

Book Review of:**Contours of the World Economy, 1-2030 AD. Essays
on Macro-Economic History¹**

Angus Maddison

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Professor Maddison's objective in his latest book is to give us an overall picture of the world economic history in the last two thousand years, a very ambitious aim indeed. He has done so with his usual skill combining clear syntheses of historical and economic facts and quantitative estimates.

This work was possible only because of his patient and tenacious gradual accumulation of knowledge, data and personal experiences throughout more than half a century. As his fascinating autobiography (Maddison 1994) reveals, the wealth of his personal experiences in several developing and industrialized countries (Pakistan, Ghana, Brazil, India, Guinea, Mongolia, USSR, Japan, US, France, Netherlands, United Kingdom, and others.) as well as his extensive research work, carried on mainly in international organizations (OECD and OECD) and at the University of Groningen, greatly contributed to give him the background to attempt such a "mission impossible".

The attainment of his objective was also facilitated by the cumulative nature of several of his numerous books and articles, usually based on a ever expanding data-set of macroeconomic indicators of growth, inequality, education, employment, productivity, etc. Part of these indicators are freely provided on-line by his website "www.ggdc.net/ Maddison" and are frequently used and quoted by a great number of economists and historians.

The book opens with the Roman Empire and its economy. The most innovative part of the chapter, quantitative estimates of the Roman empire's population and its GDP, is preceded by a concise and beautifully written history of its rise and decay. Like all statistical estimates of ancient periods, they are rather tentative, based as they are on relatively scanty bits of information. Nevertheless they provide a considerable improvement on Goldsmith's estimates (Goldsmith, 1984), since they take account of the division between slaves and free people and the economic differences between peninsular Italy and the rest of the empire.

A little more space ought perhaps to be given in this section to the role of the army in the Roman economy, since the army absorbed an important part of the

¹ Oxford University Press, Great Clarendon Street, Oxford, 2007

expenditures of the Empire, and was often a source of economic and financial disequilibria and of social inequalities.²

Somewhat controversial might be the intertemporal income link made by Maddison between the Roman empire in 14 AD and England in 1668. However, all Maddison's estimates are based on factual data. He minutely explains the procedures and the assumptions underlying his calculations, so that they may form the basis for further improvements, with the expansion over time of economic information. After the disintegration of the Roman Empire and up to 1000 AD, according to the estimates of Maddison and other authors, population stagnated and GDP dropped in several countries of the former empire. This was the backdrop for Chapter two that deals with the period between 1000 and 2003 and is centred on "the resurrection of western Europe and the transformation of the Americas". Maddison tries to explain "why and when the West got rich". He reminds us that "in the year 1000 the inter-regional spread (between six major regions of the world) was very narrow indeed...[while] in 2003 all regions had increased their incomes, but there was a 18:1 gap between the richest and the poorest regions..." (Maddison, 2007, p.70). The gap between the West as a whole (western Europe, US, Canada, Australia, New Zealand), and the rest of the world in terms of per capita GDP at purchasing power parity of 1990 rose in 2003 to almost 6:1. This gap grew steadily between 1000 and 1820 and rose rapidly between 1820 and 2003. The fundamental factors underlying the relatively fast growth of the West in the pre-1820 period, were, for Maddison, the improvements in agrarian techniques, in the production of food and in the rate of growth of population; the expansion of industrial and commercial activities catalyzed by technical progress (water and wind power, improvements in naval construction and in navigation tools, in textile production techniques, in banking and accounting, in universities and in the diffusion of knowledge, and more. There were also important improvements in political governance and institutions in various countries. Moreover, especially in the period of 1500-1870, increasing globalization contributed to rapidly expand the scale of production and the division of labour in the West.

The acceleration of western growth after 1820 was due mainly to a sizable increase in capital, both physical and human, to an acceleration of various forms of technical progress, and to important structural changes in production with shifts of employment from agriculture to industry and services.

