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ROSETTI

**Review of Colin White, *A History of the Global Economy. The Inevitable Accident*,
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George Șerban-Opreșcu

Scrutinizing the past to capture, understand, explain and even forecast different events has always been the research method of choice, particularly in the field of social sciences. The idea that knowing the past helps to better understand the present and predict the future appears to be so strongly embedded in our mind that we all now embrace the long-standing cliché: ‘Those who neglect history are bound to repeat the mistakes of the past’. If we agree that any science should rely on real facts and events, the historical perspective presents itself as a reliable empirical approach to identify, describe, collect and organize real-life observations. Nevertheless, when applied, this method seems to be less straightforward than it sounds. The past seems not to be singular; it reveals itself to our eyes via different stories each of them emphasizing a different perspective of the same historical events. This is not a paradox, but merely the result of the idiosyncrasies of empiricism – when someone seeks to describe the social phenomena of the real empirical world as it unfolds in its setting of time and space, most probably will develop an almost unique perspective on the events. No matter how objective and axiologically neutral we might consider ourselves, each of us is more or less able to tell our own story which is bound not only to our knowledge of the past, but also to our decision to ignore or highlight particular details.

However, there is an alternative approach to history that could avoid the trap of details and the inherent lack of objectivity. Instead of attempting to describe and explain particular events or facts, this method focuses on discovering the regularities, the chains of cause and effect that underline the development of global

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social phenomena. This is the methodological path that Colin White chooses to follow in his brilliant book, *A History of the Global Economy. The Inevitable Accident*. [1] Among other things (that will be further discussed), what makes this book special is that rather than dissecting history using a magnifying glass, the author focuses on the long-term approach of the past. As it is mentioned from the beginning, this approach puts less emphasis on particular heroes or well-known historical events and concentrates on groups of people and long-term transitions. Via a different time scale and a macro focus on collectivities, this book provides a deterministic overview that captures 'persistent trends on the global level and volatility on the local level' (415) and renders global economic history as economic tendencies and historical laws, rather than a series of random particular historical events. This book is a rigorous attempt to demonstrate that the economic history 'at the global level is a story of success whereas at the local level is a story of eventual and inevitable failure, of rise and fall' (7) while 'the dichotomy between the local and the global explains the inevitable accident in the title of this book' (435).

The immediate consequence of this global approach is the discovery of 'a common economic pathway along which all societies move at a varying pace, all likely eventually to enter the industrial and services phases' (334). The idea of a common pathway follows a deterministic analytical framework which is set by a series of research questions. The internal coherence of this analysis relies on the brilliant selection of main research questions where answers to previous trigger the next: (1) which are the significant turning points in economic history?; (2) how they altered the economic pathway?; (3) why some regions progressed faster than other?; (4) which were the conditions that enabled this kind of progress?; (5) is this progress the result of some particular conditions (such as the changing of nature of humans, the climate change, the geographical advantage or the abundance of some specific resources) or merely the result of a change in fortune?; and (6) the emergence and advancement of institutional structures such as government and market could explain this progress? Going back to title, the global deterministic view is salient since the title clearly suggest the connection between economic phenomena and highlights that these connections have created an economic pathway which is evident on the global perspective while local histories might feature accidents.

For Colin White, the common economic pathway is a methodological concept equivalent to the global approach of history. In this context, the common economic pathway materializes as the main analytical tool that allows a better understanding of the global and long-term effects of human economic behavior. Rooted in the

emergence of *homo sapiens*, agriculture, communities, informal and commercial networks; and industrialization, the common economic pathway follows two global historical tendencies – first, no matter the context, similar problems triggered similar solutions, and second, humans like variety and seek out difference (5). These tendencies lead the economy through four main phases: foraging; agriculture (with two sub-phases: urban and commercial); industrial, and services. The common economic pathway reveals that economic progress, at least before entering modern-economy age, is the result of the fine balance between economic output and population growth. As direct outcome, economic progress tends not to be linear, there are golden ages when outputs is enough to sustain the entire population, but there are also periods of severe poverty when population lives on the brink of physical starvation. However, the book also suggests that, despite local accidents and poverty traps, the ongoing economic growth is the main historic tendency.

