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Editorial

Rich and poor: early and later

Historians are a funny lot. They have curious ways of explaining things. They don't give proofs but only examples. They will argue that phenomenon A was the result of phenomenon B. But they will not argue that whenever B appears again, A will follow. Thus they – or should I say, we – give strange answers but not, like economists (as somebody famously said), to questions that nobody asks. On the contrary, historians deal with important questions that interest many people – questions such as the causes of the French Revolution or the origins of the First World War. Some historians go further and ask even more general questions; like why and how wars begin or what are the origins of dictatorship and democracy?

There are many such great historical questions and it is difficult to say which is the most important of them. Many people, however, will agree that one of the most important questions of today is: why are some people so rich and some so poor? This is the question addressed by David Landes in his recent, important book *The Wealth and Poverty of Nations*, which is discussed by Professor Om Prakash in this issue of the *European Review*. Formerly, the answer to this question was considered to be easy: that, generally speaking, Europe – or 'the West' – was rich and other places were not, was due to the help of God and/or the special virtues of the white man. For others, with a more rationalist approach to history, salvation had come not from the Almighty but from liberalism and capitalism. Even Karl Marx, no friend of capitalism, argued that capitalism had liberated great productive forces and was a necessary stage in the inevitable – and desirable – transition from feudalism to socialism. He also, therefore, welcomed the introduction of capitalism in Asia, by way of colonialism, because that would awake Asia from its centuries' long slumber and liberate it from the constraints of the 'Asian mode of production'. In the same vein, Friedrich Engels wrote, on 22 January 1848, in *The Morning Star*: 'the [French] conquest of Algeria is an important and fortunate fact for the progress of civilization'.[1]

Some truly orthodox Marxists, like the Peking professor Zhang Zhilian, still hold this position. According to him, the causes of China's stagnation (before 1949!) are to be found in Chinese society itself. He wrote: 'The roots of China's stagnation lay more in the economic structure and mental make-up characteristic of precapitalist modes of life than in imperialist encroachments.' And he concluded: 'It was basically the refusal to adapt to new conditions and the stubbornness with which they clung to the old that incapacitated our forebears to resist effectively the aggressions of colonialism and imperialism and to absorb the *truly progressive* [my italics, W.] elements of modern capitalism in order to make a genuine industrial take off.'[2]

Western neo-Marxists, however, generally hold rather different views. Their arguments are related to the so-called *dependencia* school. This theory – which became very popular in the

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1960s – had its origins in the observation of the permanency of Latin America's problems: poverty, inequality, slums, external debts, dominance by foreign capital etc; in a word, dependency. The theory of dependency argues that this situation is not the result of 'undevelopment' but of underdevelopment. The 'Third World' is seen as the periphery of a world economic system in which the centre, that is to say the North, is accumulating the profits and keeping the periphery in a situation of permanent dependency. Thus, underdevelopment is not a situation but a process; the Third World is not undeveloped, but it is being underdeveloped, by the West.

The *dependencia* theory was first put forward by the Argentinean economist Raoul Prebish in 1947 and then further developed by scholars like Furtado, Galtung, Samir Amin and others to become a universal theory, applicable not only to Latin America but to the entire Third World. André Gunder Frank formulated it in a catchy phrase: 'the development of underdevelopment'. The 'dependencianists' form an important school of thought that has certainly put its finger on a number of problems that are very relevant to our analysis of the relationship between development and underdevelopment. It should be said, however, that in so far as they consider the incorporation of the overseas world in the world economy as the one and only cause of underdevelopment, their theory is untenable. When we compare, for example, on the one hand countries like Egypt, India and Nigeria, which were strongly influenced by colonialism, and, on the other hand, countries that have never been colonies and where Western influence has been minimal, like Afghanistan, Nepal and Ethiopia, which then are the more underdeveloped ones? The answer is not difficult to find.

Frank has been one of the most influential thinkers on the problem of the relations between the 'North' and the 'South'. These terms came into use in the 1960s to replace the more traditional opposition of 'East' and 'West'. In those days of the Cold War, the words 'West' and 'East' were used as terms for the two blocs and they were thus not available in their traditional sense to indicate Europe and Asia respectively. In a way, the two oppositions had the same meaning because, like the 'South', the 'East' was considered to be stagnated – or underdeveloped – while the 'West' was seen as dynamic, and thus developed. But then one knew that this had not always been the case. The old words: '*Ex Oriente lux*' recall this awareness. The title of Frank's latest book, *ReOrient*, discussed in this issue by Peer Vries, includes a reference to this. Frank takes issue with some theories about the centuries old superiority and predominance of the West over the East, and in many respects he is right. Some 500 years ago the differences in wealth and development, not only between Europe and Asia but between all parts of the world, were marginal. It is difficult to find reliable data for that period and some calculations that have been presented suggest a level of exactitude that cannot be attained. However, this does not really matter. Common sense has it that between all economies that were based on traditional agricultural production with very limited division of labour, little production for the market and only small scale artisanal production of non-food commodities, the differences in wealth must have been very small indeed, the ratio being something of the order of 1 to 2 or even 1 to 1.5. To paraphrase a well-known ditty from the 14th century: 'When Adam delved and Eve span, Who was then the wealthy man?'

