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GROWTH AND INTERACTION IN THE WORLD ECONOMY: THE ROOTS OF MODERNITY

By Angus Maddison

The West's economic growth and lead in technology goes back much further than the Industrial Revolution and has been sustained by the continuing interplay of scientific inquiry and everyday experience.

That is the conclusion of Angus Maddison, a historian and economist, who has studied the pace and patterns of world economic development during the past 2,000 years, focusing particularly on the extraordinary acceleration of Western economic growth and the consequent increase in international economic inequality during the past millennium. In *Growth and Interaction in the World Economy: The Roots of Modernity* (AEI Press, 2005), Maddison maps out the course of the West's ascension and breaks with several interpretations from the past.

Maddison points out that neither Europe nor China was ever caught in a Malthusian trap (i.e., their population never exceeded their natural resources). In fact, both were well above subsistence level by 1000 A.D. when the West began to separate from the rest of the world. Instead Maddison asserts that steady improvements in shipping and navigation were what put the West on the course of economic progress it still pursues today. Family structure and social institutions that enabled individual achievement also played a role, as did the involvement of intellectuals in everyday life.

Among Maddison's observations:

- There was little difference in per-capita income throughout the world in 1000 A.D. Yet by 1500 the West had clearly pulled ahead. By 1820, incomes in the West had grown to twice the size of those elsewhere, and the Industrial Revolution only accelerated that divergence.
- The interplay of technical genius and practical application led to advances in navigation, which allowed Europe to explore and trade with the rest of the world.
- Although printing was invented by the tenth century A.D. in China, it was used there primarily by the elites and the educated bureaucracy. By contrast, in Europe printed books allowed a much greater proportion of the population to have access to new ideas and new authors.

- For many centuries, Oriental cultures showed little interest in superior technologies—even when confronted by them. When Lord Macartney presented the Chinese emperor Ch’ien-Lung with a collection of globes, chronometers, and telescopes in 1793, he was told that “we never set much store on strange or ingenious objects.”
- The biggest impediments to development in the Muslim world and also in parts of Africa were the persistence of tribal affiliations and lineages, the continuance of nomadic traditions, and the cyclical rise and fall of Muslim regimes. In addition, Maddison notes that “the polygamous family structure and limitations on the rights of women . . . were probably the major impediment to physical and human capital formation.”

“Western ascension was not a sudden take-off but a very lengthy process,” writes Maddison. Yet “the experience of China in the last half century, and particularly since the 1978 economic reform, shows clearly that the divergence is not inexorable.”

As Europe and North America confront a reinvigorated China and India bent on matching the West’s technological superiority and economic progress, Maddison’s brief history provides an invaluable guide to the past.

ANGUS MADDISON, a British economist and economic historian, is an emeritus professor of economics at the University of Groningen in the Netherlands. Educated at Cambridge, McGill, and Johns Hopkins Universities, Maddison has been an economic adviser to the governments of Brazil, Ghana, Greece, Mexico, and Pakistan. He has also held senior positions at the Organisation for Economic Co-operation and Development.

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