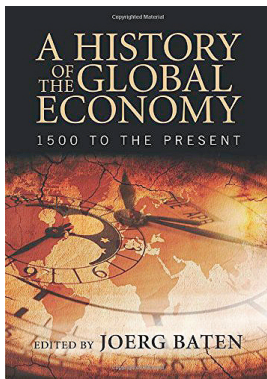


# A HISTORY OF THE GLOBAL ECONOMY 1500 to the Present.

Edited by Joerg Baten.

Cambridge University Press, 2016. Pp. XIV, 369. £ 22.99, paperback



The process of globalization with its various aspects and sometimes contradictory effects causes significant interest among academics, politicians, opinion makers and the general public. The assessments and views on its prospects vary depending on a wide range of factors. Among the most important of them is the understanding of globalization as a process deeply rooted in the past.

The book *A History of the Global Economy 1500 to the Present*, edited by the German economic historian Joerg Baten is an attempt to synthesize the key trends in the global economy since approximately the early 16th century to modern times. The research team includes well-known and respected authors from 27 different countries and continents, and they and the editor have set the clear objective to avoid the popular Eurocentrism while writing on global problems.

This approach is clearly visible in the book's structure. The book is divided into 10 main chapters, each devoted to a single geographic region. Virtually there is no region in the world that has been ignored. This pursuit of "equality" has significant positive traits because each area boasts interesting and important features, processes and not much-known details. Their examination and analysis could be helpful in the search for answers to the most important issues addressed in the exciting questions raised by generations of economists, namely: why some parts of the world are poor while others are rich; when did the divergence between rich and poor countries, regions and continents begin and when did it visibly deepen; what are the root causes for the divergence, among other relevant issues. Even the attempt to present the global economic history on this basis deserves attention and appreciation, considering that for a number of reasons some topics and areas have enjoyed significantly larger scientific interest than others. The comprehensive picture of the

## BOOK REVIEW

economic past in which there are no privileged and neglected regions or peoples has the potential to provide a new and interesting perspective to the understanding of global economic development. Yet, the question should be put forth as to whether there are any meaningful reasons for the scientific dominance of certain regions and topics over others.

An attempt has been made to introduce reasonable common criteria in order to describe the economic past that allows for adequate comparisons, whereby similarities and differences in world economic development are identified. Among these criteria are the changes in GDP, as well as information on changes in human height over the centuries, the number of the population, and other parameters. This scientific endeavour has been designed as a textbook on economic history. Hence each chapter ends with recommendations for further reading of other researchers that have contributed to the topics elaborated. Furthermore, there is a brief annotation about the merits of each of the recommended titles.

Another characteristic feature of *A History of the Global Economy 1500 to the Present* is that it offers the readership a summary of the most serious achievements, problems, and research challenges for the economic history in recent years. They are laid down in sections outside the main chapters. These sections address

topics such as the role of institutions, the "curse" of natural resources, the role of international financial regulations, among other issues. What is more, as „micro-histories" amid the global picture, different researchers have investigated interesting and relevant questions such as: the possible brain-drain from India during the colonial period, why Ethiopia is virtually the only African country that was not colonized, what the economic consequences of the independence of Latin America are, among other questions. They is evidence that beneath the big story of the global economy, there are a huge number of minor issues that make economic history an interesting, sometimes provocative and useful science for economists.

The book further outlines a number of assumptions and well-justified theories that debunk various popular, public and scientific myths. Among the most important ones are:

- Price Fishback's clear assumption about the negative economic role of wars (pp. 97-98) - even though this statement sounds commonsensical, there are many researchers who still hold the view that wars can have positive economic consequences;
- Tirthankar Roy's careful and balanced assessment of the positive and negative effects of colonialism on the Indian economy (pp. 250-269);
- Osamu Saito's assumption that Japan's economic miracle after

World War II was not as much a result of the economic policy of the famous Japanese Ministry of International Trade and Industry as of the business activities of large private companies (p. 179), etc.

