During the last twenty years of my career I have been studying the «rise of the West». That of course is somewhat ironic as these years witnessed its sharp decline and a steep «rise of the Rest». In this text I will use my historical knowledge to interpret that rise. The Rest, of course, is a vague category. Even the so-called BRIC countries, which as a rule hold centre stage in reflections on current global economic change, are a variegated lot. Brazil seems to be a case of its own. At the moment it is still primarily a supplier of raw materials (agricultural products, fuel and minerals) but it clearly has a much broader potential. Russia’s wealth is largely resource-based. Some two-thirds of its exports consist of fuels, about ten per cent of metals. One may doubt whether its rise actually is a good example of economic development. I will confine myself to the two Asian BRIC countries, India but first and foremost China, which economically overshadows all other BRICs. They both have a huge population and relatively few resources, and they are the countries where the most consequential structural changes are occurring. That does not mean that they are similar: in real terms India’s GDP per capita is only about half that of China and the total value of its exports about one sixth.

I gladly leave it to others to discuss the «patterns of history and what they reveal about the future».¹ As late as the 1960s, experts as different as Soviet Premier Nikita Khrushchev and American Nobel Prize-winning economist Paul Samuelson «knew» that the economic future belonged to the Soviet Union. In the 1970s, Harvard Professor Ezra Vogel wrote about «Japan as number one» and mused about the lessons America could learn from that country.² At the end of the 1990s, many experts claimed that the Asian miracle was over. Only some ten years ago Jeremy Rifkin published The European Dream, arguing that the European Union

² E. Vogel, Japan as Number One. Lessons For America, Cambridge/Mass. 1979.
was an economic superpower rivalling the United States, with the potential to become a full world superpower. At about the same time there were endless debates about Standort Deutschland because people were insecure if not downright pessimistic about the economic prospects of the country that now is the strongest economy of the West. I am not going to predict a future that by definition is unpredictable. I will confine myself to interpreting the current «rise of the East» on the basis of what I know about the rise of the West. The focus will be on structural developments in the «real» economy, not on finance. That is discussed extensively in other contributions.

We do not need to speculate about a possible decline of the West, here defined as Western Europe plus the so-called Western offshoots: it is an unmistakable fact. The Rest, or at least big parts of it, is quickly catching up. Already now over half of global GDP is produced in countries that are not members of the OECD. Especially the position of Western Europe is deteriorating fast. In 1870, at its height, it earned one-third of global GDP. In 2003 that had become less than one-fifth, and the situation did not improve over the last decade.

An increasing amount of trade no longer involves the West at all. Its relevance is also quickly shrinking in terms of population (see Table 2). That percentage will certainly become even lower. The West now is just one of the players on the global economic stage; unsurprisingly it is no longer much of a role model. The idea that

---


with its mountains of debt, millions of unemployed and total lack of orientation it could teach the Rest about «good governance» and «development» has become preposterous. The future looks brighter for the Beijing Consensus, «Asian» values and state capitalism than for the Washington Consensus, «Western» values and free-market capitalism.\textsuperscript{6} The sense of confusion this has generated is striking: people in the new emerging countries are overall more optimistic about their economic situation than people in the old West, and the idea that one is better off with a market economy is more popular in China than in Western countries.\textsuperscript{7} Niall Ferguson, fierce defender of Western civilisation, has begun to worry about Western degeneration.\textsuperscript{8}

But let us focus on «hard» economic data. What really counts for most people when they discuss the wealth and poverty of nations is their real income. In that respect – which I will focus on in this text – we have to qualify the idea of Western decline. There still is a lot of catching up to do for the Rest, even for BRIC countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Real per capita income for the year 2010</th>
<th>USA = 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>7.3</td>
<td>France 72.4</td>
</tr>
<tr>
<td>China</td>
<td>16.1</td>
<td>United Kingdom 75.5</td>
</tr>
<tr>
<td>Brazil</td>
<td>23.8</td>
<td>Germany 79.3</td>
</tr>
<tr>
<td>Russia</td>
<td>42.2</td>
<td>United States 100.0</td>
</tr>
</tbody>
</table>


Not by accident, the number of people wanting to migrate to the West is still huge. There is, moreover, an increasing number of Western firms that repatriate activities as global wage gaps that made it profitable to leave the West have become smaller while disadvantages of outsourcing and offshoring have also become evident.\textsuperscript{9}


