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Peer Vries

Global economic history: a survey

Abstract: This text provides an overview of developments in global economic history since World War II. It focuses on two debates: the one on the Great Divergence and the one on character and history of economic globalisation. It starts with discussing what has long been the mainstream explanation of ‘the rise of the West’ and ‘the failure of the Rest’: the claim that, in the West, because of exceptional societal preconditions, a market economy could emerge. It then discusses alternative explanations for the rise of the West, like dependency theory and world-systems analysis, that put more emphasis on its exploitative relations with the rest of the world. The analysis of the debate on the Great Divergence is concluded with a brief presentation of the point of view of the so-called California School that denies Western exceptionalism and claims that the economies of, in particular, Eastern Asia in the early modern era were just as developed as those in the West. They regard ‘the rise of the West’ as a fairly late, fairly sudden and fairly contingent development. One of the main driving forces behind the current increase in interest for global economic history is the fascination with ‘globalisation’. Connections between various parts of the world of course always played a big part in the debates on the Great Divergence. In the last section of the article they are, however, also, briefly, discussed separately and in somewhat more general terms.

Key words: Rise of the West, Great Divergence, world-systems analysis, California School, economic globalisation

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This survey will cover the historiography of global economic development from 1945 onwards. It focuses on comparisons of and connections between the main civilizations on the globe. Eurasia, where between seventy to almost ninety per cent of global population has been living during the last millennium, will get most of the attention. The Americas and Africa, continents whose economies, relatively speaking, often were *more* integrated into global networks than those of Eurasia, will of course not be ignored.

It will not present a chronological story littered with names of authors and titles, but rather a cursory exposition of the main views on global economic development, with a clear emphasis on

the early modern era and the beginning of the modern era, indicating the main changes in those views. The focus will be on two debates that have dominated the research agenda of scholars in the field. The first one concerns the question why some countries have become rich whereas so many others have continued to be poor, or to put it in Kenneth Pomeranz's terms, the question of the Great Divergence.¹ The focus here will be almost exclusively on the early modern period, including the long nineteenth century. The second one concerns the history of intercontinental economic connections. It is usually referred to as the debate on (economic) globalization. My survey of this debate also, explicitly, is not meant as an exhaustive overview of what is and has been going on in this enormous field: developments after World War II will not be discussed. Although analytically separate, in practice, these debates often are interconnected. To a large extent that will also be the case in this text. In them, one permanently comes across certain views on how economies are supposed to develop. Those will be introduced before we start our actual review. Annotation will be relatively sober, only referring to fundamental, classic texts or to texts that provide lots of up-to-date information and references. Obviously, references will also be provided in cases where I quote or strongly paraphrase. For scholars who are mentioned in the text and who are no longer alive, years of birth and death will be provided.

Perspectives on economic development

Up until quite recently, two perspectives almost monopolized thinking about macro-economic, long-term development. They functioned as explanatory framework and theoretical scaffolding for almost all master-narratives in global economic history. For the sake of convenience, they will be called 'Smithian' and 'Marxian'. They originated in the West, but were taken up by many people

¹ Kenneth Pomeranz, *The Great Divergence. Europe, China, and the making of the modern world economy*, Princeton 2000.

elsewhere. In so-called under-developed or developing countries most ‘modernizers’, for example, also were Smithians or Marxians.²

The first perspective is called after Adam Smith (1723-1790) and covers the views of all those who regard the market mechanism as the necessary *and* even sufficient condition for economic development. This mechanism is supposed to function optimally in what is nowadays often called a ‘market economy’, but that especially in more ideological times was known as ‘capitalism’. That is characterised by the juridical protection of private property and private enterprise, the possibility to acquire goods and services on a market, and by the principle of free and fair competition. For Smithians, capitalism first and foremost is characterised by economic freedom and formal equality of those participating in market exchange. In a capitalist system, individuals can pursue their interests, while, if they act rationally, at the same time maximizing societal wealth. When it comes to explaining the Great Divergence, internal developments hold pride of place, amongst Smithians. The contribution of the rest of the world to Western primacy in any case is presented as rather marginal. The label ‘Smithian’ is a broad one. The institutionalist approach that recently has become quite influential, is also regarded as Smithian here, as it *refines* but never *rejects* the basic premises of Smith’s thinking.

The second perspective is called ‘Marxian’, because it has been inspired by Karl Marx’s (1818-1883) ideas on economic development. This perspective too is not monolithic and static. It has a certain ‘core’ though that justifies using one overarching concept. The Marxian answer to the question what is distinctive for the economies of the West and what caused them to grow also is: capitalism. But for Marxians there is more to capitalism than markets and rational individuals making choices. They regard it first and foremost as a mode of production with an unequal distribution of power and of the means of production over classes. They are serious about practicing *political* economy and unwilling to ignore the role of collusion, coercion and monopoly in capitalist development. They agree that in capitalism total production will increase, but at the cost of growing inequality. In explaining the emergence of capitalism, classical Marxism too

² The number of texts dealing with economics, economists, and economic growth is overwhelming. For me this quite idiosyncratic little list of literature, in alphabetical order, was quite helpful: Robert Heilbroner, *The worldly philosophers. The lives, times and ideas of the great economic thinkers, completely revised for the seventies*, 4th edition; New York 1972; Elhanan Helpman, *The mystery of economic growth*, Cambridge Mass. / London 2004; Mitchell A. Seligson / John T. Passé-Smith, eds., *Development and underdevelopment. The political economy of global inequality*, 4th edition; London 2008; Adam Smirzai, *The dynamics of socioeconomic development. An introduction*, Cambridge 2005; David Warsh, *Knowledge and the wealth of nations. A story of economic discovery*, New York 2006. For institutional economics, see under note 25.

emphasises internal developments in certain Western societies without, however, entirely ignoring the importance of the rest of the world. Its rather dispersed comments on that importance have been systematised and elaborated upon by proponents of what has become known as ‘dependency theory’ and ‘world-systems analysis’. These, of course, will be discussed here.

Both Smithians and Marxians think of industrialization as a major shift in Western economic history. In the end, however, they see it as ‘just’ an acceleration in a continuing process. For modern Smithians industrialization is a continuation of the process of mercantile development, the result of intensified competition ‘provoking’ technological invention. The Industrial Revolution in Britain in this view is just a new phase in a process that had been going on for a long time, as Arnold Toynbee, who introduced the term ‘Industrial Revolution’ into serious scholarship, implied when he wrote that “... the essence of the Industrial revolution is the substitution of competition for the medieval regulations which had previously controlled the production and distribution of wealth”.³ Adam Smith himself and many of his fellow classical economists, would be surprised by this interpretation. They regarded sustained and substantial growth, i.e. modern economic growth as it emerged with the Industrial Revolution, as impossible.

How exactly the transition from feudalism to capitalism and then industrial capitalism was made continues to divide Marxians.⁴ While recognizing that mercantile capitalism is fundamentally different from industrial capitalism, they as a rule claim that the former, somehow, produced the latter. Marx himself distinguishes between two routes in the transition to modern industry: the really revolutionary one, where the producer may become a merchant, and a second one in which the merchant takes over control over production.⁵ For him capitalism before industrialization is fundamentally different from industrial capitalism, but still the first one ‘contains’ the second one.

In the last decades, ideas about economic growth and development have become much more complex. Developmental economics has entered a phase of confusion. Historians studying economic development in the West have come up with so many new data and interpretations that

³ Arnold Toynbee, *Lectures on the Industrial Revolution of the eighteenth century in England*, London 1884, 64.

⁴ See, for example, the already somewhat dated books by Robert J. Holton, *The transition from feudalism to capitalism*, Houndmills, Basingstoke / London 1985, and by Rodney Hilton, ed., *The transition from feudalism to capitalism*, London / New York 1992, and the more recent ones by Ellen Meiksins Wood, *The origin of capitalism. A longer view*, London / New York 2002, and Stephan R. Epstein, *Rodney Hilton, Marxism and the transition from feudalism to capitalism*, in: Christopher Dyer/ Peter Cross/ Chris Wickham, eds., *Rodney Hilton’s Middle Ages. An exploration of historical themes*, Oxford/New York 2007, 248-269.

⁵ See Karl Marx, *Capital. A critique of political economy*. Introduced by Ernest Mandel and translated by David Fernbach, London 1981, 452-455.

the standard narratives have become highly problematic. In the emerging discipline of ‘global economic history’ traditional beliefs with regard to the economic history of ‘the Rest’ as well as ‘the West’ are put to the test. These recent developments will be addressed. The text will conclude with some separate comments on economic globalisation.

The role of geography

All this does not mean that all explanations of global differences in wealth have always been part and parcel of watertight ‘economic’ explanations. There have always been scholars who, in a context of showing European exceptionalism, referred to natural conditions. Let us first, before continuing our analysis of Smithian and Marxian approaches, comment on them. One finds many references to environmental factors in the highly influential book by Eric L. Jones on the European miracle.⁶ They are not absent in David Landes’ blockbuster either.⁷ But they are also present in the work of authors with completely different backgrounds like David Cosandey or Hubert Kiesewetter.⁸ Somewhat surprisingly, one of their fiercest opponents actually is the geographer James M. Blaut (1927-2000), who does us the favour of collecting references to geography in the literature, to then try and refute them.⁹ References to Europe’s geographical ‘extras’ have always been stock in trade, and received an extra boost from the enormous success of Jared Diamond’s, *Guns, germs and steel*, a highly influential book, that brings many classical arguments together, and whose main thesis verges on geographical determinism.¹⁰ Diamond explicitly wants to bring across the message that there is nothing specific about the people of Eurasia: their advantage over others simply is a geographical windfall. To suggest that the rich are richer because they somehow are superior would be racism. Eurasia’s luck was that it had many animals that could be

⁶ Eric L. Jones, *The European miracle. Environments, economies and geopolitics in the history of Europe and Asia*, Cambridge 1981, passim.

⁷ David Landes, *The wealth and poverty of nations. Why some are so rich and some so poor*, New York / London 1998, chapters 1 and 2.

⁸ David Cosandey, *Le secret de l’Occident. Du miracle passé au marasme présent*, Paris 1997; Hubert Kiesewetter, *Das einzigartige Europa. Zufällige und notwendige Faktoren der Industrialisierung*, Göttingen 1996.

⁹ See James M. Blaut, *The coloniser’s model of the world. Geographical diffusionism and Eurocentric history*, New York 1993, 69-94.

¹⁰ Jared Diamond, *Guns, germs and steel. A short history of everybody for the last 13,000 years*, London 1997.

domesticated, and a more variegated flora and fauna, in combination with easy patterns of diffusion.

In much of this literature Western Europe is presented as exceptionally lucky. With its rainfall agriculture, it had no need for a 'hydraulic state'. Waterways as a rule never were far away, so transport was cheap. The Americas were not that distant. So it was fairly easy for Europeans to discover them. West Africa was even closer to them, but it had no seafaring tradition. The fact that the inhabitants of the New World massively fell victim to diseases imported by the Europeans made it easy to conquer their land. As compared to many inhabitants of the earth, in this case in particular Asians, Europeans were less struck by disaster and diseases. When disasters hit, they hit people rather than infrastructure. Europe's landscape was highly diversified, as were its climate, flora, and fauna. It was also very fragmented, geographically as well as politically. It had many separate concentrations of population, resources and power. That was positive for exchange and made it hard for intruders to conquer it in a one-off campaign.

The comments that over the years have been made with regard to the geographical *disadvantages* of 'the Rest' are so diverse, and sometimes even so contradictory, that one is tempted to say that the problem of its geography is simply that it is not like Europe's. It was not favoured by its flora, fauna or immunity to certain diseases. According to various authors, most recently Charles Mann, the Americas, especially the later Latin America, before 1492, were home to various highly developed and densely populated societies.¹¹ That, however, changed dramatically in a short period of time. The diseases the European conquerors brought with them almost completely wiped out the native population. Those who survived were turned into subjects of the European conquerors who 'restructured' their society and economy. The Northern half of the continent had the luck that there was not much the Europeans could plunder, so that a new society could be created there that was much less based on extraction and coercion. Reading comments on Africa one can only conclude that nature gave that continent a bad deal. It often appears as a nasty, tropical continent, which is extremely unhealthy, too hot to work hard, and not very suited for agriculture. The extent to which these statements are based on quite wild generalizations, among other things, shows in the fact that one can also come across claims that Africa's problem would be that its tropical climate is so bountiful.