The resurrection and expansion of the West was also greatly facilitated by the interaction with the Americas. The latter provided Europe with multiple resources (precious metals; exotic or new products such as sugar, tobacco, coffee, cocoa, cotton, maize and potatoes; other important goods such as fish, furs, timber; profits from the slave trade; as well as expanding markets for European manufactured goods). The Americas acquired a large range of new crops, tools and livestock. A large part of the indigenous population was exterminated by European and African diseases and European weaponry. Large inflows of African slaves and European immigrants repopulated the Americas. The author also explains why northern America, colonized largely by the British and the French, could have, after independence, a much better growth than the former Portuguese colonies, such as Brazil, and the former Spanish colonies in Latin America.

² See, for example, Le Bohec (1989), Ch. 8.

However, while describing the growth of the US economy during 1908-1929 and the phase of rapid growth (1950-72), the “golden age” of western Europe and Japan, the author does not use the concept of *fordism* or the *fordist model of growth*, and then of post-fordism, which, if used with care, may be useful to explain some aspects of the rapid growth of those years and the succeeding slowing down of the pace of growth. Indeed, economies of scale and network economies, which are essential in fordist models, played an important role in different phases of economic growth in various industrialized and emerging countries, including China after 1978 and India after 1992.

Chapter 3 deals with “the interaction between Asia and the West” in the 1500-2003 period. While “at the beginning of the Fifteenth Century Chinese naval technology was superior to that in Europe.”(Maddison, 2007, p. 113) the withdrawal from international trade of China and the isolationist policy of Japan encouraged Western powers (at first Portugal, then Netherlands and later Great Britain, and France) to penetrate the Asian oceans and gradually come to dominate Asian-European trade. From trade and naval dominance, it was a small step to colonial conquest by Portugal, then Netherlands and Great Britain in various Asian countries, with the notable exception of Japan, which preserved for centuries its precious independence. Maddison, basing his analyses on his previous books on India and Pakistan, Japan and China, presents an extensive picture of the economic trends of a major part of Asia, of the great gains of colonial powers and of the suffering, stagnation and deep social and institutional changes of colonies. There is also a concise, but brilliant, survey of the mixed performance in the post-war period of the main Asian countries, with the initial difficulties and the acceleration of growth: Japan’s since the 1950s (and halting in the 1990s), China’s since 1978³, Indonesia’s in the last few decades and India’s since 1992.

Chapter 4 is devoted to the “impact of Islam and Europe on African development in the period 1-2003 AD” (Maddison , 2007, p. 183). The impact of the Roman empire on North Africa was very strong, but the Islamic conquest since 639 was swift, sweeping and left long-standing effects. The Arab occupation of North Africa was accompanied by the conquest of Palestine, Syria, Iraq and Iran and then of a large part of Spain (711-713) and led to significant and sometimes irreversible consequences on the social and economic structure of North Africa. The colonial conquest by European powers, the massive slave trade and other events contributed to shape the economy and the society of the continent up to the XIX century. Sub-Saharan Africa lost almost 23 millions people, enslaved and exported overseas from 650 up to 1900 AD. Slavery caused social disruption and the loss of large masses of young and healthy people who might have contributed to an improvement of the economic conditions of their countries. European countries did very little to promote technological advance, education and diffusion of printing in Africa; they were interested mainly in the gains from gold and slavery and occasionally from plantations.

The remainder of the volume is devoted to a painstaking and highly interesting survey of “advances in macro-measurement since 1665” and to a bold forecast of the “world economy in 2030”, which tries to give an idea of demographic, economic and environmental changes foreseen in the coming decades.

³ On the very rapid economic ascent of the Chinese economy, see for example, Maddison (2007b), Herd, Dougherty (2007). On the debate regarding Chinese GDP in PPPs, see World Bank (2008) and Maddison,Wu (2008).

On the whole, the book is a treasure of distilled knowledge, written in a terse and brilliant style.

It is hard to disagree with the general thesis that underlies the book, namely that historical roots are fundamental in order to understand long-run economic progress and that the rise of the west was largely due to a long apprenticeship of better growth than the rest of the world between 1000 AD and 1820.

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