\textsuperscript{7} http://www.pewglobal.org/2012/07/12/pervasive-gloom-about-the-world-economy/


But the tide clearly is turning. Can and will it turn so much that China or India might fully catch up with the West or even surpass it? In answering that question we have to realise that, as economic historians emphasise, the economic gap between the West and the Rest that characterised the global economy since the Industrial Revolution was very «abnormal». Never before had global differences in income been so enormous. The gap between the wealthiest parts of the world and the poorest ones before industrialisation had never been more than five to one. At the moment, several African states’ GDP per capita in real terms is less than one-fiftieth of that in the United States.¹⁰

Most mainstream economists too have always considered this huge gap abnormal. In their view it could not last because it should not actually have emerged to begin with. They maintain that the increase of intercontinental economic exchanges since the beginning of the nineteenth century should have led to global convergence as, with increasing wealth, countries get bigger stocks of capital and become more vulnerable to decreasing returns to extra investment. Poorer countries, in contrast, which have smaller capital stocks and can import up-to-date capital goods, would profit from higher returns to investment and are thus supposed to catch up. In reality, however, for many decades very few actually did.

1. How Did the West Rise?
Discussion whether the Rest will catch up is likely to profit from an analysis of how the West rose to begin with. What caused its substantial and sustained growth that emerged with industrialisation and gave it an unprecedented global lead? Many scholars still emphasise capital and capital accumulation. These of course were important. Empirical analysis, however, has shown that, by far, most of the growth in the West since the Industrial Revolution was not a matter of extra inputs but of innovation. This innovation in turn thrived on human capital. Its role in Western economic growth and development too was pivotal. Raising productivity and increasing production only makes sense when demand changes and increases too. It did: the Western world became known as a consumer society. Rising population also played its role. It had a positive effect on the supply of human capital as well as on consumption. Additionally, Western growth got substantial impulses from the further integration and extension of markets: nationally, internationally and between continents. Global trade grew faster than global production.

All these motors of growth would have been to no avail without cheap energy and resources. Western economies «rose» at a time when global supplies of energy and resources were large and growing. As a whole, the West till the Second World War exported energy. Great Britain’s rise to global economic primacy has even been explained by simple reference to its «ghost acreages» provided by coal and colonies. Countries like the United States or Germany in this respect were less dependent on imports, but all growing economies needed and found ample and cheap supplies of energy and raw materials. The great divide between rich and poor nations tended to coincide with that between wealthy (Western) countries that specialised in producing and exporting manufactured goods and poor countries (in the Rest) that specialised in producing and exporting raw materials. Industrialising countries for a long, decisive period of time had a comparative advantage in manufacturing and services that often led to a de-industrialisation of the Rest.

In terms of ultimate causes, the rise of the West is based on the presence of certain institutions. Most economists agree that for long-run economic growth institutions are decisive. Opinions differ widely when it comes to what institutions and the Making of the Modern World Economy, Princeton 2000.

---

tions matter and how exactly they matter. Debates focus on the role of the state and the market. Amongst economic historians, in contrast to economists and other social scientists who continue to remain under the spell of classical and neoclassical traditions, the view is gaining the upper hand that rising Western economies almost without exception had strong governments that were able and willing to mobilise lots of resources and people and backed up their economies with their power.  

2. Will Western Growth Persist?

If the factors just referred to have been at the basis of Western economic primacy, what are the odds that it might persist? It is not reassuring that several economists think the Western world faces decreasing returns to innovation. In their view the costs of research and development are increasing whereas their effectiveness is diminishing. I would not go as far as to claim that innovation is no longer driving growth. But the fact that it fuelled Western growth over the last centuries is no guarantee that it will do so in future. There are some reasons for pessimism. One of them is the fact that the potential to increase productivity differs between economic sectors. In advanced economies it tends to be lower in the service sector – which in turn tends to be larger the wealthier a country is – than in other sectors. Many activities in the service sector suffer from «Baumol’s disease»: they are very labour-intensive and provide little opportunity for technological innovation. Their productivity hardly grows if at all, but they must pay competitive salaries. This can have a dampening effect on overall growth. Advanced economies face the challenge to constantly upgrade themselves. How can they continue to do so and still generate overall growth? Not everyone can become a well-paid, internationally competitive specialist.