For Asia one often finds references to those varieties of its agriculture that need irrigation and therefore, according at least to a line of reasoning that has been quite influential, ended up with so-

¹¹ Charles C. Mann, 1491. New revelations of the Americas before Columbus. With a new afterword, New York 2006.

called ‘hydraulic states’.¹² This is not the only way in which irrigated agriculture, in this case especially rice agriculture, was presented as to, in the end, have had unwanted consequences for the economy as a whole. It’s very high land productivity could sustain large populations and high population growth, and could so become a curse in disguise as this might easily lead to ‘involution’, a situation of decreasing returns to labour without people leaving the land to look for a full job outside agriculture. Moreover, for quite some time, revolutionary changes in this kind of agriculture, comparable to mechanization and the extensive use of artificial fertiliser that led to a revolution in Western agriculture, were not possible. They had to wait until the so-called ‘green revolution’ after the Second World War.¹³

In current global economic history references to the environment have again become very popular.¹⁴ Especially amongst scholars who flaunt their anti-Eurocentrism, there is a clear preference to focus on Europe’s ‘fortunate’ geographical circumstances and, more in general, on ‘luck’, and much less on its institutions, when it comes to explaining the rise of the West. In Pomeranz’s highly influential explanation of the Great Divergence, Britain could become the first industrial nation as it managed to escape from Malthusian constraints via coal and colonies that both, according to him at least, provided the country in a fairly contingent, fortunate way with an enormous amount of ghost acreage.¹⁵ Jones had already pointed at ‘the windfall’ of extra land the Europeans acquired thanks to their discoveries.¹⁶ In Andre Gunder Frank’s *Reorient*, factor endowments, resources and population hold centre stage in his global ‘economic-demographic model’ for explaining ‘the fall of the East’ and the ‘rise of the West’.¹⁷ Marks presents his story on

¹² Karl A. Wittfogel, *Oriental despotism. A comparative study of total power*, New Haven / London 1957.

¹³ For the functioning of rice economies, see Francesca Bray, *The rice economies. Technology and development in Asian societies*, Berkeley / Los Angeles / London 1986. For the concept ‘involution’ see Clifford Geertz, *Agricultural involution: the process of ecological change in Indonesia*, Berkeley 1963. It has, in particular been applied, later on, to the Chinese context by Philip Huang in his: *The peasant economy and social change in North China*, Stanford 1985; *The peasant family and rural development in the Yangzi Delta, 1350-1988*, Stanford 1990, and, *Development or involution in eighteenth-century Britain and China?*, in: *The Journal of Asian Studies*, vol. 61, issue 2 (2002) 501-538. For some interesting comments why it was so hard to transfer the agricultural revolution of the West to various other parts of the world, see Paul Bairoch, *Victoires et déboires. Histoire économique et social du monde du XVI siècle à nos jours*, Paris 1997, 3 volumes, vol. 2, 648-661. In his view factors like climate, soil type and population density go a long way in explaining that fact.

¹⁴ Jerry Bentley, ‘Web browsing’, in: *History and Theory*, vol. 44 (2005) 102-112.

¹⁵ Pomeranz, *Great Divergence*.

¹⁶ Jones, *European miracle*, chapter 4.

¹⁷ Andre Gunder Frank, *ReOrient: global economy in the Asian Age*, Berkeley / Los Angeles/ London 1998.

the origins of the modern world as a global and *ecological* narrative and in doing that is fond of referring to contingency and luck.¹⁸ Hobson, in his latest book, emphasises that Europeans were lucky no less than five times in their rise.¹⁹ Not all of these comments seem to be very helpful. It is quite clear that what in the long run matters if one wants *sustained* and *sustainable* economic growth, are increasing productivity and a continuous flow of innovations, not simple accumulation.

Interesting debates have been waged about whether geography or institutions should be seen as fundamental causes of long-run growth.²⁰ As usual in history a combination would be preferable, like the approach we find in the book by Mike Davis on El Niño famines and the making of the modern world, an analysis that deals with central issues in the Great Divergence-debate.²¹

The Smithian paradigm

Let us return to the main lines of thought with regard to economic development and have a closer look at the Smithian approach. It has become part and parcel of ‘neoclassical economics’. That perspective has been so overwhelmingly dominant in economic thinking that it could not fail to influence the discipline of economic history. As a rule, it did not do so by way of historical analyses. Neoclassical professional economists never tended to do much historical analysis, let alone long-term historical analysis. But their discipline provided such a rigorous, refined and ‘obvious’ system of thought, that economic historians or economists acting as such, could always fall back on its ‘proven’ principles when they were in need of an explanation. From the days of Adam Smith to the so-called “Washington Consensus”, as it was formulated in circles of the

¹⁸ Robert B. Marks, *The origins of the modern world. A global and ecological narrative*, Lanham 2002.

¹⁹ John Hobson, *The eastern origins of western civilisation*, Cambridge 2004.

²⁰ See, for some recent contributions: Daron Acemoglu / Simon Johnson / James A. Robinson, *The colonial origins of comparative development: an empirical investigation*, in: *American Economic Review*, vol. 192 (2001) 1369-1401; John W. McArthur / Jeffrey D. Sachs, *Institutions and geography. Comment on Acemoglu, Johnson and Robinson*, in NBER Working Paper 8114, Cambridge/Mass. 2001; Daron Acemoglu/ Simon Johnson / James A. Robinson, *Reversal of fortune: geography and institutions in the making of the modern world income distribution*, in: *Quarterly Journal of Economics*, vol. 117 (2002) 1231-1294, and William Easterly / Ross Levine, *Tropics, germs and crops: How endowments influence economic development*, in: *Journal of Monetary Economics*, vol. 50 (2003) 3-39.

²¹ Mike Davis, *Late Victorian holocausts. El Niño famines and the making of the modern world*, London / New York 2001.

International Monetary Fund and the World Bank in the 1990s, the basic message has remained the same: installing and maintaining a market economy with free and fair competition would be the most effective and efficient way to create economic growth.

For neoclassical economists explaining the ‘rise of the West’ is quite simple: basically it coincides with ‘the rise of the market’. Explaining the ‘failure’ of ‘the Rest’ is not complicated either. There, apparently, well-functioning markets did *not* emerge. From Adam Smith onwards, (neo-)classical economists spent most of their time specifying and refining their claims without changing their basic message: economic theory proves that nothing can beat the market in generating economic growth, and economic history shows that countries with a market-economy have been and are the most successful ones. Britain was the first, and for quite some time, only industrial nation, *and* it was the place where Adam Smith wrote his works and found staunch support. The United States were Britain’s successor as a global economic superpower and they too emphatically claimed to be a market economy. What better proof could one wish for?

Economic historians departing from a Smithian perspective as a rule were serious and good historians. They could not fail to see the differences between various Western countries and the ways in which they industrialized. They nevertheless often tended to write their *How the West grew rich-stories* in terms of a ‘model’, in which developing an economy and industrialising it *in the end* meant creating a market economy and in which all other strategies were doomed to fail, apparent successes only being temporary and, quite often, illusionary. The highly respected economist, turned economic historian, John Hicks (1904-1989) proposed a *theory* of economic history in this vein.²² Walt Rostow (1916-2003) postulated the existence of *stages* of economic growth.²³ They both did this on largely Smithian premises. The two most popular books on the rise of the West and the poverty of the Rest of the last half century, the one by Eric Jones on the European miracle and the one by David Landes on the wealth and poverty of nations, both claim that what in the end made ‘the West’ rise and was lacking or functioning less well in ‘the Rest’, were well-functioning ‘markets’.²⁴

²² Sir John Hicks, *A theory of economic history*, Oxford 1969.

²³ Walt W. Rostow, *The stages of economic growth. A non-communist manifesto*, London 1960.

²⁴ Jones, *European miracle*, chapter 5 and Summary and comparison, and Landes, *Wealth and poverty of nations*, 59. For an analysis of Landes’ book, see my, *Culture, clocks, and comparative costs. David Landes on the wealth of the West and the poverty of the rest*, in: *Itinerario. European Journal of Overseas History*, vol. XXII, issue 4 (1998) 67-90. For a reaction of Landes and my response, see the same journal, vol. XXIII, issue 1 (1999) 8-22.

Of course, differences of emphasis, often substantial, have always existed between scholars who have here been lumped together under the label ‘Smithian’. An approach that has become very important in the field of economic history from the 1970s onwards is institutional economics. What differentiates institutionalists from ‘ordinary’ neo-classical economists, is that they are keen on focusing on, and determining the institutions, i.e. the formal and informal rules of economic life, that ensure that markets function as efficiently as possible.²⁵

Historical research inspired by them tends to focus on the evolution of property rights and the ways in which they are defined and guaranteed. The role of the state in this respect is paramount. So institutionalists have written numerous studies on ‘good governance’ and how that does – or more often does not! – emerge. Douglass North, the most famous institutionalist, has published extensively on the history of Britain, the first major country, so he claims, with the ‘right’ institutions.²⁶ He has also explicitly, with Robert Thomas, tackled the problem of the rise of the Western world.²⁷ Although they only discuss the situation in parts of Western Europe in the early modern era, they conclude that the explanation of that rise consists in the way in which property rights became defined and protected, in particular in Britain after the Glorious Revolution, and simply take it as a fact that the rest of the world must have lacked that kind of property rights. This has continued to be a very popular view. Basically Hernando De Soto, for example, just repeated this message in his analysis why, according to him, capitalism triumphed in the West and failed everywhere else.²⁸

Preconditions for capitalism: enter Max Weber

²⁵ The best way to find out what this approach implies, is to read programmatic works by its main proponent Douglass C. North: *Structure and change in economic history*, New York 1981; *Institutions, institutional change and economic performance*, Cambridge 1990, and *Understanding the process of economic change*, Princeton 2005. For a German textbook on the topic, see Stefan Voigt, *Institutionenökonomik*, Munich 2002. See further my, *The role of culture and institutions in economic history: Can economics be of any help?* <http://www.lse.ac.uk/collections/economicHistory/GEHN/GEHNWorkshops.htm>, under Konstanz 2004.

²⁶ See for specific information on this topic, Douglass C. North / Barry Weingast, *Constitutions and commitment: evolution of institutions governing public choice in seventeenth-century England*, in: *Journal of Economic History*, vol. 49 (1989) 803-832.

²⁷ Douglass C. North and Robert P. Thomas, *The rise of the western world. A new economic history*, Cambridge 1973.

²⁸ Hernando de Soto, *The mystery of capital: why capitalism triumphs in the West and why it fails everywhere else*, New York 2000. See also under footnote 19.

If capitalism is the solution, then finding out what kind of society could give birth to it becomes the question. A capitalist market economy in which the market functions, by and large, according to its own autonomous logic can only exist in a very specific socio-political and cultural environment. Karl Polanyi (1886-1964) certainly was correct, when in his *The great transformation* he claimed that what Smith called “the propensity in human nature ... to truck barter and exchange one thing for another”²⁹ was not quite as natural as the father of modern economics claimed. What we call ‘economics’, as a rule was embedded in social relationships. To think of all consumer goods, but even more land, labour, and money, as mere commodities, or to, for example, try and completely separate household from firm, as would be ‘rational’ in a capitalist society, implies a revolutionary break with tradition, like the one in Britain in the eighteenth and nineteenth centuries that Polanyi analysed in his book.³⁰

In the neo-classical interpretation of economic development, making ‘the economic’ an autonomous sphere of life boils down to removing all obstacles that prevent people from acting as *homines oeconomici*. That removal is both necessary and positive. If actors are rational and can take care of their own business, growth will appear to be something quite normal. Adam Smith was explicit in that respect: “Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things.”³¹ The number of possible impediments to an autonomous functioning of the economy is huge. The most important one on the level of entire societies would probably be what economists call ‘rent-seeking’. The economic historian Eric Jones, to whom we already referred, in a book called *Growth recurring*, went as far as regarding economic history as fundamentally a struggle between a propensity for growth and one for rent-seeking.³²

This quest for the specific set of social arrangements in which economic life can become less embedded in social arrangements has resulted in a wide-ranging catalogue of characteristics that are supposed to differentiate the modern, capitalist West from its pre-modern past and even more

²⁹ See the opening sentences of chapter two of his *An Inquiry into the nature and causes of the wealth of nations*.

³⁰ Karl Polanyi, *The great transformation. The political and economic origins of our time*, New York 1944. █

³¹ This is claimed by Adam Smith’s friend Dugald Stewart. See John A. Hall, ‘States and economic development: reflections on Adam Smith’ in: idem, ed., *States in history*, Oxford 1986, 154-176, 154.

³² Eric L. Jones, *Growth recurring. Economic change in world history*, Oxford 1988.

from all non-Western societies that would have continued to be ‘traditional’. Most of the characteristics that one finds in the vast literature can already be found in Max Weber’s (1864-1920) work.³³ In the enormous amount of literature on ‘the rise of the West’, for a very long time, a combined Smithian-Weberian paradigm has been dominant.³⁴ In briefly summarizing Weber’s ideas on the ‘peculiarity of the West’, one can still provide a synthesis of almost all the themes discussed in the bulk of non-Marxian literature published until as late as the 1990s.