Now, however, the differences between rich and poor countries are enormous. David Landes observes that the difference in income per head between Switzerland and Mozambique is about

400 to 1. The explanation of this development is by no means straightforward, but it is clear that it has more to do with the industrial revolution than with colonial exploitation and the incorporation of peripheral countries into the western world economy. There is probably no more striking illustration of the relative importance of intercontinental trade in the early days of European expansion than these simple data. Around 1600, the combined merchant fleets of the European states only had a total tonnage equivalent to one or two of today's supertankers, while in 1800 it may have been equal to eight supertankers; intercontinental shipping was spectacular but not important. For more than three centuries, between 1500 and 1800, the interaction between various parts of the world was marginal. This eventually changed, due to the industrial revolution, the steamship and modern colonialism. Does this mean that, then at least, colonialism became an important factor in the generation of the wealth of the West? The answer to that question is not easy to give. Britain was the first country that experienced an Industrial Revolution, and Britain indeed was a colonial power. But other countries followed suit and in some of them – like Belgium and Germany – industrialization in the 1870s was so spectacular that historians have spoken of a 'Second Industrial Revolution'. These countries however, did not possess colonies at that time. The same goes for Japan after the Meiji-restoration of 1868 and the United States after the Civil War of 1861–65, to mention two other countries that underwent the same experience. In France and Holland, important colonial powers – as were Spain and Portugal – industrialization came much later and developed to a much lesser degree. One might well wonder whether its colonial possessions were not more of an impediment to a country like Holland than an asset for modernization and industrialization.

If, then, the theory that industrialization was the result of colonialism is unjustified, the related theory that the West, after its industrialization, became dependent on the colonial world as a source of raw materials and a market for industrial commodities is also untenable. The Swiss economist Paul Bairoch – who sadly enough died earlier this year – has demonstrated that, as far as raw materials are concerned, the developed world was practically self-sufficient until far into the 20th century.

In 1914, after a century of intense colonization, Europe provided 97 to 99% of the minerals it needed and about 90% of the raw materials for its textile industry. As far as energy is concerned, Bairoch's figures are even more striking. During the first half of the 20th century Europe exported more energy to the Third World than it imported from it. In the 19th century the surplus on the energy balance was very large, indeed. England played a major role in this. Coal amounted to about 14% (in value) of British exports. Until the Second World War, Europe itself provided about three quarters of the raw materials it needed for its industry. Another myth concerns the role of the overseas world as a market for European commodities. Again, Bairoch's calculations are interesting. In the 19th century – until 1914 – the developed world exported 17% of its export production to the overseas territories. In other words, 83% of the export trade took place among the developed countries themselves. Moreover, production for export was only a small part of the total production, roughly 8 to 9%. The vast majority of production was for domestic consumption. To summarize: 8 to 9% of the production was exported and, of this, 17% went to 'Third World' countries. If we restrict ourselves to industrial products the percentage is somewhat higher, 5 to 8%, and this percentage was to grow during the 20th century. One should, however, take into account that for some countries, like Britain, and for some sectors, like textiles, the export trade was really quite important. But taken as a whole, Bairoch concludes convincingly that the overseas world was not of prime importance.[3]

Neither Landes, nor Frank, nor Bairoch give definite answers to the question of why some nations are rich and others poor, but they demonstrate that at least some historians not only ask important questions but also come up with intelligent and scholarly, albeit different, answers.

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2. Z. Zhilian and L. Rongqu (1980) Reflections on colonialism and modernization: the case of China. In L. Blussé, H.L. Wesseling and G.D. Winius (eds.), *History and Underdevelopment* (IGEER Leiden) p. 113.
3. P. Bairoch (1980) Le Bilan Économique du colonialisme: mythes et réalités. In L. Blussé, H.L. Wesseling and G.D. Winius (eds.), *History and Underdevelopment* (IGEER Leiden) pp. 29–41.For a more extensive study of these matters, see Paul Bairoch (1993) *Economics and World History. Myths and Paradoxes* (Chicago University of Chicago Press).

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