Moreover, the global approach to history allows a better focus on the perpetual change in the structure of economy from primary to tertiary level. According to the author, this change is prompted by specific economic events such as an increase in productivity, a surplus of supply or demand, a shift in the type of demanded resources, etc. For example, during transition from agricultural to industrial phase, the increase in productivity in agriculture freed and provided resources that could be employed in the secondary sector. This argument supports the physiocrats theory of *Produit net* emphasized in Quesnay's *Le Tableau Economique*. This is only one of the numerous examples that showcases the abundance of economic theories that, although not evident in text, are somehow hidden in subtext. Nonetheless, in contrast with other significant approaches, the author makes clear that this book is an economic history and not a history of economics.

Presumed neglected areas by historians of economy, the special focus on China and Asia is an efficient strategy aimed, first, to substantiate the assumption that communities and civilizations are moving along the same economic pathway at different paces and, second, to provide argument that supports one of the main themes of this book: the unity of Eurasian economic experience. Moreover, the discussion on China showcases how resilience gives longevity to the oldest surviving civilization in Eurasia and reveals that, from the viewpoint of global history there is no special Asian Miracle but merely certain conditions (a late start and a more rapid development) that place Asian countries in distinctive locus. This hypothesis stands as consistent argument for the idea that 'viewed from a global perspective

local stories lack coherence unless they are placed in the perspective of global narrative (416).

The second fundamental historical tendency (humans like variety and they seek out difference) stands as a precondition for innovation, creativity, and progress along the common economic pathway. In this context, the book is also a story of innovation and creativity of *Homo sapiens*, while the need to highlight innovative and creative spirit of humans develops into a main theme. The relationship between innovation and economic progress is deterministic, the chain of events starts with innovation, continues with the expansion of markets and ends with economic growth. The author argues that the first humans must have possessed the ability to innovate since it is an intrinsic condition not only for survival but also for progress. The innovation abilities of humans in the foraging phase are revealed by the extraordinary capability to adapt to new environments and to find sources of food and living. As a result of creativity, 'humans became better equipped to develop activities which potentially increase their food supply and to better look into and plan for the future...' (79). Then, following an approach consistent with Popper's view on knowledge, the author concludes that innovation is mainly the result of a trial and error process [2].

Consistent with Kuhn's perspective [3], progress on the common economic pathway is seen as a result of transitions and revolutions generated by innovation and creativity. The author finds worthy to mention that a revolution is not a matter of speed, but rather a matter of impact on society (22). Additionally, the historical outlook makes distinction between innovations that support changes, and those that trigger transformations although, in retrospect, the transformative innovations are more visible than supportive innovations. This is, for example, the case of the steam engine patented by James Watt which is the result of a series of small innovations made across a significant period. The labor-capital dichotomy is also highlighted by arguing that technological innovations allowed the use of more capital to save labor and increase productivity. Therefore, capitalism stands as a direct consequence of this process. Furthermore, the analysis puts stress on the concept of 'general purpose technology' which holds the key role in transforming economy. Innovation and creativity cause general-purpose technologies, first, their potential is not recognized but, after a while, they begin to be widely used and to generate spill-overs and linkage effects. One could notice that this analysis strikes similarities between the concept of general-purpose technology (GPT) and Kuhn paradigms. In a noteworthy attempt the book brings into light the most significant general-purpose technologies

that shaped the economic progress. The comprehensive list starts with those specific to the foraging age (such as language, fire, exchange, etc.), continues with GPTs specific to agriculture (such as domestication of plants and animals, irrigation, printing, money, insurance, etc.) and industrial phases (such as steam engine, cotton mechanization, railway, electricity, internal combustion engine, plastics, etc.). It then goes further to GPTs specific to services phase (such as computer, internet, outsourcing, etc.) and ends by providing a glimpse into the GPT of the future (such as biotechnology, nanotechnology, 3D printing, etc.).