Research in economic history strongly confirms some of the basic notions of economic theory that form the foundation of modern economics. It is worth recalling the centuries-old axiom cited by Jeffrey Williamson to the effect that "no economist has ever found any evidence or argument that rejects the belief that all participants gain from trade" (p. 205). The axiom is so simple that it is often forgotten, ignored or underestimated by politicians and even by professional economists.

In *A History of the Global Economy 1500 to the Present*, however, there is also evidence confirming the many theoretical, methodological and organizational difficulties of writing really global economic history. The first serious problem is the clear distinction between geographic regions that "deserve" a separate chapter. In the preface the editor Joerg Baten explained that "Each world region chapter will have circa 500 million inhabitants today" (p. 1), allowing for some justified exceptions to Japan and north-western Europe. However, it is worth noting that separate chapters are devoted to regions that are difficult to unite in a meaningful analytical unit. For example - if we assume that a

separate chapter on Japan is a good solution, it is difficult to explain and accept the absence of a separate chapter on India and its inclusion in South Asia, or the presentation of the Middle East, north Africa and central Asia into one single chapter. The same, though perhaps to a lesser extent, is the case with bringing together Southeastern Asia and Australia / New Zealand in a separate chapter. There is such a diversity of cultures, traditions, geographical, environmental, climatic conditions, political history, and other factors across these regions that the presentation of the major trends inevitably is superficial. To some extent, some of the problems of geographical separation of chapters could be overcome if Africa were presented as a separate chapter, despite the large differences between the northern part of the continent and sub-Saharan Africa.

The synthesized presentation of the world economic development over the past five centuries inevitably requires selectivity and omission of certain topics that are important for researchers. Selectivity, however, does not justify the lack of discussion and presentation of the Industrial Revolution. It is not entirely neglected, there is no description of its nature, causes and consequences. Scientific discussion related to the Industrial Revolution has a long tradition. Even now some of the most interesting and important publications in the field of economic

## BOOK REVIEW

history are related to this topic. Perhaps its absence is a consequence of the declared intention to avoid Eurocentrism of economic history and "the equality" in the presentation of the different regions throughout the world. In this case, Eurocentrism is understandable, because there was no industrial revolution in Africa or Latin America, hence and the pursuit of "equality" is artificial.

A similar case could be made about the lack of in-depth presentation of the economic consequences of the First and Second World War. It is worth considering the inclusion of sections devoted to "micro-history" such as the German hyperinflation of 1923 and its consequences, antitrust law and its analysis from the perspective of public choice theory etc. *A History of the Global Economy 1500 to the Present* has treated the topic of "Women in global economic history" (pp. 240-247). From the point of view of the basic content, this chapter does not contribute much to the book's quality, but rather falls within the realm of political correctness. Political correctness provides for the interpretation of the assumption that, despite progress towards gender equality, "no country in the world has achieved absolute equality between the sexes" (p. 246). It would be interesting for the readers to find the author's understanding of absolute equality – this notion's meaning, implications for the current state of affairs, etc. However, in my view, it is dangerous

to talk about the implications of the idea of absolute equality, given that the absolute is impossible in the real world, and hence this concept presupposes some enforcement agency to tackle these cases.

Instead of writing on such largely irrelevant topics, the authors and the editor of *A History of the Global Economy 1500 to the Present* could have shown their respect for women if they had cited some of brilliant scientific achievements of the economic historians like Deirdre McCloskey, Margaret C. Jacob etc. In McCloskey's words, a conclusion may be drawn that the book is dominated by the Samuelsonian and neo-institutional approach without proper regard of the importance of ideas, ethics, values and religion in the economic development of societies throughout the ages. In fact, idealism is mentioned only once with regard to its crucial role in the victory of the USSR in the Second World War (p. 61).

Presumably the authors and editors recognize some of these drawbacks. No matter whether *A History of the Global Economy 1500 to the Present* will enter universities as a text providing for the understanding of global economic history, it will certainly contribute to the debate on the essential and hard questions pertaining to history and economics.

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