Some scholars also refer to decreasing returns for education. It is no longer evident that more education will lead to more productivity. There might not be much unused talent left in the West anyhow, and many Westerners focus on studying «the wrong subjects». This applies to higher education. The levels and standards of general education often deteriorate. The fact that in most Western


19 For Baumol’s cost disease, named after economist William Baumol, see http://en.wikipedia.org/wiki/Baumol%27s_cost_disease

20 See e.g. the classic text by L. Pritchett, «Where Has All the Education Gone?» There are several versions on the Internet.
countries the population hardly grows if at all whereas it certainly grows old does not help either. When it comes to consuming, no one can beat the Westerners. They have indulged in enormous overspending, private as well as public, and incurred staggering debts. Trying to cure the current financial crisis in the West with yet more spending is like giving a bottle of whisky to an alcoholic.

Over the last centuries, Western economies clearly profited from the extension of their markets. At the moment though, they seem to be more at the losing end of globalisation, and the advantages of European economic integration have turned out to be very doubtful. A new global economic order is in the making. Whatever the outcome, the West will no longer be able to like in its hey day other parts of the world into a peripheral position. It, first and foremost Europe, lacks the military, political or financial power. As a former imperialist region that is now bankrupt, the West definitely need not count on much sympathy. Other global players like China have more money and a less burdened past. When the West rose, it profited from relatively cheap energy and resources. Now Europe, apart from Russia, has become a major importer of energy and of many resources. For Europe’s Western offshoots the situation is nonetheless quite different.

Institutionally the West also looks to be in deep trouble. Many critics of the prevailing capitalist order attribute its predicaments mainly to neo-liberalism, which they associate with casino capitalism, deregulation and a withdrawing state. In some sectors state regulation and intervention have indeed diminished. But to lay all the blame on «neo-liberalism» is very one-sided. Neither before, let alone during the current financial crisis have we witnessed an overall withdrawal by the state. Western states are as present as ever during the last decades if not even more so, whether one looks at taxation, government debt, the number of state employees or legislation. To contrast state capitalism in a rising Rest with neoliberal free-market capitalism in a declining West is an indefensible caricature. In Germany in 2009 government spending accounted for 48 per cent of GDP and in the United States for 42. Austria, Belgium, Denmark, France, Italy, the Netherlands and Sweden all had even higher government spending relative to GDP than Germany. In China the government only spent 23 per cent of GDP. The results are similar if one focuses on the share of GDP accounted for by government purchases of goods and services. In Germany it amounted to 18 per cent, in the United States to 17 per cent and in China to only 13 per cent. When it comes to state investment, China indeed seems a clear example of state capitalism. In 2008 gross fixed capital formation accounted for by the public sector amounted to 21 per cent of the country’s GDP. The equivalent figures for developed Western countries are vanishingly small. In the West the state is a spendthrift, borrowing

money to pay for goods and services, not an investor. Western governments and firms will no longer be able to compete with emerging economies in terms of foreign direct investment. Western states at the moment are definitely part of the problem rather than of the solution. But the current shift in relative economic strength of West and Rest would also take place if the Western governments behaved differently.

3. Will Eastern Growth Persist?
What about the other side of the equation? Ruchir Sharma sees signs that the Rest already «stopped rising». Whether that indeed is the case is an empirical question that we cannot decide here. But what does the situation in China and India look like when it comes to their motors of growth? The fact that innovation was the main motor of growth in the West should in any case tone down optimism about a smooth further rise of «the Rest». Up until now, innovation only played a fairly minor role in its rise. In 1994 Paul Krugman claimed that the growth of Asia’s new industrialising countries to a very large extent was a matter of increasing inputs, of «perspiration, not inspiration», and would therefore, ceteris paribus, peter out. Now, twenty years later, that statement looks somewhat hasty. But China’s real GDP per capita is still «only» at the level of Western Europe some 50 years ago. India in this respect lags behind 100 years. The real gap still has to be closed. An influential group of Japanese economic historians has repeatedly claimed – somewhat like Krugman but with a more positive twist – that East Asia’s take-off and growth were primarily due to the input of large amounts of industrious and skilled labour. The Japanese case, however, shows that «industriousness» can only get an economy to a certain level of wealth. When the country after the Second World War began to attain Western income levels, its growth was based on the massive input of advanced capital and energy. Its economy had already been set on a path of upgrading earlier on. Labour-intensive production can easily become a dead-end street. Besides, the relative labour surplus on which it is based can disappear. There are signs that this is happening in China and that its labour is becoming scarcer and more expensive. In this case, that apparently