For Weber the Western world had several distinctive characteristics. In the last instance they are all emanations of the fundamental and long process of rationalisation or ‘disenchantment’ that he thought characterised Western society. Capitalism as a system in which private entrepreneurs seek profit via peaceful exchange on a market requires systematic rational acting. Rationality is a broad and not exactly unequivocal concept. But it is obvious that without e.g. methodical and systematic

³³ The oeuvre of Weber is huge. The amount of comments on it is absolutely staggering. For a brief synthesis of his ideas about European exceptionality, see his *Vorbemerkungen zu den Gesammelten Aufsätzen zur Religionssoziologie*, Band I, S1-16. There are many editions of this book. For further information, I refer to: Wolfgang Schluchter, *Die Entstehung des modernen Rationalismus. Eine Analyse von Max Webers Entwicklungsgeschichte des Okzidents*, Frankfurt am Main 1998, and Wolfgang Schluchter ed., *Max Webers Studie über Konfuzianismus und Taoismus*, 1983: *Max Webers Studie über Hinduismus und Buddhismus*, 1984; *Max Webers Sicht des Islams*, 1987, and *Max Webers Sicht des Okzidentalen Christentums*, 1988, all published in Frankfurt am Main.

³⁴ For this ‘paradigm’ see, apart from the books already mentioned by Jones and Landes, for example: Jean Baechler, John A. Hall and Michael Mann, eds., *Europe and the rise of capitalism*, Oxford 1988; William J. Bernstein, *The birth of plenty. How the prosperity of the modern world was created*, New York 2004; Ernest Gellner, *Plough, sword and book. The structure of human history*, London 1988; John A. Hall, *Powers & liberties. The causes and consequences of the rise of the West*, Oxford 1985; Peter Jay, *Road to riches or the wealth of man*, London 2000; Deepak Lal, *Unintended consequences. The impact of factor endowments, culture, and politics on long-run economic performance*, Cambridge 1998; Alan Macfarlane, *The riddle of modernity. Of liberty, wealth and equality*, Basingstoke 2000; Michael Mann, *The sources of social power. 2.vols.* Cambridge 1986 and 1993; Alain Peyrefitte, *Du ‘miracle’ en économie. Leçons au Collège de France*, Paris 1995, and, *La société de confiance. Essai sur les origines et la nature du développement*, Paris 1995; John P. Powelson, *Centuries of economic endeavor. Parallel paths in Japan and Europe and their contrast with the Third World*, Ann Arbor 1994; Erik Ringmar, *Why Europe was first. Social change and economic growth in Europe and East Asia, 1500-2050*, London / New York 2007; Nathan Rosenberg / Luther E. Birdzell, *How the West grew rich: the economic transformation of the industrial world*, New York 1986; Erich Weede, *Asien und der Westen. Politische und kulturelle Determinanten der wirtschaftlichen Entwicklung*, Baden-Baden 2000; James M. Blaut, *Eight Eurocentric historians*, New York / London 2000, provides an analysis of, or rather a frontal attack on, this paradigm by discussing the ideas of Max Weber, Lynn White, Robert Brenner, Eric Jones, Michael Mann, John A. Hall, Jared Diamond and David Landes. Those who read Dutch, I can refer to my ‘Hoe het Westen rijker werd: ‘the Rise of the West’ in economisch perspectief’, *Theoretische Geschiedenis*, vol. 25, issue 4 (1998) 291-321 (How the West grew rich: the Rise of the West from an economic perspective). This article provides an extensive synthesis and evaluation of recent literature on ‘the West and the Rest’ in the early modern era.

measurement and calculation, one cannot be an efficient, let alone a successful entrepreneur in a capitalist environment. To turn capitalism into a successful system, such ‘rationalisation’ has to pervade the entire political, social and cultural life of a society.

The kind of state that evolved in the West and that is supposed to be the ideal counterpart of a capitalist economy is normally described, in Weberian terms, as ‘rational-legal’ and ‘bureaucratic’. It acts in a predictable way, is bound by its own rules, and trustworthy. There are clear limits to its arbitrariness. It is, however, very powerful as it can get things done, especially when people look at government as theirs. The emergence of capitalism has also often been connected to certain ‘rational’ characteristics of social life in the West: individualism, a central role for the nuclear family, a tendency to separate household and firm, and a specific kind of demographic behaviour, epitomised in the so-called ‘European marriage pattern’, in which people marry late and many never marry at all.³⁵ References to a uniquely high level of social and geographical mobility also have always been very popular, as was pointing at the fact that in Western Europe the bourgeoisie acquired substantial political leverage. With regard to their geographical mobility, it is claimed that Europeans were explorers *par excellence*, which resulted in the acquisition of new markets, new institutions and new knowledge.

Rationality was also supposed to increasingly dominate Western culture. Here references abounded to the fact that the Western mind would be inquisitive and interested in tinkering with nature and society. This did not mean that the West had always been number one in theoretical knowledge, let alone technology. It did, however, so it was claimed, become the place, where invention and inventors were supported or at least protected, and where inquiry became autonomous and methodical. So in the end, because of its cultivation of invention, or, as it has been called “the invention of invention”,³⁶ its science and technology could and would flourish.

Western Europe has been a Christian civilisation for many centuries. So it is almost inevitable that scholars would try and connect the Christian faith, or a specific variety of it, to Europe’s particular history. When it comes to economic history, the first ‘connection’ that springs to mind is the one made by Weber between the Protestant ethic and the spirit of capitalism. Linking Catholicism, a

³⁵ For a very up-to-date analysis *and* evaluation of the claim that there would be a specific (Western) European marriage pattern, first made by the Hungarian John Hajnal, see Theo Engelen / Arthur P. Wolf, eds., *Marriage and the family in Eurasia. Perspectives on the Hajnal hypothesis*, Amsterdam 2005, and Jan Luiten van Zanden/ Tine de Moor, *Vrouwen en de geboorte van het kapitalisme in West-Europa*, Amsterdam 2006 (*Women and the birth of capitalism*). An English translation will be published soon.

³⁶ Landes, *Wealth and poverty*, 58.

much less disenchanted religion, to economic modernity proved more of a challenge. It nevertheless has been tried by pointing at the fact that in Catholicism God is supposed to have created an orderly world that is subject to laws and that man is allowed to dominate. Much more straightforward connections would be that the organisation of its cloisters was an adumbration of later factories; that it had supported and legitimized what is nowadays regarded as modern marriage; or that it had functioned as a provider of trust between Westerners.

Underlying all these characteristics, and therefore in many publications presented as the *ultimate* cause of European dynamism, would have been the fact that the sources of social power, to put it in Michael Mann's terms, to wit political, ideological, economic and military power, were never monopolized by one central instance.³⁷ Most people in Western Europe enjoyed a *relatively* high level of freedom and protection. On the other hand they were subject to a fairly intense level of competition. This competition also characterised the inter-state level. Western Europe never again became (part of) an empire. It continued to be a system of *competing* states. This, so it is claimed, prevented the region from entering a phase of stasis that often is regarded as the final fate of all empires.³⁸

The 'failure of the Rest', according to Smithians and Weberians

Most Smithian/Weberian explanations of the economic predicament in which the non-West ended up, boil down to the claim that there impediments to growth had *not* been removed. Explanations in terms of geography and contingency have not been lacking, but most authors have emphasized that rulers and systems of rule outside the West were, almost without exception, not exactly helpful in generating economic growth. Governments of the big empires in 'the East' tend to be described as 'plunder machines' or 'revenue pumps'; their rulers as inefficient, living in luxury and wasting resources. Their realms are characterised by exploitation, insecure property, and, as a consequence, a tendency of subjects to hoard and hide their wealth. So read the general Smithian view. When research showed that a number of emperors in the eighteenth century ruled China very

³⁷ Mann, Sources of social power, vol. 1, chapter 1.

³⁸ Reference to the fact that Europe was not an empire, are so much stock in trade in all classical texts on European exceptionalism that it does not make sense to even try and mention them all.

lightly instead of despotically, it read that their empire suffered from ‘under-government’ and ‘lethargic’ rule.

Outside Asia the situation was no better. The rulers of the Maya’s, Aztecs or Inca’s also were depicted as brute exploiters. The press of African rulers was not good either. It is claimed that in pre-colonial times, Africa, overall, did not really have states. With colonialism Western state-models were introduced, with fairly unfortunate results, in particular after the colonialists disappeared. The continent in any case never became known for good governance. The completely different developments in North as compared to South America looked ideally suited to illustrate the importance of having the right, meaning Anglo-Saxon, institutions. North America inherited its institutions from the British and became rich. Most of South and Central America inherited the wrong institutions from Spain and Portugal, and became poor. Whatever rulers outside the West may have or have not done their rule was considered arbitrary and they could not be held accountable. That was widely regarded as bad for development.

Comments with regard to what was wrong in ‘the Rest’ were not confined to politics. It would be hard to find a description of, for example, China that did not mention over-population. Claims have always abounded in the literature that many societies across the globe were better at reproducing than at producing, as a rule with quite unclear references with regard to time and place. Again, contrasts with the Western world were usually emphasized, like the tendency to marry (too) young and to have (too) many children. With regard to Africa, one finds comments that it would be too empty as well as comments that it would be too full. When discussing demography of ‘the Rest’, commentators also liked to refer to the fact that the structure of families ‘there’ was not as conducive to economic growth as the Western ‘individualistic’ nuclear family. Most people across the globe were considered to be too tightly encapsulated in extended families, clans, lineages or tribes, to have the possibility – and feel the need and see the use – of personal initiative. The separation of household and firm, so dear to Smithians and Marxians alike, had not progressed very far, if at all. In areas of intensive agriculture, that could mean that the household-mode of production, quite common in traditional societies, perpetuated a system of self-exploitation and continued to be a serious obstacle to modern economic growth.

When it comes to culture, again, various quite different factors were and often still are mentioned to explain why regions outside the West did not take-off. References to a defective work ethic and

labour discipline have always been very popular³⁹ – next to comments about self-exploitation! – as have comments on the negative role of various religions. Until Confucianism was regarded as one of the underlying causes of the ‘Asian miracle’ in the last decades of the twentieth century, its economic impact had been mostly regarded as negative: it inspired people to adapt to the world instead of changing it. Hinduism and Buddhism basically were regarded as systems of thought that are too ‘other-worldly’ and Islam as a religion that over the centuries developed into a conservative if not fundamentalist force. In many publications, moreover, civilizations in other parts of the world appeared as less ‘open’ than Western societies. In East Asia e.g. countries like China, Korea, and Japan for a long time made it all but impossible for foreigners to get in and for their own people to get out. Just like the big ‘Islamic’ empires of the Mughals, the Safavids and the Ottomans, they had no overseas empires. Not only, so it reads, did these countries often close their frontiers: they also closed their minds. This would in particular apply to China and many Islamic regions. Again, these comments were not just ‘Western prejudices’: by and large they were endorsed by many ‘non-Western’ modernizers, whether they were liberal, socialist or nationalist. It is only fairly recently that Landes claimed that culture can make all the difference.⁴⁰

The Marxian paradigm

The historiography of economic development has never been monolithic. Scholars writing in a Smithian vein stood opposite those who derived inspiration from Marx. Those taking care of Marx’s legacy have always been a contentious lot. But they have enough in common to be regarded as a group. As indicated, the rise of the West to economic primacy for Marxists too, basically, boils down to the rise of capitalism. In a certain way and to a certain extent, Marx was positive about that. He regarded capitalism as a necessary, progressive phase on the way to

³⁹ See, very recently, Gregory Clark, *A farewell to alms. A brief economic history of the world*, Princeton / Oxford 2007. There the thesis is defended that the Great Divergence to a very large extent can be explained by a failure of poor countries to utilize technologies efficiently because of their inability to effectively employ labour in production. Clark thinks that in poor economies, for various reasons, labour quality was also poor. The wealth of the West, in contrast, is regarded as the result of a kind of natural selection in the pre-industrial era in which economically successful families were also more successful in reproducing themselves, which meant Western countries, first and foremost Britain, disposed of much better human resources to implement growth strategies. See chapters 15 and 16, and the comment on the back flap by George Akerlof.

⁴⁰ Landes, *Wealth and poverty*, 522.

socialism that had to destroy the fetters of feudalism. The development of capitalism to him, basically, was the outcome of processes that take place inside certain Western societies, to then spread over the globe. That went so fast that already in his days, capitalism had become a global phenomenon that could only be dealt with on a global scale. With regard to the question whether there would be a model of development, a march-route for all countries in the world, Marx and Marxians are ambivalent. Marx did indeed suggest that the less developed countries could see in English social development “the image of (their) own future”, but elsewhere fiercely denied having produced a historico-philosophical theory of general development, imposed by fate on all peoples, whatever the historical circumstances in which they are placed.⁴¹

For Marxians, a market economy and the behaviour it implies, is anything but natural. It arose at a certain moment in time and at a certain place. Most people would rather *not* be subjected to the permanent and fierce disciplining by the market. Those who became the actual labour force of the capitalist entrepreneurs, simply *had* to; they had no other option than to sell their labour as they had no, or insufficient means of subsistence. There resides the importance of expropriation, a concept that is central in the work of Marx and his followers. This expropriation did not occur without violence. Support of the state was paramount in wielding that violence.

