consequences of slavery, but his arrangement of the data in a way most supportive of his argument is typical of the book’s approach. Egnal is building a case that culture and institutions matter, not trying to reject the null-hypothesis that there is no difference.

Chapters Two through Four look at the eighteenth-century origins of the differences among the regions. As Egnal sees it, even in the eighteenth century, there was a “gulf separating the entrepreneurial North and the other two regions that were less concerned with money making” (p. 21). Egnal supports his claims by citing evidence from sources ranging from the writings of contemporary observers to examples of how people chose to be depicted in family portraits. Contemporary observers described the French as more luxury loving and less concerned with making money than New Englanders. Similarly, contemporaries saw the southerners as more concerned with luxurious living and “lazier” than northerners. In paintings, wealthy northerners had themselves portrayed as busy and prosperous, while wealthy southerners had themselves pictured as idle aristocrats. Quebecois portrayed themselves as pious. In contrast to more quantitative historians, Egnal uses this type of “soft evidence” to illustrate his points.

Legal structures also differed among the regions. French Canada had the seigniorial system and property rights that made it hard to sell land outside the family. These feudal vestiges and the outlook that went with them persisted after the English takeover of Canada in 1765. The South had bound labor and, in Egnal’s view, slave labor was obviously less motivated and efficient than free labor (a claim that Robert Fogel and Stanley Engerman would dispute). French Canadian society was based on traditions and hierarchy in the eighteenth century and remained so throughout the nineteenth. By con-

trast southern colonies developed new institutions as fast as the north, but plantation agriculture and slavery led to a commitment to hierarchy and status missing in the north. Egnal sees the shared commitment to a hierarchical society as factors that united the South and Quebec and caused both regions to trail the northeast for so long. It is important, however, to keep in mind that the North had a higher per capita income than any other region in the world except Australia in 1860, not just Quebec and the South (Fogel and Engerman, *Time on the Cross*, 1974, p. 250).

In Chapters Five through Eight, Egnal argues that the differences in attitudes played out in the growing differences among the three regions. He conducts an imaginary dialogue with an advocate of the view that the South was as profit oriented and rational as the North, and he rejects that claim. Intellectually, the North in the nineteenth century had entered an “age of Emerson...individualism, optimism, enthusiasm, and reform” (p. 120). These ideas helped make the North ready for the changes needed to sustain modern economic growth. By contrast, the southern intellectuals were closed off to new ideas, as the defense of slavery became more intense. Similarly, Quebec saw the triumph of the Catholic Church and a commitment to tradition.

This is not to say that Quebec and the South were identical. The French stayed close to home, reflecting a desire to remain near hearth and home that Egnal traces back to the original unwillingness of the French to move to the New World. Southerners were willing to move, but not to pursue manufacturing and other risky activities in the same way as the northerners. In these chapters Egnal discusses the high rates of interstate migration of southern slaveholders and high relative incomes in the southwest. From 1860 to 1940, incomes in the South and Quebec remained low relative to both the North and English-speaking Canada. Racism and the politics of segregation may have held back the South, but what held back Quebec? Gavin Wright (*Old South, New South: Revolutions in the Southern Economy Since the Civil War*, 1986) emphasizes the isolation of the southern labor market and the lack of outside investment as key factors in the slow growth of the South. A question for further research is whether Quebec was isolated in a similar way.

Chapter Ten looks at the convergence of Quebec and the South to levels close to the rest of the U.S. and English-speaking Canada. Incomes in Quebec converged in the mid-sixties, somewhat later than for the deep South. Egnal sees the narrowing as based on the con-

vergence of mind-sets. Southerners and Quebecois became more entrepreneurial while New England businessmen became less aggressive and more risk averse. Again, adding Quebec changes the focus away from race. Did the Catholic traditions and the active participation of the church lead to a lack of entrepreneurship in Quebec in the first half of the twentieth century? Did an increasing secularization change Quebec? Why did New Englanders lose their edge (or did they)?

In Chapter 11, the author brings the story up to the present. This is, perhaps inevitably, the weakest chapter. Egnal sees the period since 1975 as the "Post-Industrial" economy. Fair enough, but it is hard to use the tools of the historian to analyze the recent past, since it is still too soon to know what will prove to be of lasting importance and what is transitory.

In the end, the value of this book lies in the thought-

provoking questions it raises, not with the definitive answers it provides. I still don't know how to test whether many of the "cultural factors" that Egnal cites are a cause of lower incomes, an effect, or a mere coincidence. But if "culture and institutions" (however defined) do not explain the differences among the North and the other two regions, what does provide the explanation? If they do provide the answer, we need to refine the concepts to explain how this process worked. It is to Marc Egnal's credit that he raises these issues in such an interesting way.

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