A History of the Global Economy is more than just another history book, it is an attempt to provide an alternative to the mainstream interpretations of the past. These standard interpretations are mainly the result of the capitalist/western/liberal point of view according to which history presents 'the long journey in which one group of humans learned how to exercise informed and rational choices in markets and elections, becoming both prosperous and well governed' (?). In contrast with traditional histories that tend to leave aside, minimize or demonize the role of government, the book attempts to validate the hypothesis of a complementary and intrinsic government-market connection and the idea that significant economic progress is the result of government intervention. The formation of stable settlements and sedentary population as a result of agricultural phase provided the perfect context for the emergence of government. It was the natural consequence of human necessity for safety (controlling violence) and protection (property guarding). The advent of government has been supported by systematic and institutionalized coercion, on one hand, and some degree of popular consent, on the other hand. In this context, government is seen not only as a significant human innovation, but also as a prerequisite for economic development. The effort to provide historical evidence for positive impacts of government on society and economy (called the empire effect) is remarkable. According to the author, the development of organized knowledge is a relevant example of the empire effect since, for a long period of time, it was only the government that actively assumed the role of keeping and providing knowledge. The development of trade routes and commerce is yet another relevant empire effect. Moreover, historical evidence support the idea that the absence of an authoritarian government is not a necessary condition for economic progress since, in Asia, 'the existence of such authoritarian government was not an insurmountable obstacle to industrialization' (381), and, in USA, 'the role of government was more active than the conventional wisdom asserts' (382). The government was directly involved in the development of transport infrastructure, industries, abolition of slavery and prevention of monopolies. Against this

background, the global perspective of history suggests that less government and more free markets and human rights is not necessarily the only prescription for economic growth.

The common economic pathway furthermore suggests the hypothesis of an interconnected world via trade and exchange networks. The author plainly indicates that 'the main argument of this book is that the role of commerce, whether domestic or international, was significant (317). One of the first supporting arguments is that 'from forager times humans have been migratory both by nature and by necessity' (60) and 'they moved around their territory in a routine annual cyclical pattern (66). This movement was not limited to land since humans quickly acquired the ability to move by sea (68). The history of the first humans is a history of migration, competition and cooperation which ends with the emergence of agriculture and stable settlements. Agriculture shaped the first system of exchange of commodities and services. The author stresses out that the emerged markets were not only a place for trade, but also a place to exchange ideas and knowledge. Cooperation between communities extended via trade networks 'through which ideas and goods exchanged grew in number and size as the agrarian civilization grew (144) and first agricultural civilizations (such as Mesopotamia, Harappian city states or Egypt), although geographically isolated, were strongly interconnected via commercial routes. Following an approach similar to Hayek and the Austrian school [4], the author recurrently emphasizes the idea that a global system of trade is more than just an exchange of commodities, it includes the movement of ideas, people and knowledge. In this context, it is suggested that trading networks created a commercial and informational integration that enhanced innovativeness which provided the perfect framework for industrial revolution (320).

In the end, the advancement along the common economic pathway led to an unprecedented rise in the average income, a shift in the structure of economy and dramatic increase in the levels of private and public consumption. These are, according to the author, the main features of the modern economy which is now historically placed in the midst of the transition from industrial to services phase. It seems this transition has been missed by many commentators, but what the author considers more relevant is what will happen next. As we have seen, the story of economy is so far a story of global success and local failures, but we should avoid the historicist trap of assuming that the future will ultimately follow the same optimistic route. The author draws attention to a worst case scenario that predicts a cease of global advancement on the economic pathway as a result of new

or old threats (such as a change in human aptitudes, demographic changes, under-consumption, secular stagnation, technological unemployment, uneven distribution of reward, lack of fresh water and global warming) to which human creativity and innovation will be unable to provide a prompt or right answer. History gives no reason to believe this outcome; yet, another more plausible scenario emerges from the lessons of the past: the movement along the economic pathway occurs at a varying pace which leads to divergence rather than convergence between nations and people. To come full circle, the book suggests economic divergence as the main threat for the present, hence the inevitable conclusion: 'Assisting developing countries to move along the economic pathway is in the interest of whole world; it is morally the right thing to do' (455).

Featuring a massive amount of historical evidence combined with impressive analytical skills and expertise, Colin White's book provides a unique perspective on the historical economic process from origins to present day and distills into an essential companion to understand the long-term tendencies of economy.

Endnotes

[1] The eBook version is priced from £22/\$31 from Google Play, ebooks.com and other eBook vendors, while in print the book can be ordered from the Edward Elgar Publishing website.

[2] See Popper, K. (2005), *The Logic of Scientific Discovery*, Routledge.

[3] See Kuhn, T. S. (2012), *The Structure of Scientific Revolutions*, University of Chicago Press.

[4] For example Von Hayek, F. A. (1937), 'Economics and knowledge', *Economica* 4(13), 33-54.

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