In traditional economies, small owner-producers, who normally work *as* and *in* a household, play a predominant role. Capitalism *and* socialism can only emerge, when that is no longer the case. By far the largest group of those producers were peasants. That means that, overall, in Marxist analysis *and* practice, creating a modern society involves getting rid of them and their household mode of production. Marx analysed this process for Britain and a neo-Marxist like Robert Brenner, a century later, basically still started from the same premises.⁴² Barrington Moore (1913-2005), in his extremely influential *Social origins of dictatorship and democracy. Lord and peasant in the making of the modern world*, elaborated on how this elimination, or its failure, worked out in various societies and showed that there have been more than one route to modern industrial

⁴¹ See e.g. Marx-Engels Werke, Berlin 2008, Volume 23, 12, and Volume 24, 200.

⁴² See Trevor H. Aston / Charles H.E. Philpin, eds., *The Brenner Debate. Agrarian class structure and economic development in pre-industrial Europe*, Cambridge 1985. For an analysis along these lines, that must explain why in Chinese agriculture no capitalist breakthrough occurred, see Robert Brenner / Christopher Mills Isett, England’s divergence from China’s Yangzi Delta: property relations, micro-economics, and patterns of development, *The Journal of Asian Studies*, vol. 61, issue 2 (2002) 609-662.

society, not just the ‘classical’ capitalist one of England.⁴³ There also exists a fascist road to modern industrial society, exemplified by Germany and Japan, where *initially* peasants are not eliminated as a group but even courted and government is a major driving force of industrialization. Finally there is the communist route, exemplified by Russia and China, still *pre-capitalist* societies, where peasants in large masses supported the revolution against the Ancien Régime, to later on be deprived of their property as government tried to create a collectivised agricultural sector to feed a rapidly increasing urban population.

Marx and his followers clearly were under the spell of the enormous dynamism and power of the capitalist West. When it comes to their perception of the rest of the world, they differ surprisingly little from Smithians. Just like them, and for similar reasons, they think that it lacked dynamism. Marx’s original comments are not based on systematic comparative analysis and constitute only a tiny part of his oeuvre. Most of them are rather imprecise and refer to ‘the Orient’ or ‘Asia’. At various occasions he calls them ‘unchanging’ and ‘unchangeable’ and claims the key to understanding their stasis is the absence of private property.⁴⁴ For whatever exact reason: by and large, amongst Marxists the impression that the Orient was backward and static stuck. Much of what Marx said about Asia in general was simply held to also apply to China. Karl Wittfogel (1896-1986) in his book on oriental despotism would later elaborate extensively on the Chinese case, in particular its totalitarian ‘hydraulic state’.

In China itself, that concept never became really popular.⁴⁵ The official interpretation of history, as a rule, preferred to describe the situation before the opening by the West as ‘feudal’, allowing for ‘sprouts of capitalism’.⁴⁶ These, however, could never come to full bloom because of intervention by the state and foreign imperialists and because of the behaviour of local power-holders. As always in Marxian thinking, there is a certain ambivalence about the role of imperialists in the process of modernization. Whatever their wrong-doings, they did trigger the development of a kind of capitalism. Obviously, Chinese historians, living in a country run by a communist party,

⁴³ Barrington Moore, Jr., *Social origins of dictatorship and democracy. Lord and peasant in the making of the modern world*, Boston 1966.

⁴⁴ See e.g., Shlomo Avineri, *Karl Marx on colonialism & modernization*, New York 1969, and Lawrence Krader, *The Asiatic mode of production: Sources, development and critique in the writings of Karl Marx*, Assen 1975.

⁴⁵ Wittfogel, *Oriental despotism*.

⁴⁶ Arif Dirlik, *Chinese historians and the Marxist concept of capitalism: A critical examination*, in: *Modern China*, vol. 8 (1982) 105-132. For a good overview of the practical implications of that ‘sprouts of capitalism debate’, see Xu Dixin and Wu Chengming, eds., *Chinese capitalism 1522-1840*, Houndmills / London 2000.

can not be expected to be very enthusiastic about China's history before communist rule. In Japan there emerged and continued to exist a very influential Marxist interpretation of Japanese history, especially of its modernization.⁴⁷ In India, the influential Marxist interpretation of pre-colonial history propagated by the Aligarh School continued to regard the village community and in particular the extractive and oppressive Mughal state as major obstacles to the emergence of autonomous capitalism. With the coming of the colonisers, major changes did take place, but they of course were implemented in a colonial setting.⁴⁸ Systematic analysis along traditional Marxian lines of the Ottoman Empire, the other big Islamic Empire in the East, is as yet lacking. The situation in Latin America and Africa is never explicitly addressed in Marx's work. As we will see later on, it does receive lots of attention in the work of many neo-Marxist scholars.

Marxian off-shoots: primitive accumulation, dependency theory and world-systems analysis

In the work of Marx and his followers, one can also discern an interpretation of the emergence of capitalism and the rise of the West in which pride of place is given to the way in which capitalist societies profit from their contacts with other societies. Basically there are two varieties of this approach. In the first one, the emphasis is on the role of non-European regions in 'primitive accumulation'. Their exploitation here is part of the pre-history of real capitalism: it helps explaining how it all began. This interpretation differs from the one that originates with Lenin, Hobson and Hilferding, who wrote about imperialism as capitalism's 'highest stage' in which a competitive, liberal capitalism is succeeded by an organised, 'monopoly' capitalism. In this view, it is only at that stage that other parts of the world become quintessential for capitalist economies, with capitalists desperately looking around for markets, resources, and possibilities to invest.

The thesis that the contribution of the Rest to the riches of the West, and the role of the West in the under-development of the Rest, were anything but marginal has never lacked defenders, especially outside the West. Eric Williams (1911-1981) wrote a very influential book on slavery in the

⁴⁷ See for the emergence of this approach and its main pre-occupations: Germaine A. Hoston, *Marxism and the crisis of development in pre-war Japan*, Princeton 1986; Takeshi Ishida, *Die Entdeckung der Gesellschaft. Zur Entwicklung der Sozialwissenschaften in Japan*. Herausgegeben und aus dem Japanischen übersetzt von Wolfgang Seifert, Frankfurt am Main 2008, and for an empirical example, E. Herbert Norman, *Japans emergence as a modern state*, New York 1940.

⁴⁸ The best known representatives of this Marxist approach to the history of Mughal India are Irfan Habib, M. Athar Ali, and Shireen Moosvi.

Caribbean and the rise of capitalism.⁴⁹ Its theses are still debated and even go through a revival.⁵⁰ Walter Rodney (1942-1980) set out to explain how Europe underdeveloped Africa.⁵¹ Indian historians with a nationalist background would always point at the ways in which the British plundered their country and continue the debate on the ‘drain of wealth’ as it was started by Dutt (1848-1909) already in the nineteenth century.⁵² In recent publications by e.g. James Blaut, the thesis that plunder and windfall profits were at the basis of Western dominance is still prominent.⁵³ Frank and others like to point at the fact that without bullion Westerners would have had depressingly little to offer on Asian markets.⁵⁴

Latin American scholars like Raúl Prebisch (1901-1986), Fernando Henrique Cardoso, and Theotonio Dos Santos have tried to turn the firm intuition that there is a connection between the wealth of the West and the poverty of the Rest into a theory called ‘dependency theory’. This ‘theory’ was formulated to explain the specific predicament of their continent.⁵⁵ It was taken over by Andre Gunder Frank (1929-2005), very probably its best-known defender in the West.⁵⁶ An

⁴⁹ Eric Williams, *Capitalism and slavery*, Chapel Hill 1944.

⁵⁰ For extensive debates on William’s views see Barbara L. Solow / Stanley L. Engerman, eds., *British capitalism and Caribbean slavery: the legacy of Eric Williams*, Cambridge 1987; Barbara L. Solow, ed., *Slavery and the rise of the Atlantic system*, Cambridge 1991, and Kenneth Morgan, *Slavery, Atlantic trade and the British economy, 1660-1800*, Cambridge 2000. For a revival, often in a somewhat mitigated and adapted form, of those views, see, for example; Robin Blackburn, *The making of New World slavery. From the baroque to the modern, 1492-1800*, London / New York 1998; Richard Drayton, *The collaboration of labour: slaves, empires and globalizations in the Atlantic world, c. 1600-1850*, in: A.G. Hopkins, ed., *Globalization in world history*, London 2002, 98-114, and Joseph E. Inikori, *Africans and the Industrial Revolution in England. A study in international trade and economic development*, Cambridge 2002.

⁵¹ Walther Rodney, *How Europe underdeveloped Africa*, London / Dar es Salaam 1972.

⁵² Romesh Chunder Dutt (1848-1909) was an Indian civil servant and economic historian who in the very beginning of the twentieth century published an economic history of India under British rule in which he discussed the economic consequences for India of British rule.

⁵³ Blaut, *Colonizer’s model of the world*.

⁵⁴ Frank, *Reorient*; Marks, *Origins of the modern world*; Dennis Flynn and Arturo Giráldez, *Cycles of silver: global economic unity through the mid-18th century*, in: *Journal of World History*, vol. 13, issue 2 (2002) 391-427.

⁵⁵ There is an enormous amount of literature on dependency-theory. I refer the reader to publications by authors referred to here, including Gunder Frank, and to debates about their views and their implications as they can be found on Google Scholar under ‘dependency theory’. See also the next note.

⁵⁶ See e.g. Andre Gunder Frank, *Dependent accumulation and underdevelopment*, New York / London 1978, and idem, *World Accumulation, 1492-1789*, New York 1978. For an assessment, see *Journal für Entwicklungspolitik*, vol. XXIII, issue 1 (2006): In Memoriam Andre Gunder Frank. Was bleibt von der „Entwicklung der Unterentwicklung“?

important incentive for its proponents was the fact that in many of the countries they studied the impoverishment that had started in colonial times did not disappear after independence, notwithstanding the fact that those countries had become formally independent *and* more integrated into international markets. Apparently, so they claim, there exist mechanisms that prevent world-wide economic convergence and rather create divergence. Rich nations, or as they now were often called in their work, ‘the North’, in their role as ‘metropolis’, continued to be rich and became even richer, whereas poor nations, or ‘the South’, in their role as ‘satellites’, continued to be poor, if they did not actually become poorer.

Direct exploitation of course continued to play a role, e.g. in the manipulation of trade by the North and collaborating elites in South, or in the repression of the labour force in poor countries. Even in formally independent countries, the use of brute force by local power holders and ‘Westerners’ never ceased to be a real threat. Rich and poor countries were clearly distinct when it comes to the organisation of the labour market and the power of labour. What especially early dependency theorists were interested in, however, was more indirect, ‘structural’ exploitation. They liked to point at a division of labour between rich and poor countries that lay at the basis of what they call ‘unequal exchange’, with positive effects for the North and negative ones for the South. Poor countries, so they claimed, mainly exported primary commodities with terms of trade that structurally deteriorated. They were transformed into ‘dual economies’, with export sectors that had hardly any linkages with the rest of the economy, and whose profits were either transferred to the West or ended up in the hands of a tiny domestic elite. Instead of providing a solution, integration in wider markets so became the problem. It implied ‘the development of underdevelopment’. Thinking in terms of dependency became quite popular in various Third World countries, especially in Latin America.⁵⁷ Its impact in the West was fairly minor.

The ideas of Immanuel Wallerstein, that are very similar in principle, but supported by broader and systematic historical research, in contrast, had an enormous impact, in the West as well as in the rest of the world. His books about the modern world-system, the first of which came out in 1974, are amongst the most quoted in disciplines like history and the social sciences.⁵⁸ In his historical analysis, he was strongly influenced by the French historian Fernand Braudel (1902-1985). For both Braudel and Wallerstein, again, ‘capitalism’ is at the root of Western wealth and

⁵⁷ Walther L. Bernecker / Thomas Fischer, Rise and decline of Latin American dependency theories, in: *Itinerario. European Journal of Overseas History*, vol. XXII, issue 4 (1998) 25-44.

⁵⁸ Immanuel Wallerstein, *The modern world-system*. Up until now three volumes have appeared, in 1974, 1980 and 1989.

predominance. For Braudel it is not as such a uniquely European phenomenon. He only claims that nowhere it developed as far as in Europe.⁵⁹ For Wallerstein it is something uniquely European that emerged in the sixteenth century and then began to spread over the entire globe.

Both scholars explicitly define capitalism in terms that are very different from, and in many respects even opposed, to those used by Smith and Marx. For them it is not a system based on the working of free markets. Although it can only flourish in societies that have markets, it is identical with a market economy as such. In those markets in which capitalists operate, competition is neither free nor fair, nor transparent. Protection, monopoly and manipulation rule supreme in a context of collusion between political power-holders and capitalists. Losses are absorbed by political hands while gains are distributed to private hands. The state provides shelter for capitalists, often *against* the market. The capitalists we are talking about here, felt at home in finance and long-distance trade. With the rise of the modern state and European overseas expansion, opportunities in those sectors increased. As a rule they did not invest heavily in production, least of all in agriculture. They preferred freedom of manoeuvre and the spreading of risks. All this hardly changed with industrialization which therefore, both by Braudel and Wallerstein, is not regarded as a real break in the history of capitalism.

