

PRINT EDITION



Full contents | Subscribe
Enlarge current cover
Past issues/regional covers

NEWS ANALYSIS

POLITICS THIS WEEK

BUSINESS THIS WEEK

OPINION

Leaders
Letters to the editor
Blogs
Columns
Gallery

WORLD

United States
The Americas
Asia
Middle East & Africa
Europe
Britain
International

Country Briefings Cities Guide

SPECIAL REPORTS

BUSINESS

Management
Business Education

FINANCE & ECONOMICS

Economics Focus
Economics A-Z

SCIENCE & TECHNOLOGY

Technology Quarterly

BOOKS & ARTS

Style Guide

PEOPLE

Obituary

MARKETS & DATA

Weekly Indicators
Currencies
Rankings
Big Mac Index
Chart Gallery

DIVERSIONS

Correspondent's Diary

RESEARCH TOOLS

AUDIO AND VIDEO

DELIVERY OPTIONS

E-mail Newsletters
Audio edition
Mobile Edition
RSS Feeds
Screensaver

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The Economist

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World trade

Genghis the globaliser

Dec 19th 2007

From *The Economist* print edition

HISTORY is famously about “maps and chaps” while economics has become obsessed with graphs and Greek letters. In a splendidly ambitious new book, two economists, one at Columbia University and the other at Trinity College, Dublin, attempt to link the two, in a 1,000-year history of world trade.

For much of the past millennium, they argue, “the pattern of trade can only be understood as being the outcome of some military or political equilibrium between contending powers.” This was as true of Genghis Khan, whose rampages across the steppes led to the *pax Mongolica* that allowed Eurasian trade to flourish in the 13th century, as it was of the British empire which imposed free trade on large parts of Asia and Africa. Trade expansion has tended to come “from the barrel of a Maxim gun, the edge of a scimitar, or the ferocity of nomadic horsemen”.

Ronald Findlay and Kevin O'Rourke argue that Genghis Khan's marauding armies led, accidentally, to one of the three great events that punctuated the second millennium: the Black Death, which came from China and was spread by the Mongol troops. In the Protestant west of Europe the smaller labour population was able to demand higher real wages, which strengthened the economy, thereby boosting the relative importance of western Europe at the expense of other parts of the old world.



Europeans in the Middle Ages also developed a taste for trade with China and the Indies. When the land-based routes became less accessible after the collapse of the Mongol empire, European traders sought a sea-based alternative. This led directly to the second great event of the millennium—the discovery of the New World. This event was as brutal in its consequences as the Mongol invasions, since it led to the destruction of many indigenous civilisations and, eventually, the enforced enslavement and transportation of some 11m Africans to use as a labour force in the discovered lands. But the silver that the colonists brought back increased the monetisation and commercialisation of the Eurasian economy and led to an increase in trade.

The existence of such a large, developing market proved vital when the third great development, the Industrial Revolution, began in 18th-century Britain. The New World removed Malthusian constraints, which, until then, had meant that higher population growth could be achieved only at the expense of lower living standards. Britain was thus able to concentrate on manufacturing and import its food and raw materials. This strategy could not have been achieved without Britain's imperial muscle—in particular, the ability of the Royal Navy to protect trade routes. It was, as the authors explain, a “mercantilist world where unilateral free trade and a pacific stance were not viable options”.

As other countries copied the British model, a new era of globalisation began to emerge, which was interrupted in the 20th century by two world wars and a depression. It was only in 1972 that global trade regained the level it would have achieved if pre-1913 trends had been maintained. Now a second era of globalisation has arrived, allowing other parts of the world—notably Asia—to catch up with Europe and North America, which had leaped so far ahead in the 19th and early 20th centuries.

This is a big story to tell, and, at times, the accumulation of detail slows the book down. “Power and Plenty” is not an entertaining read in the manner of another work with a similarly broad sweep, Jared Diamond's 1997 bestseller, “Guns, Germs and Steel”. But it is an excellent reference book for anyone wanting a better understanding of economic developments in the last millennium.

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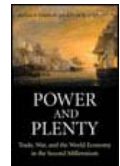
Book details

Power and Plenty: Trade, War, and the World Economy in the Second Millennium

By Ronald Findlay and Kevin H. O'Rourke

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