22 For these figures see N. Ferguson, http://www.foreignpolicy.com/articles/2012/02/09/we_re_all_state_capitalists_now and The Economist article referred to in the previous note, 4.
provides a stimulus to focus more on human capital and upgrade production, as shown in increasing investment in education as well as research and development. There is no reason whatsoever why China, or India, would in principle have to be less innovative than the West, and there is still a lot of catching-up possible with existing technology. But upgrading is never a smooth, automatic process.28

There is also still a lot of room for emerging economies to catch up when it comes to consumption. In China public investment is enormous. The same goes for Chinese investments, public or private, abroad. Between 2005 and July 2012, Chinese companies invested 460 billion US dollars across the globe – 340 billion of that in the developing world.29 Chinese private consumption, however, is still quite low. A shift from investment to consumption would clearly have consequences, but as compared to the West neither government nor consumers are short of money. The same goes for many firms. Whether consumers abroad will continue to buy so many products from China and other emerging economies is of course hard to predict, but up until now the emerging economies are clearly profiting from globalisation.

Western industrialisation that was at the basis of rising Western wealth required revolutionary changes and increases in the use of energy and resources. Even if China and India manage to revolutionise their production, can they also manage to acquire the energy and resources they need? The rise of the West was the rise of a relatively small part of the world’s population and it happened in a relatively «empty» and quite poor world.

<table>
<thead>
<tr>
<th>Population of the West in millions</th>
<th>Population of the world in billions</th>
<th>Population of the West as percentage of world population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1820 145</td>
<td>1820 1</td>
<td>1820 14</td>
</tr>
<tr>
<td>1913 370</td>
<td>1913 1.8</td>
<td>1913 21</td>
</tr>
<tr>
<td>1950 480</td>
<td>1950 2.5</td>
<td>1950 16</td>
</tr>
<tr>
<td>2003 740</td>
<td>2003 6.3</td>
<td>2003 12</td>
</tr>
</tbody>
</table>

Table 2. Source: Angus Maddison, *Contours of the World Economy, 1–2030 AD. Essays in Macro-economic History*, Oxford 2007, 376 and 378. The percentages are rounded.

28 Several economists are convinced that emerging economies might get caught in a middle-income trap. Others are not. See «Middle-Income Claptrap», in: The Economist (16–22 February 2013), 64.

The world’s population has now passed 7 billion. China and India alone have some 2.5 billion inhabitants. Global GDP in real terms increased about sixty-fold between 1820 and 2003. That required a huge amount of extra energy and resources and makes one wonder about «limits to growth». If China and India became as rich as the USA, they alone would produce a real GDP about twice as big as that of the entire globe at the moment. Their immediate energy- and resource-requirements already are and will be even more immense. Their growth rates have been and will, in any case for the near future, continue to be very high. These are the figures for Western Europe’s growth of real income per capita:

<table>
<thead>
<tr>
<th>Period</th>
<th>Growth of real income per capita in percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1820–1870</td>
<td>1.68</td>
</tr>
<tr>
<td>1870–1913</td>
<td>2.11</td>
</tr>
<tr>
<td>1930–1950</td>
<td>1.19</td>
</tr>
<tr>
<td>1950–1973</td>
<td>4.79</td>
</tr>
</tbody>
</table>


For China over the period between 1973 and 2003, the rate was 7.34 per cent. Since then it has been on average even higher. For India over the period 1973–2003 it was 5.2 per cent.

The emerging economies exert a growing demand for energy and resources in a world that is far more crowded and that consumes far more than at the time when the West rose. This means that, *ceteris paribus* — the all-important clause acknowledging the fact that no one can predict what innovations might take place in creating, finding and using sources of energy and other resources, they will, simply by growing, drive up primary product prices. Wealthy countries in the modern world almost without exception have been countries that acquired most of their income by adding value in manufacturing and services, using lots of primary products and energy in the process. They behaved, in «Wallersteinian» terms, as core economies in a global economy where peripheral economies specialised in producing primary goods. China’s strategy at the moment is strikingly similar to that of the West in the colonial era, and its relations with Africa,

---

30 The data for these comments are from Maddison, *Contours of the World Economy*, 376 and 379, and *The Economist* Pocket World in Figures 2013, 132 and 158.