Of fundamental importance in a survey like this is the fact that for both of them capitalism is a 'world-system' that implies a *geographical* hierarchy, i.e. a specific division of labour between what Wallerstein calls 'the core' region of the system and its 'peripheries' and 'semi-peripheries'. It is a *system* because life in it is largely self-contained and the dynamics of its development are largely internal. It is a 'world-system', not because it encompasses the entire world, but because its economic logic operates within an area larger than that which any political entity can entirely control. By referring to that economic logic we have already pointed at its third characteristic: it is an *economic* system. In the core or centre, one finds free, highly-paid and specialised labour, working in sectors where value-adding is high. The periphery of a world-economy consists of that geographical sector of it that produces primarily lower-ranking goods and whose labour is less well rewarded. It is an integral part of the overall system because the commodities involved are essential for daily use. Peripheral labour is not just badly rewarded: it also is un-free. Then there are semi-peripheral areas which are in between the core and the periphery on a series of

⁵⁹ Fernand Braudel, *Civilisation matérielle, économie et capitalisme, XV-XVIIIe siècle*, Paris 1979, three volumes. There are translations in English and German. For a brief synopsis of its main theses, see Fernand Braudel, *Afterthoughts on material civilization and capitalism*, Baltimore / London 1977.

dimensions, such as the complexity of economic activities, strength of the state machinery, or cultural integrity.

Quintessential for our analysis is that the core of this system lay in (shifting) parts of Western Europe, and from the nineteenth century onwards in Western Europe plus North America. There were peripheral regions in Europe, for example Ireland that was a periphery of Britain, or the rye-producing regions in Eastern Europe that fed large parts of the Dutch Republic. But most of the periphery of the Western core in the end would be in other continents. In the sixteenth and seventeenth centuries, the Americas, and (small) parts of Africa and of Asia, formed Europe's periphery. In the eighteenth century we see further extensions, in particular the parts of India that became British. At the end of that century the United States were no longer part of the British Empire and started shifting position in the global economy. Some decades later Central and South America almost in their entirety became independent regions, without, however, getting rid of their peripheral status. In the nineteenth century, with the 'opening' of the Ottoman Empire and China and, be it with differing results, Japan, and with the further exploration and partition of Africa, the entire world became one economic system.

The hierarchical structure of this world-system implies that capitalism for Braudel and Wallerstein is not a *phase* in history but a *layer* of economic life. 'Underdeveloped' regions are not in an earlier stage than 'developed' ones. They presuppose each other. The free labour one finds doing skilled work in core-areas, can not exist without the coerced labour used for less skilled work in the periphery. Their *combination* is the essence of capitalism. In this perspective, the West not only got rich over the back of its (semi-)peripheries, it also actively thwarted their further development. India, to mention a notorious example, would have been 'de-industrialized' by the British. The 'sprouts of capitalism' that may have existed in China were either destroyed or distorted by foreign imperialists and their Chinese accomplices. The 'scramble for Africa' in the nineteenth century only added to the damage already done by the enslavement of so many Africans. Latin and Central America may have become formally independent quite early, but they soon became parts of an informal empire run by Britain and the United States. The Ottoman Empire was slowly dismantled and carved up into Western zones of protection. The case of Japan was something of an 'exception that proves the rule'. It never became a colony, it began to colonise other regions soon after it was 'opened', and it industrialised.

In world-systems analysis, capitalism is the dynamic force that creates a global economy. The ultimate motor behind this dynamism, not unlike in many Smithian explanations, is supposed to be

the existence from the late Middle Ages onwards of a Western European state-system that never turned into an empire. Fierce interstate-competition encouraged most states to look for expansion overseas. The ideas of, especially, Braudel and Wallerstein are more subtle than those of dependency theorists. In the last instance, however, they start from similar premises and have incurred similar critiques. Let us combine the critiques. There is the critique that the meaning of various central concepts is unclear. What exactly, for example, is meant by ‘unequal exchange’ and how can one measure its ‘inequality’? What is meant by ‘a dependent economy’ and how can one measure ‘dependency’? What does it take to become a centre or a periphery? Wallerstein’s concept of ‘externality’ has also come in for critique. During the early modern era, China, the biggest economy in the world, clearly was not a periphery of Europe. Wallerstein therefore simply places it outside Europe’s world-system. Critics think that is Eurocentric and misleading. Not only was trade between China and the West, and other parts of the world, substantial. They also point to the fact that China exchanged manufactured goods like silken fabrics and porcelain, and a fairly basic product like tea, for Western silver. Does not that make Europe look like a Chinese periphery?⁶⁰

The existence of a long-term deterioration of the terms of trade for the exports of underdeveloped countries, a fundamental ingredient in ‘the development of underdevelopment’, has been disputed if not actually refuted. From the third quarter of the twentieth century onwards various underdeveloped, non-Western countries have known substantial economic growth. Critics regard that as a refutation of dependency theory. The same goes for the fact that the ‘catching up strategies’ that dependency theorists suggested to underdeveloped countries - in essence always some kind of detachment from the global market – very often failed.

Various economic historians, looking at the matter from a European angle, think that in claiming that the West developed ‘over the back’ of the rest one wildly overestimates the importance of

⁶⁰ See for the claim that China would have been the centre of an early modern global economy, e.g. Frank, *ReOrient*, Flynn and Giráldez, *Cycles of silver*, and Marks, *Origins of the modern world*. For differences of opinion in this respect between Frank and scholars with a more classical Marxist or Wallersteinian approach, see e.g. Samir Amin, *History conceived as an eternal circle*, in: *Review. A Journal of the Fernand Braudel Centre*, vol. 22 (1999) 291-327; Giovanni Arrighi, *The world according to Gunder Frank*, *ibidem*, 327-355, and Immanuel M. Wallerstein, *Frank proves the European Miracle*, *ibidem*, 355-372.

contacts between the West and its peripheries for most of their histories.⁶¹ In a rather paradoxical way, these critics have found support amongst historians studying Asia's history, like Gunder Frank who, after his converting to Asia-centrism, began to emphasize that the impact of the West on most parts of that continent has been quite marginal and brief. Here again one is confronted with the big difference in intensity, duration and impact of Western influence in various parts of the world. It will not be by accident that dependency theory originated in Latin America and was always very popular there, and in Africa. What, finally, has increasingly become a point of critique, is that the modern world-systems approach would be Eurocentric in depicting a dynamic West that incorporates ever larger parts of a fairly passive, victimised 'Rest'.

Nevertheless, dependency theory and modern world-system analysis have pointed at some really major problems for neo-classical economic thinking. First and foremost, there is the fact that the incorporation of ever more, politically independent, regions in a global economic network has not (yet?), as neoclassical economics predicts, been accompanied by economic convergence. One cannot ignore the question to what extent the structure of international economic relations and exchange might be to blame for that. That question continues to hold centre stage in global economic history and has led to increasingly sophisticated analyses of e.g. slave trade and slave labour, formal and informal colonialism, commodity chains and the functioning of dual economies. The thesis that Europe 'unfairly' acquired a large part of its wealth elsewhere in the

⁶¹ See, for example, in chronological order: Patrick O'Brien and Leandro Prados de la Escosura, eds., *The costs and benefits of European imperialism from the conquest of Ceuta, 1415, to the Treaty of Lusaka, 1974*. Twelfth International Economic History Congress, Madrid 1998; Jan de Vries, *Connecting Europe and Asia. A quantitative analysis of the Cape-route trade 1497–1795*, in: Dennis Flynn, Arturo Giráldez and Richard von Glahn, eds., *Connecting Europe and Asia. Global connections and monetary history*, Aldershot 2003, 35-106; Pieter C. Emmer, Olivier Pétré-Grenouilleau and Jessica Roitman, eds., *A deus ex machina revisited: Atlantic colonial trade and European economic development*, Leiden 2006. The classic text in this respect, whether the author himself still likes it or not, is Patrick K. O'Brien, *European economic development: the contribution of the periphery*, in: *The Economic History Review*, vol. XXXV (1982) 1-18.

world, and that this would have enabled it to industrialise, still finds ample support in ‘textbooks’⁶² and in more specialised analyses.⁶³

Challenges for classic Eurocentric explanations

The Smithian and Marxian master narratives about development and underdevelopment have their defenders until this very day. But changes in the real world and in the historical discipline have severely subverted their credibility. Economic transformations in the Western world since the beginning of industrialization have been tremendous. Scale, scope and structure of business changed. Many night watchman-states turned into social welfare states. If their economies can still be called ‘capitalist’, then in any case that capitalism knows many varieties.⁶⁴ Classical Smithian theories could no longer provide even a ‘stylized’ description of the situation in the West. For economic historians who believed in the Smithian perspective, this presented serious challenges. Seeking comfort in further refining neo-classical models, as many economists did, to them was not really a viable option. The Marxian alternative, as analysis of developments in the West and as theoretical foundation of real-existing socialism, *in the end* fared even worse. The addition *in the end* is cardinal here: in the beginning of the twenty-first century one easily forgets how long ‘socialist alternatives’ to economic liberalism looked and, to a certain extent, *were* successful in modernising countries and increasing their Gross Domestic Product. Whatever their merits and potential in the longer run, socialist experiments showed that substantial economic growth is possible in a non-capitalist setting. The fact that capitalism and communism not only had their

⁶² Hobson, *Eastern origins of Western civilisation*, parts three and four; Marks, *Origins of the modern world*, chapter four; Hans-Heinrich Nolte, *Weltgeschichte. Imperien, Religionen und Systeme 15.-19. Jahrhundert*, Vienna 2005, and Clive Ponting, *World history. A new perspective*, London, 2001, for example, chapter 20.7.

⁶³ See e.g. Peter J. Cain and Anthony G. Hopkins, *British imperialism, 1688-2000*, second edition, London 2002; Javier Cuenca Esteban, *Comparative patterns of colonial trade: Britain and its rivals*, in: Leandro Prados de la Escosura, ed., *Exceptionalism and industrialisation. Britain and its European rivals, 1688-1815*, Cambridge 2004, 35-68; Pomeranz, *Great divergence*, as the author thinks that non-consensual trade with its Western periphery played a fundamental role in the development of Europe, and Patrick Karl O’Brien, *Inseparable connections: trade, economy, fiscal state, and the expansion of empire, 1688-1815*, in: Peter J. Marshall, ed., *The Oxford History of the British Empire. Vol. II. The eighteenth century*, Oxford / New York 1998, 53-77.

⁶⁴ See Peter A. Hall / David Soskice, eds., *Varieties of capitalism. The institutional foundations of comparative advantage*, Oxford 2001.

problems at home, but were no striking successes in the Third World either, only added to the unease about these old paradigms.

And then there was the challenge presented, in particular from the last decades of the twentieth century onwards, by various cases of sensational, non-Smithian and non-Marxian growth in the former ‘Third World’. Of course, there had been a major precedent of modern economic growth outside the West. Japan already took-off in the Meiji Era (1868-1912). A popular strategy to deal with that ‘anomaly’ had always been to ‘Westernize’ it: for example, by pointing at its feudalism, at the competition between various fiefs during Tokugawa rule (1601-1867) that counted as equivalent of competition between states in Europe, or at its strong work ethic. The claim that industrializing Meiji Japan was a Western capitalist country that happened to lay in Asia nevertheless continued to be suspect. If one really wants to insist on seeing parallels, Germany’s industrialisation would be a case to think of, rather than Britain.⁶⁵ Then came Japan’s phenomenal growth after World War Two. Again, systematic efforts to prove the opposite notwithstanding, it was clear that the country was not implementing Smithian, let alone, Marxian models. There was something peculiar and quite successful to its ‘strategy’ that was analysed in numerous studies.⁶⁶ When Japan’s growth figures and pace of development slackened, many scholars simply forgot how enthusiastic they had been about the ‘Japanese model’. New challenges to mainstream economics, however, would not be lacking, in particular with the appearance of the Asian tigers, Hong Kong, Singapore, South Korea and Taiwan, and from the last decades of the twentieth century onwards the impressive growth of China and India. Here, at least, it looked as if ‘the rise of the West’ was succeeded by ‘a rise of the Rest’.⁶⁷

Most ‘catching up’ occurred in Asia. I personally think it would be exaggerated to talk about the emergence of a distinct ‘Asian’ alternative to traditional models of growth. But some

⁶⁵ The amount of literature in which the socio-economic structures and developments of Japan and the West have been compared is enormous. For their focus on similarities, and much less on differences between them in their *pre-industrial* phase, that particularly interests us here, see e.g. Fernand Braudel, *Civilisation matérielle, économie et capitalisme*, Volumes 2 and 3, see under Japan; Jones, *European miracle*, 158-159, and *Growth recurring*, chapter 9; Landes, *Wealth and poverty*, chapters 22 and 23; Alan Macfarlane, *The savage wars of peace. England, Japan and the Malthusian trap*, Houndmills Basingstoke 2003; Powelson, *Centuries of economic endeavour*, and Stephen K. Sanderson, *Social transformations. A general theory of historical development*, Cambridge Mass. / Oxford 1996, Chapter 5.

⁶⁶ Let me only refer to a book whose title says it all: Ezra Vogel, *Japan as number 1. Lessons for America*, Cambridge Mass. 1979.

⁶⁷ Alice Amsden, *The rise of the ‘rest’. Challenges to the West from late-industrializing economies*, Oxford 2001.

characteristics do stand out. Firstly, there is the interventionist and steering stance of governments. Chalmers Johnson, an expert in Japan's history, in this respect has coined the term 'developmental state'. In particular during the first phases of economic take-off, those governments tended to behave quite authoritarian.⁶⁸ What is also notable is the extent to which the economies of those new industrialising countries were export-oriented and their production labour-intensive. In particular this last aspect has attracted the attention of scholars interested in the Great Divergence who do claim there is a distinct East Asian development path.⁶⁹

In brief, life did not become easier for developmental economists. Their quest for growth proved quite elusive.⁷⁰ Studies by economic historians, that became increasingly sophisticated and numerous, also were more helpful in deconstructing than in reconstructing. The idea that there would be one model of industrialization, even if only valid for the Western world, is no longer taken seriously, not even if one would take on board Gerschenkron's (1904-1978) amendments and his functional equivalents.⁷¹

⁶⁸ See e.g. his *The rise of the developmental state*, New York / London 1995; Robert Wade, *Governing the market. Economic theory and the role of government in East Asian industrialization*, second paperback edition, with a new introduction by the author, Princeton 2004; Meredith Woo-Cumings, ed., *The developmental state*, Ithaca / London 1999. For literature that provides a much more interventionist, pro-active image of the role of the state in economic development in Europe as well as East Asia, see Ha-Joon Chang, *Kicking away the ladder. Development strategy in historical perspective*, London 2002; Erik Reinert, *How rich countries got rich ... and why poor countries stay poor*, New York 2007; Herman Schwartz, *States versus markets. The emergence of a global economy*, Houndmills 2000, and Linda Weiss / John Hobson, *States and economic development. A comparative historical analysis*, Oxford / Cambridge 1995.

⁶⁹ See e.g. *Labour-intensive industrialisation in global history: Asian experiences and comparative perspectives*. XIII International Economic History Association Congress July 2002 Buenos Aires session 25 International Economic History Association. <http://eh.net/XIIICongress/English/index.html>, 10.10.2008; Kenneth Pomeranz, *Is there an East Asian development path? Long-term comparisons, constraints, and continuities*, in: *Journal of the Economic and Social History of the Orient*, vol. 44 (2001) 322-362; Kaoru Sugihara, *The East Asian path of economic development: a long term perspective*, in: Giovanni Arrighi, Takeshi Hamashita, Mark Selden, eds., *The resurgence of East Asia 500, 150 and 50 years perspectives*, London 2003, and the very interesting, recent book by Giovanni Arrighi, *Adam Smith in Beijing. Lineages of the twenty-first century*, London / New York 2007.

⁷⁰ I here paraphrase William Easterly, *The elusive quest for growth. Economists' adventures and misadventures in the tropics*, Cambridge Mass./ London 2001. For the crisis in development economics see, e.g., Ha-Joon Chang, *Rethinking development economics*, London 2003.

⁷¹ See, for example, Rondo Cameron, *A new view of European industrialization*, in: *The Economic History Review*, vol. 38 (1985) 1-23; Patrick K. O'Brien, *Do we have a typology for the study of European industrialization in the XIXth century?*, in: *Journal of European Economic History*, vol. 15 (1986) 291-333, and Patrick Verley, *L'échelle du monde. Essai sur l'industrialisation de l'Occident*, Paris 1997, Chapter 3. For Gerschenkron's ideas, see Alexander Gerschenkron, *Economic backwardness in historical perspective*, Cambridge 1962.

The Smithian ‘rise of the market narrative’ encountered serious problems, without being replaced by a Marxian counterpart. There, for example, is the fact that industrializing Britain actually was a fiscal-military state, with high taxes and a huge government debt. Its central government intervened massively, directly and indirectly, in the economy, in particular in foreign trade. Current literature tends to focus much more on the importance and the (positive) effects for economic development of Britain’s fiscal-military state and its mercantilism.⁷² The United States until well in the twentieth century actually were a bastion of protectionism. Western countries that successfully caught up never did so by simply copying Britain. The role of the state in their industrialization was substantial and pro-active.

Moreover, changes occurred in the way in which industrialisation, especially the Industrial Revolution in Britain, was interpreted. In terms of an increase of GDP, that Revolution was anything but impressive. It apparently was a fairly regional affair in which the role of big factories had been overestimated. There was far more continuity than the word revolution suggests.⁷³ The connection between capitalism and industrialisation proved to be casual rather than causal. The growth of markets need not and very often *did* not lead to industrialisation, not even in the case of proto-industry (sic!) that often catered for foreign markets and implied a rapid increase of the number of (semi)proletarians. More and more scholars in the field started distinguishing between Smithian growth, based on extension of the market, increased specialisation and division of labour, and Schumpeterian growth, based on organisational but most of all, technological innovation.⁷⁴ Wrigley’s interpretation of the character of the industrial revolution in Britain as a transition from an advanced organic economy to a mineral-based fossil-fuel economy that is fairly contingent on

⁷² William Ashworth, *Customs and excise. Trade, production and consumption in England, 1640-1845*, Oxford 2003; Peter Lindert, *Growing public. Social spending and economic growth since the eighteenth century*. 2 vols. Cambridge 2004; Mann, *Sources of social power*; David Ormrod, *The rise of commercial empires. England and the Netherlands in the age of mercantilism, 1650-1770*, Cambridge 2003, and, Donald Winch / Patrick O’Brien, eds., *The political economy of British historical experience, 1688-1914*, Oxford 2002.

⁷³ For the state of the art with regard what actually was going on in industrialising Britain, see Roderick Floud and Paul Johnson, eds., *The Cambridge Economic History of Modern Britain. Volume I, Industrialisation, 1700-1860*, Cambridge 2004.

⁷⁴ See for a compact explanation of these terms Joel Mokyr, *The lever of riches. Technological creativity and economic progress*, New York / Oxford 1990, Introduction.

the overall organisation of production and exchange, has become very popular, especially amongst members of the California School.⁷⁵

Global economic history and revisionism

The emergence of a branch of economic history that purports to be truly global and that seriously studies the entire globe only added to the confusion. Much more is becoming known about the economic history of non-Western countries. Systematic efforts have been and are being made to find, construct and compare data. Although I have been involved in this myself, I think it is only fair to point at the work of the Global Economic History Network and the Global Price and Income History Group.⁷⁶ Then of course there is the work of the indefatigable Angus Maddison, who on a regular basis produces dense volumes filled with data, like *The world economy: a millennial perspective*, or *Contours of the world economy, 1-2030*,⁷⁷ and that of the late Paul Bairoch (1930-1999), who actually wrote a social and economic history of the world from the sixteenth till the late twentieth century.⁷⁸ We now know much more about incomes, prices, GDPs and standards of living of various parts of the world during the early modern era and the

⁷⁵ E. Antony Wrigley, *Continuity, chance and change. The character of the industrial revolution in England*, Cambridge 1988.

⁷⁶ For the findings and activities of the first, see the GEHN website at the London School of Economics and Political Science; for the findings and activities of the second, see Peter Lindert's website at the University of California at Davis, <http://gpih.ucdavis.edu/>.

⁷⁷ Angus Maddison, *The world economy: a millennial perspective*, Paris 2001, and *idem*, *Contours of the world economy, 1-2030*, Oxford 2007. See also his *Growth and interaction in the world economy. The roots of modernity*, Washington D.C. 2005.

⁷⁸ Bairoch, *Victoires et déboires*. See also his *Economics and world history. Myths and paradoxes*, Chicago 1993.

nineteenth century, which is really helpful when studying the Great Divergence.⁷⁹ The appearance on the market of a new journal, the *Journal of Global History*, also gave a new impetus.⁸⁰ All this has led to big changes in perspective, in particular when it comes to the early modern period and the history of parts of Asia.

Many economic historians now tend to ‘reorient’, as Frank puts it.⁸¹ Studies in which the economy of parts of Asia *before* the Great Divergence was presented in a positive light had never been lacking. In the last decades of the twentieth century, however, their number increased sharply. Their message, as a rule, was twofold: Europe had only had a marginal impact on Asia. That was even the case after the Great Divergence, so it now often reads. Nor was Europe more developed. Europeans did not dominate Asia’s trade, let alone its production. Overall, they were not more advanced traders or producers. Revisionist scholars like Andre Gunder Frank, Kenneth Pomeranz, Roy Bin Wong, Robert Marks and Jack Goldstone, sometimes referred to as the ‘California

⁷⁹ Let me here refer only to Robert Allen et al., *Wages, prices, and living standards in China, Japan, and Europe, 1738-1925*. <http://www.iisg.nl/hpw/papers/allen-et-al.pdf> from 2005; Stephen Broadberry / Bishnupriya Gupta, *Monetary and real aspects of the great divergence between Europe and Asia, 1500-1800*, <http://www.lse.ac.uk/collections/economicHistory/GEHN/GEHNConference7Papers.htm>, also from 2005, and idem, *The early modern great divergence: wages, prices and economic development in Europe and Asia, 1500-1800*, in: *Economic History Review*, vol. 59 (2006) 2-31. For the Ottoman Empire see Süleyman Özmucur / Sevket Pamuk, *Real wages and standards of living in the Ottoman Empire, 1489-1914*, in: *Journal of Economic History*, vol. 62, issue 2 (2002) 293-321. For general overviews, I refer to Tommy Bengtsson / Osamu Saito, eds., *Population and economy. From hunger to modern economic growth*, Oxford / New York 2000; Tommy Bengtsson et al., *Life under pressure. Mortality and living standards in Europe and Asia, 1700-1900*, Cambridge / Mass. / London 2004, and Robert C. Allen / Tommy Bengtsson / Martin Dribe, eds., *Living standards in the past*, Oxford 2005.

⁸⁰ *Journal of Global History*, published by the Cambridge University Press for the London School of Economics and Political Science. The first issue appeared in 2006.

⁸¹ Frank, *ReOrient*. See for my review of the book, Peer Vries, *Should we really ReOrient?: A review of Andre Gunder Frank, ReOrient. Global economy in the Asia Age*, in: *Itinerario*, vol. XXII, issue 3 (1998) 19-38. For a reaction of Frank and my response see *Itinerario*, vol. XXII, issue 4 (1998) 9-24.

School'⁸², in the 1990s started claiming that the most developed parts of Qing China, Tokugawa Japan and Mughal India were 'advanced organic economies' like Western Europe, with quite similar levels of wealth, development and growth. They *all* had their periods of Smithian growth, just like they *all*, in the end, were facing Malthusian constraints. Those advanced Asian economies also had their equivalents of what in European economic history had become known as 'proto-industry', 'industrious revolution' or 'consumer revolution'. What we are dealing with is claimed to have been a Eurasian world of 'surprising resemblances'⁸³, *not* a world of European exceptionalism. When it comes to all those specific 'Weberian' traits of early modern Western Europe, various scholars now emphatically claim that they either did not exist or were fairly irrelevant.⁸⁴ Many clichés with regard to 'the East' have been attacked. More positive descriptions of the economy of Tokugawa Japan had already begun to appear in the 1970s.⁸⁵ The most striking re-evaluation, however, is that of early modern China. No expert will call it a case of 'oriental despotism' any longer. Its society under the Qing is now described as relatively 'open', with a fair amount of social mobility, and its domestic economy as a well-functioning market economy. The

⁸² The ideas of this school are capably synthesized by Jack Goldstone, who also invented the label, in his *Why Europe? The rise of the West in world history, 1500-1850*, New York 2008. For, sometimes fairly critical analyses, see, in chronological order: Joseph Bryant, *The West and the Rest revisited: debating capitalist origins, European colonialism, and the advent of modernity*, in: *Canadian Journal of Sociology / Cahiers Canadiens de Sociologie*, vol. 31 (2006) 403-444, plus the reactions to this text by Jack Goldstone / Rosaire Langlois / Mark Elvin, and a response by Bryant in that same Journal, vol. 33 (2008) 119-185; Vittorio H. Beonio Brocchieri, *Divergenze e contingenza. Modernità e rivoluzione industriale in Europa e Asia nella prospettiva della California School?* in: *Società e Storia*, issue 119 (2008) 101-127; and my *The California School and beyond: how to study the Great Divergence?* *Journal für Entwicklungspolitik / Austrian Journal of Development Studies*, vol. 24, issue 4 (2008) 6-49.

⁸³ That is the title of part one of Pomeranz's *Great Divergence*.