31 All the growth rates too are taken from Maddison, *Contours of the World Economy*, 380. GDP in China and India of course was much lower than in Western Europe.

Latin America and parts of Asia strongly resemble core-periphery relations.\textsuperscript{33} China exchanges its cheap manufactures against raw materials, often wiping out the industries in the countries it trades with. To be able to do so, it needs and imports enormous amounts of energy and other resources. But can one really have a global economy where more than half if not two-thirds of the population acts like inhabitants of the global «core»? Who then will provide the cheap inputs?

At the beginning of the twenty-first century in a globalised economy, large countries with a huge population cannot simply copy what relatively small countries or regions with a relatively small population did in the nineteenth century. Halfway into the nineteenth century, industrialising Britain with some twenty million inhabitants imported about half of its food and raw materials while exporting about half the cotton cloth it produced. It was the workshop and even more the service centre of the world. Such a strategy would simply not have been a realistic option for China at the time. It had some 400 million inhabitants in a world of about 1.3 billion inhabitants. It would have ended up making its import prices skyrocket and its export prices plummet. Will it really be different now that the country has 1.4 billion inhabitants and the world 7 billion?

Can emerging economies reach Western income levels if that means consuming energy and resources at Western levels? Will they not, especially if they have huge populations, sap their own growth, being confronted with high and rising prices of energy and raw materials? Let me briefly comment on the energy situation. According to a recent report by British Petroleum, an additional 1.3 billion people will need energy by 2030.\textsuperscript{34} World income in that year is expected to be roughly double the 2011 level in real terms. Global energy consumption is assumed to increase by 36 per cent between 2010 and 2030. This estimate, based on historical extrapolation and parallels, assumes that energy intensity in terms of energy input per unit of production will converge on the lowest level over the globe (because worldwide competition and exchange of technology will push it down) and will further decrease (as historical data show that extra growth will cost relatively less energy), and that with further development more economies will become service economies (whose energy consumption is somewhat lower than that of industrial economies). It also assumes that with rising prices increased demand can be met as long as competition is present to drive innovation, unlock resources and encourage efficiency. It says nothing, however, about how high prices might become and what the impact of those prices and of the new energy

\textsuperscript{33} See e.g. Cardenal / Araújo, \textit{China's Silent Army}, passim, in particular 68–72 and the Epilogue. For a rebuttal of the idea that the world is becoming Chinese see David Shambaugh, \textit{China Goes Global. The Partial Power}, Oxford 2013.

imbances might be on different parts of the world, the question that interests us here. Energy production will grow in all regions but Europe, that is except Russia. Over the period up to 2030, the United States will presumably become nearly self-sufficient in energy, thanks to the revolution in shale-gas and tight-oil production there. China and India will become increasingly import-dependent with China heading to match Europe as the world’s leading energy importer by 2030. It will replace the United States as the world’s largest oil-importing nation already in 2017. Is it too far-fetched to assume that energy prices will substantially increase and that this will hit importing countries harder, so that the future of China, India (and Europe!) will in this respect look bleaker than that of regions with an energy surplus? Would not, furthermore, similar comments apply when it comes to other kinds of resources?

A study of Goldman Sachs on the basis of qualified extrapolations came up with the following predictions of the growth of real GDP per capita between 2006 and 2050:

<table>
<thead>
<tr>
<th>Country</th>
<th>Growth of real GDP per capita between 2006 and 2050 in percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>879</td>
</tr>
<tr>
<td>Russia</td>
<td>1,137</td>
</tr>
<tr>
<td>India</td>
<td>2,550</td>
</tr>
<tr>
<td>China</td>
<td>2,432</td>
</tr>
<tr>
<td>United States</td>
<td>206</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>207</td>
</tr>
<tr>
<td>France</td>
<td>208</td>
</tr>
<tr>
<td>Germany</td>
<td>197</td>
</tr>
</tbody>
</table>

Table 4. Source: «BRICs and Beyond», Goldman Sachs study of BRIC and N-11 nations, 23 November 2007.