⁸⁴ See e.g. Jack Goody, *Capitalism and modernity: The great debate*, Cambridge 2004; idem, *The theft of history*, Cambridge 2006, and Hobson, *Eastern origins*.

⁸⁵ See, for example: Susan B. Hanley, *Everyday things in pre-modern Japan*, Berkeley / Los Angeles / London 1997; Susan B. Hanley / Kozo Yamamura, *Economic and demographic change in pre-industrial Japan, 1600-1868*, Princeton 1977; Macfarlane, *Savage wars of peace*. For a good 'state of the art' overview, see Akira Hayami, Osamu Saito and Ronald P. Toby, eds., *Emergence of economic society in Japan, 1600-1859*. Volume One of *The Economic History of Japan, 1600-1990*, Oxford / New York 1999.

claim that its population would have grown unchecked is now rejected, as is the claim that its technology would be less developed than that of Western Europe, at least overall.⁸⁶

Many global historians now claim that the West and the Rest only began to diverge with industrialization in the nineteenth century. Their way of looking at it tends to differ from that of ‘traditional’ Smithians and Marxians. For them industrialization as it occurred in the West first and foremost was a fundamental breakthrough in technology and especially in energy use. As such, they do *not* regard it as a ‘logical outcome’ of the specific ‘capitalist’ institutional setting in which it happened to first occur. Even more than in the writings of various economic historians studying the history of the Western world, the connection between capitalism and industrialisation has been severed here.

Discussing the Great Divergence

The challenge of explaining the Great Divergence in fact consists in answering four different questions. In terms of the economist Moses Abramovitz (1912-2000) they would be: Why did some countries forge ahead? And, I would add, how could their growth continue to be so substantial? Why and how could some countries (begin to) catch up? And finally, why did many countries fall behind?⁸⁷

Most scholars would agree that candidates to forge ahead via industrialization could only be found in Eurasia. According to Diamond, the rest of the world simply was less well-endowed with flora and fauna and therefore at a serious disadvantage. This did not prevent the emergence in Southern and Central America of various very highly developed societies. The ‘discovery’ of these regions by the Europeans, however, brought total disaster. During the colonial era some recovery occurred, but being colonized was not exactly a stimulus to domestic economic growth, and it left a legacy in the form of extractive states, landlordism and a gap between rich and poor that was not helpful either. The economies of North America never became as extractive as those in the Southern half of

⁸⁶ For the enormous changes in the way in which China has been perceived, already *before* the rise of the California School, see e.g. Gregory Blue, ‘China and Western social thought in the modern period’ in: Timothy Brook / Gregory Blue, eds., *China and historical capitalism. Genealogies of sinological knowledge*, Cambridge 1999, 57-109, and Ho-fung Hung, ‘Orientalist knowledge and social theories: China and European conceptions of East-West differences from 1600-1900’, *Sociological Theory*, vol. 21 (2003) 254-280.

⁸⁷ Moses Abramovitz, *Catching up, forging ahead and falling behind*, in: *Journal of Economic History*, vol. 46 (1986) 385-406.

the continent and, in connection to that, a set of institutions emerged that was more supportive of growth. Interesting and sophisticated studies tend to now be written by economic historians like Stanley Engerman, Ken Sokoloff and Leandro Prados de la Escosura on the differing paths of growth of the New World economies, on why and how Latin America fell behind, and on the role of factor endowments, institutions and colonial legacies.⁸⁸ Many parts of Africa were not blessed by geography and did not attract settlers. Slavery and slave trade had negative effects on demography and on institution-building in terms of e.g. property rights.⁸⁹ Then came colonisation and after that a decolonisation that often caused more problems than it solved.

The main problem so becomes to explain why the West with industrialisation entered a phase of sustained and substantial economic growth, whereas large parts of Asia did not, or much later. Next to the traditional stories about the rise of the West in which it does not really matter what happened elsewhere, various new explanations have been offered. In the light of current revisionism in which the most advanced parts of Asia tend to be described as no less developed than Western Europe, the story of the origins of Western primacy simply had to become less straightforward and more contingent, emphasizing that ‘things might have gone differently’.⁹⁰ Various new explanations have been offered, apart from the traditional, general explanations that of course have not simply disappeared. As we already indicated, Pomeranz comes with the explanation, that, in a nutshell, Western Europe, or rather Britain, happened to have coal and

⁸⁸ For the relevant literature I have to refer the reader to the websites of the authors I mention in the text. A general background is provided by John Huxtable Elliot, *Empires of the Atlantic world. Britain and Spain in America, 1492-1830*, New Haven / London 2006.

⁸⁹ Nathan Nunn, Historical legacies: a model linking Africa’s past to its current underdevelopment, in: *Journal of Development Economics*, vol. 83 (2007) 157-175, and idem, The long-term effects of Africa’s slave trade, in: *The Quarterly Journal of Economics*, vol. 123 (2008) 139-176. For the economic history of Africa, in the early modern era, I refer, to begin with, to *The Cambridge History of Africa*, and to the publications of Ralph Austen, Gareth Austin, Gwyn Campbell, William Gervase Clarence-Smith, David Eltis, A.G. Hopkins, Paul Lovejoy, Michael N. Pearson, Robert Ross, and John Thornton. A very recent overview of Africa’s role in early modern globalisation can be found in Joseph E. Inikori, Africa and the globalization process: Western Africa, 1450-1850, *Journal of Global History*, vol. 2, issue 1 (2007) 63-86. Frederic Cooper, What is the concept of globalization good for? An African historian’s perspective, in: *African Affairs* 100 (2001) 189-213, also discusses the modern era.

⁹⁰ See notes 15, 18 and 19, for references to contingency and luck. For some counterfactuals, see Philip E. Tetlock / Richard Ned Lebow / Geoffrey Parker, eds., *Unmaking the West. “What-if?” scenarios that rewrite world history*, Ann Arbor 2006.

colonies, whereas China, the Asian country on which he focuses, did not.⁹¹ For China's non-industrialisation Gunder Frank basically sticks to the explanation that Elvin already gave in the 1970s when he referred to China's 'high-level equilibrium trap': i.e. a situation in which the combination of cheap labour because of high population, expensive resources and scarce capital, plus very efficient markets, renders investment in labour-saving technology neither rational nor economical.⁹² He adds that in the big empires in the East decline had already started before Western Europe began to industrialize. This made it easier for Europeans to overhaul their competitors. The fact that Britain went for coal and machinery can simply be 'explained' by increasing costs of traditional energy sources and by its expensive labour. Institutions, politics and culture get short thrift in his last publications. Goldstone, in that respect 'deviating' from most Californians, thinks that Europe, or rather Britain, had been quite different from the rest of the world for quite some time already before its industrialisation when it comes to the development of technology and science.⁹³

Talking about the Great Divergence in this context means talking about shifts in wealth, i.e. about economic phenomena. Fortunately many scholars do not lose sight of the very intense interconnections between what we call the economic realm and that of (geo-)politics, military, or, for that matter, cultural matters. To solely focus on 'the economic' would certainly be a big mistake as Findlay and O'Rourke nicely indicate in their book on power and plenty. It has become clear that the empires in the East faced big problems in all these respects. Whether they had domestic origins or were caused and increased by foreign interference, they could lead to political crises or even (semi-)colonial situations from which the West could profit.⁹⁴ In that respect, so it seems, the 'Rise of the West' was often preceded by a 'Decline of the East'. In particular political and military affairs should be taken on board here. How did Western and non-western States and

⁹¹ Pomeranz, *Great Divergence*. This thesis has become very popular and is e.g. adopted lock, stock and barrel, by Robert Marks in his *Origins of the modern world*. It has been widely and fiercely discussed. See e.g. Google Scholar under *Great Divergence*.

⁹² See Frank, *ReOrient*, chapter 6.

⁹³ See his *Why Europe*; his and Floris Cohen's contribution to this issue, and more in general James E. McClellan III / Harold Dorn, *Science and technology in world history*, Baltimore 1999; Arnold Pacey, *Technology in world civilization*, Cambridge Mass. 1990, and the book by Mokyr referred to in note 74.

⁹⁴ See for a very enlightening analysis focusing on Britain's sphere of influence and activity Chris A. Bayly, *Imperial meridian. The British Empire and the world, 1780-1830*, Harlow 1989.

empires function?⁹⁵ What were their colonial strategies?⁹⁶ How strong and efficient were their militaries?⁹⁷

The theses of the revisionists have led to fierce new debates on the causes of the first diverging. Studying strategies of catching up has received a new boost by the emergence of many successful new examples of it, especially, but not only, in Asia. Studying ‘the rise of the Rest’ may become something of a growth industry similar to what studying ‘the rise of the West’ has been for so long. This makes the fate of those who continue to fall behind or even become poorer more unacceptable and in a sense more incomprehensible, as many would claim that in a globalising economy it should not be hard to eradicate poverty. Abramovitz’s last question clearly has not yet been answered.

Economic globalization?

Most global historians focus either on comparing situations in various parts of the world or on connecting them. Although the bulk of this text so far has been dedicated to comparative analyses, comments on the importance of global connections have not been lacking. A survey of the history of global economic history would not be complete, however, without a couple of paragraphs that explicitly deal with economic globalization, here defined as the increase in extensity, intensity, speed and impact of world-wide economic contacts.

All developed societies in history have known long-distance trade. It has always received ample attention, in particular the trade that occurred in the wake of Europe’s expansion. Amongst scholars the question of the wider relevance of such trade contacts is bound to be raised. When did intercontinental economic contacts become really important, or as it is normally put: When did globalisation actually begin? Answers have varied enormously. Andre Gunder Frank and Barry

⁹⁵ See for states e.g. my forthcoming, *A world of surprising differences. State and economy in early modern Western Europe and China*. For empires, see e.g. John Darwin, *After Tamerlane. The global history of empire*, London 2007. See my review in: *British Scholar*, vol 1, issue 1 (2008) 111-117. In that same issue there is also a review by Felipe Fernández-Armesto and a response by Darwin, 117-120 and 120-125.

⁹⁶ See e.g. David Abernethy, *The dynamics of global dominance. European overseas empires, 1415-1980*, New Haven / London 2000; Jürgen Osterhammel, *Kolonialismus, Geschichte, Formen, Folgen*, Munich 1995, and idem, *Die Verwandlung der Welt. Eine Geschichte des 19. Jahrhunderts*, Munich 2009, Chapter VIII.

⁹⁷ I confine myself to referring to just two studies Jeremy Black, ed., *War in the early modern world*, London 1999, and idem, *European warfare in a global context, 1660-1815*, London and New York 2007.

Gills claim it already exists for 5000 years.⁹⁸ Other scholars think that even in the beginning of the twenty-first century globalisation is more hype than reality because the so-called ‘global economy’ essentially is nothing but the emergence of a new ‘triangular trade’, in this case between North America, parts of Europe and parts of Asia, with most of the produce of these macro-regions not being exported to other continents at all.⁹⁹

Amongst historians probably the most popular answer has always been to point at the beginning of the early modern era when Europeans discovered America and began to sail to Asia along Cape the Good Hope. Earlier periods have been suggested, though. We already referred to the position of Gunder Frank and Barry Gills. Others refer to an ‘oriental globalisation’ already starting in the sixth century C.E, to the Islamic oecumene of the Middle Ages, to the Pax Mongolica that paved the way for an interlocking set of Eurasian commercial connections in the thirteenth and fourteenth centuries that, according to Janet Abu-Lughod, already made up a world system *before* European hegemony.¹⁰⁰ Critics have commented that a frail network of which the Americas are not part and in which the goods traded are almost entirely luxuries, can hardly deserve the name ‘system’. There in any case are good reasons for choosing the early modern era. With the ‘discovery’ of the Americas, all the big continents had become known and connected. American bullion became the most important global ‘commodity’ and found its way into Europe, Asia and Africa. In 1571 with the foundation of Manila as a Spanish stronghold a direct link between America, Asia and Europe, and Africa, came into existence, a fact that is regarded as highly significant by Dennis Flynn and Arturo Giráldez.¹⁰¹

⁹⁸ Andre Gunder Frank / Barry K. Gills, eds., *The world system: five hundred years or five thousand?*, London / New York 1993.

⁹⁹ Writing on globalisation and its history has become a cottage industry. Quite interesting and packed with information and references for the economic historian is Michael Lang, *Globalization and its history*. A review article, in: *The Journal of Modern History*, vol. 78 (2006) 899-931. Two nice, brief and general introductions are: Alex MacGillivray, *A brief history of globalization*, London 2006, and Jürgen Osterhammel/Niels P. Petersson, *Geschichte der Globalisierung. Dimensionen, Prozesse, Epochen*, Munich 2003. For a kind of textbook, see David Held et al., *Global transformations, politics, economics and culture*, Cambridge 1999. Very informative is Friedrich Edelmayer / Erich Landsteiner / Renate Pieper, eds., *Die Geschichte des europäischen Welthandels und der wirtschaftliche Globalisierungsprozess*, Vienna / Munich 2001.

¹⁰⁰ See Hobson, *Eastern origins*, Chapter one; Marshall G.S. Hodgson, *The venture of Islam*, 3 vols. Chicago 1974, and Abu-Lughod, *Before European hegemony*.

¹⁰¹ See e.g. their, *Path dependency, time lags and the birth of globalisation: a critique of O’Rourke and Williamson*, in: *European Review of Economic History*, vol. 8 (2004) 81-108, and their, *Globalization began in 1571*, in: Barry Gills and William Thompson, eds., *Globalization and global history*, London and New York 2006, 232-247.

The triangular trade that connected Europe, Africa and the New World over the Atlantic grew fast, faster than any other intercontinental trade. Asian spices, textiles, porcelain and tea, to mention but a few goods, now began to reach Europe over seas. Intercontinental contacts had their impact on consumption patterns. Products like sugar, coffee, tea, cocoa, or tobacco became popular in many parts of the world. They now all have had their global history written.¹⁰² Production was also affected worldwide. Textiles and porcelain from Asia, for example, presented a challenge to European producers. The plantations in Brazil and the Caribbean provided Western Europe with sugar produced by slaves from Africa. Trade was indeed creating ‘a world’, as is shown in fascinating vignettes by Pomeranz and Topik.¹⁰³

Even bigger than that of trade was the impact of what Alfred Crosby called the ‘Columbian Exchange’, the transfer of flora, fauna and diseases, between the Old and the New Worlds.¹⁰⁴ Then, finally, there was intercontinental movement of people, part ‘trade’ and part migration. Trade in this context refers to slave trade. By far most of the attention by scholars has always been paid to slave trade and slavery in the Atlantic region. Considering the numbers involved, a basic consensus with regard to orders of magnitude appears to have emerged. It is now commonly assumed that in total, i.e. for the entire duration of this ‘Western slave trade’, between eleven and thirteen million slaves were put on ships in Africa to cross the Atlantic. Between nine and a half and eleven millions of them survived transport to the New World.¹⁰⁵ The total number of people involved must have been much bigger. Many Africans died during slave raids, during the transport to the ports where they would be shipped, or while waiting there for their ships to come. If we would include them, Africa’s total demographic loss due to slavery – during the entire period of

¹⁰² See e.g. Annerose Menninger, *Genuss im kulturellen Wandel. Tabak, Kaffee, Tee und Schokolade in Europa (16.-19. Jahrhundert)*, second extended edition, Stuttgart 2008. For the history of sugar see Elizabeth Abboth, *Sugar. A bittersweet history*, Penguin Book Canada 2008, as the latest book, and Sidney Mintz, *Sweetness and power*, New York 1985, as the most famous one. It would be a serious mistake to think sugar was only produced in the Americas. See e.g. Sucheta Mazumdar, *Sugar and society in China. Peasants, technology and the world market*, Cambridge Mass./London 1998.

¹⁰³ Kenneth Pomeranz and Steven Topik, *The world that trade created. Society, culture, and the world-economy, 1400 to the present*, New York/London 1999.

¹⁰⁴ Alfred Crosby, *The Columbian Exchange. Biological and cultural consequences of 1492*, Westport 1992. See also his *Ecological imperialism. The biological expansion of Europe, 900-1900*, Cambridge Mass. 1986.

¹⁰⁵ For various estimates see Philip Curtin, *The Atlantic slave trade. A census*, Maddison 1969; Herbert S. Klein, *The Atlantic slave trade*, Cambridge 1999; Paul E. Lovejoy, *Transformations in slavery*, Cambridge 1998; and, in particular, Olivier Pétré-Grenouilleau, *Les traites négrières. Essai d’histoire globale*, Paris 2004. Substantially higher figures, however, still pop up in the literature.

substantial slave trade, i.e. from the seventh century till 1900 – may have amounted to between forty and fifty-six million people. Some estimates put this figure much higher still.¹⁰⁶ The impact of this demographic ‘loss’ continues to be a bone of contention.¹⁰⁷ Only fairly recently have other slave trade circuits, e.g. that of the trans-Saharan trade eastward and that of white Christian slaves in Northern Africa, become subject of serious analysis.¹⁰⁸ That also applies to other un-free labour like that of convicts, and the semi-free labour of indentured labourers.¹⁰⁹ Intercontinental free migration was still relatively insignificant in the early modern era. From Europe, by far the biggest exporter of people to other continents, over the entire era not more than some five million people migrated overseas.

Europe was the only continent with direct contacts to all other continents. That does not mean it would have been the only region with substantial long-distance trade. There were other big trading areas, at times encompassing parts of various continents and sometimes of a scale, e.g. in case of the Indian Ocean or the Chinese Seas, that dwarfed what was going on in Europe. As a rule, these areas were located around a sea. Studying such ‘seascapes’ and their hinterlands, like the Mediterranean, the Indian Ocean, the Arabian Seas, increasingly also the Pacific Ocean, whose importance as a trade route tends to be re-interpreted, and of course the Atlantic Ocean, has become very popular.¹¹⁰ A caveat is in order here. From a West European perspective the early modern era clearly was an era of increasing (intercontinental) trade. One must, however, not forget that during that period certain kinds of trade and the trade activities of certain regions *decreased* rather than *increased*. Overland trade between Europe and Asia tended to decline over time, as did African caravan trade. Large parts of the Mediterranean and of Central Europe did not share in the

¹⁰⁶ Pétré-Grenouilleau, *Traites négrières*, 376-398. The figure is on page 384 and appears not to include potential demographic loss due to births that did not happen because men had been deported. It refers to the direct losses due to slave trade in Africa from the seventh century onward till 1900. Much higher estimates exist. Inikori, for example, estimates the demographic losses due to the Atlantic slave trade alone, at 112 million people. See Pétré-Grenouilleau, *Traites négrières*, page 384, note 2.

¹⁰⁷ Patrick Manning, *Slavery and African life: occidental, oriental and African slave trade*, Cambridge 1990.

¹⁰⁸ See, for example, Pétré-Grenouilleau, *Traites négrières*, chapter 7; Robert C. Davis, *Christian slaves, Muslim masters: white slavery in the Mediterranean, the Barbary Coast and Italy, 1500-1800*, London 2004.

¹⁰⁹ I only refer here to Emma Christopher, Cassandra Pybus and Markus Rediker, eds., *Many Middle Passages. Forced migration and the making of the modern world*, Berkeley / Los Angeles / London 2007, and David Northrup, *Indentured labour in the age of imperialism 1834-1922*, Cambridge 1995.

¹¹⁰ See e.g. Jerry H. Bentley, Renate Bridenthal and Kären Wigen, eds., *Seascapes: maritime histories, littoral cultures, and transoceanic exchanges*, Honolulu 2007, and, with very rich, ‘global’ references, Markus P.M. Vink, ‘Indian Ocean Studies and the ‘new thalassology’, *Journal of Global History*, vol. 2, issue 1 (2007) 41-62 .

new dynamism of the Atlantic region, far from. China at times closed itself off for foreign trade, especially with Europeans. Japan and Korea did so too, and much more radically. Intercontinental trade had its booms and busts, the most famous example for the early modern period being the crisis of the seventeenth century that, according to various scholars, was a truly global economic crisis.¹¹¹ Not everyone agreed. Which only further fuelled the debate on how to actually prove the existence of world-wide economic conjunctures, in this case in levels of trade or prices and on how to explain them.¹¹² Their existence might be a good indicator of globalisation. Most experts would agree that from the nineteenth century onwards one indeed can discern world-wide economic fluctuations of various lengths and intensity and worldwide interconnections in the movement of basic economic variables. Agreement on their exact nature and causes is still lacking. For earlier periods uncertainties and disagreements are even bigger. What is clear is that not only the timing but also the impact of globalisation differed widely: global trends that hardly touched some regions might have an enormous impact in others. Nor can it be doubted that for colonised regions globalisation already became an unmistakable fact of life quite some time ago.

The claim that economic globalisation really took off with Columbus has been fiercely contested, especially by Jeffrey Williamson and Kevin O'Rourke.¹¹³ According to them it only started in the 1820s, when markets integrated worldwide and global convergence of prices set in. Until then, intercontinental trade, in their view predominantly in (semi-)luxurious goods, would not have entailed fundamental shifts in sites and modes of production. They claim better means of transport and communication, rising incomes, and the disappearance of many of the barriers to free trade were the heralds of an unprecedented economic integration over the nineteenth century. What they actually describe, is the emergence of an integrated *Atlantic* economy with intense movement of commodities, capital and people, while the rest of the world was *connected* to that system but not yet fully *incorporated* in it.¹¹⁴ Fascinatingly enough the nineteenth century on a global scale

¹¹¹ Here too, the amount of literature is so overwhelming that the best I can do is to refer the reader to Google Scholar under 'crisis of the seventeenth century'.

¹¹² For an effort to at least look for a global history of prices see David Hackett Fischer, *The great wave. Price revolutions and the rhythm of history*, New York and Oxford 1996.

¹¹³ Jeffrey Williamson and Kevin O'Rourke, *When did globalisation begin?*, *European Review of Economic History*, vol. 6 (2002) 23-50, and the follow-up to that text in the same journal, vol. 8 (2004) 109-117. Compare their, *After Columbus: explaining Europe's overseas trade boom, 1500-1800*, *Journal of Economic History*, vol. 62, issue 2 (2002) 417-456.

¹¹⁴ Kevin O'Rourke and Jeffrey G. Williamson, *Globalization and history. The evolution of a nineteenth-century Atlantic economy*, Cambridge Mass. and London 1999.

witnessed an increasing economic integration as well as an increasing economic inequality, and so like in many current debates elicits the still hotly debated question: Does globalization make the world more unequal?¹¹⁵ Fortunately enough there now in any case is an excellent book by Findlay and O'Rourke that covers global trade over the entire second millennium, so that one can at least try and systematically discuss the questions at hand.¹¹⁶ The story of the huge increase in transatlantic migration of free people during the long nineteenth century till World War I, that of course is integral to this process of globalisation, has been told many times. It is only thanks to the further growth of the discipline of global history that the huge migration *from* but especially *inside* Asia now also receives the attention it deserves.¹¹⁷

Economic globalisation in modern times has not been a unilinear process either. In the period between the two world wars, the level of intercontinental and even international economic exchange lessened. That tide turned again after 1945, with a clear acceleration after 1973 when exchange rates became free. In the 1980s, according to probably the biggest bestseller ever on globalization, a book by Thomas Friedman, the world became flat, and, with the fall of 'communism' and the appearance of various new industrializing counties, also one.¹¹⁸ Economic globalisation then not only made a quantitative leap forward, it also changed character. The importance of international financial transactions increased phenomenally, to which the revolution in information and communication technology will not have been innocent. The same applies to the role of services in international trade. Foreign direct investments reached unprecedented levels and multinational firms became powerful global players. As indicated, not all experts would agree with the one-flat-world-thesis, pointing at the fact that in the beginning of the twenty-first century most countries still tend to trade predominantly with their neighbours and that only a certain number of trade blocs really go global. They do have a point, but even so two conclusions stand out. There definitely has been an increase in scale of trade networks, with trade-blocks

¹¹⁵ Peter H. Lindert and Jeffrey G. Williamson, Does globalization make the world more unequal?, in: Michael D. Bordo, Alan M. Taylor, and Jeffrey G. Williamson, eds., *Globalization in historical perspective*, Chicago 2003, 227-270. Compare Steve Dowrick and J. Bradford DeLong, *Globalization and convergence*, plus comments, *ibidem*, 191-226, that largely deals with a later period. The volume by Bordo and others is a very informative, recommendable book on various aspects of economic globalization since 1500.

¹¹⁶ Findlay and O'Rourke, *Power and plenty*.

¹¹⁷ Patrick Manning, *Migration in world history*, New York and London 2005, chapters 7, 8 and 9. Lots of information on migratory movements that have long been insufficiently dealt with in global history, can be found in Adam McKeown, *Global migration 1846-1940*, *Journal of World History*, vol. 15 (2004) 155-189.

¹¹⁸ Thomas L. Friedman, *The world is flat. The globalized world in the twenty-first century*, New York 2005.

increasingly functioning like states used to in the past, and between the major of these trade blocks intercontinental connections do increase and get tidier. In that process transcontinental migration also is on the increase, although as compared to commodities and capital, let alone information, people still are rather immobile.

One needs no specific practical reason to globalise economic history. On the contrary: what good intellectual reasons could there be to *not* try and compare economic developments in various parts of the world or to *not* study the connections that may have existed between them? The fact that the world, as the cliché has it, is becoming a small place, only gives extra practical urgency to those endeavours. Not by accident the XVth World Economic History Conference of 2009 will be dedicated to global economic history. The importance of knowing about other economic systems and their histories and about potentialities and pitfalls of economic globalization will only increase. Historians as a rule are weary of making predictions and are probably correct in that. I would, however, be surprised if the discipline of global economic history would not have a bright future.