The study’s figures for many other countries also show huge growth rates. One cannot help asking how our world is supposed to find the affordable energy and resources to sustain such growth. But even if we accept these extrapolations, most Westerners would still continue to be wealthier than inhabitants of the BRIC countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Real income per capita in 2050, United States = 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>54</td>
</tr>
<tr>
<td>Russia</td>
<td>85</td>
</tr>
<tr>
<td>India</td>
<td>23</td>
</tr>
<tr>
<td>China</td>
<td>54</td>
</tr>
<tr>
<td>United States</td>
<td>100</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>86</td>
</tr>
<tr>
<td>France</td>
<td>82</td>
</tr>
<tr>
<td>Germany</td>
<td>74</td>
</tr>
</tbody>
</table>

Table 5. Source: «BRICs and Beyond», Goldman Sachs study of BRIC and N-11 nations, 23 November 2007.
Let us finally make some comments on the institutional preconditions of growth in the Rest. The Western world is in an extremely serious institutional crisis. But is the situation better in China, to again focus on the most important BRIC? What are its prospects? Daron Acemoglu and James Robinson emphatically claim that growth in countries with extractive institutions – and many of the countries that are currently on the rise, including China, would have such institutions – simply cannot persist.\(^{35}\) The historical support for the thesis of incompatibility between growth and extractive institutions is not exactly overwhelming, and the mechanisms it assumes are far from obvious.\(^{36}\) When it comes to future developments, the authors’ work contains a fair amount of wishful thinking. They deny the possibility of long-run growth in exclusive situations. Suppose they are right: how long is the long run? Serious economic historians know that no major economy ever rose to hegemony with laissez-faire strategies or by staunchly defending free and fair trade. Power and profit have always been strongly interconnected in economies heading for primacy. Capitalism has always to a surprisingly large extent been state capitalism, combining visible and invisible hands, in the end trusting the former more than the latter. Whatever the links between growth and economic or political inclusion, there are no reasons to soon expect a democratic China. The country’s elites are not at all interested,\(^{37}\) and China’s government is in a much better position in terms of resources than its Western counterparts. The global financial crisis only affected it marginally, in fact making it stronger since it now can profit even more from its enormous financial reserves.

4. Some Educated Guesses

The engines of Western wealth are faltering. Looking at the current state of its economy and comparing it with emerging economies like China or India, it is difficult not to be quite pessimistic about Europe’s future, in particular if substantial and broadly accepted structural reforms are not forthcoming. Its growth looks hard to sustain with faltering innovation, a huge service sector, a stagnating population that is ageing very fast, a very unbalanced labour market, an enormous public and private over-consumption, a negative energy and resource balance, many institutional problems and a quickly decreasing international political, military and financial leverage. In the rest of the West the situation, at least with regard to resources and energy as well as demography, looks better. For China, to again focus on that emerging country, there is still room for catching up techno-


\(^{36}\) For an extensive critique I refer to my \textit{Does wealth entirely depend on inclusive institutions and pluralist politics?} http://technologygovernance.eu/eng/the_core_faculty/working_papers/

logically. The country still has some cheap labour reserves and ample possibilities to develop human capital. Private consumption can increase substantially when people are no longer forced to save by the state and by a lack of welfare arrangements. The state still disposes of enormous reserves. The major and very real threat to its sustained growth will be in my view – apart of course from all sorts of more or less (un)predictable domestic and international «accidents» or «crises» that tend to accompany unequal growth and sharply rising inequality – the scarcity and rising prices of energy and resources.

My hunch would be that we are entering a kind of neo-Malthusian world where the limited availability of resources will constrain growth and make it more problematic. That world will also be neo-mercantilist in the sense that just like during the hey day of European mercantilism economic rivalry between countries over scarce resources as well as policies of beggaring one’s neighbour will become rife. I am not exactly happy about it, but I would not be surprised if the global economy of the twenty-first century would in these respects resemble that of the eighteenth century before industrialisation more than that of the nineteenth and twentieth centuries.

Peer Vries
Institut für Wirtschafts- und Sozialgeschichte
Universität Wien
Universitätsring 1
A-1010 Wien
e-mail: peer.vries@univie.ac.at