

Preface

Every person has a natural obligation to seek his own happiness and, being the political body made up of such persons, the political body too is obliged to do everything it can to contribute to the common prosperity, without breaching the rights of any civil body. This obligation with appropriate and divine bond reverberates from the civil body back to every family and every person through the common societal pacts ... We can add [to these two obligations, the natural and the societal] a third obligation, namely self-utility. It will eternally be true ... that the true utility is the daughter of virtue, because it is eternally true that at the heart of man, where his utmost value resides, there is the love of those with whom he lives, a love that is the son of virtue.

ANTONIO GENOVESI,
Lezioni di commercio o sia d'economia civile (1765)

This English edition of my book, originally published in Italian in 2015, stems from the consideration that a succinct and agile textbook of modern economic growth over the long run has been missing. Numerous textbooks exist of considerable size, as do more specialized treatments, but none try to summarize the basic factors contributing to economic progress over the centuries leading up to the present day in a manageable number of pages, that could be widely read.

The book concentrates on the implications of the three industrial revolutions. The first two chapters explore the prerequisites of the first industrial revolution, which took place in eighteenth-century Britain, namely the flourishing of the self-governed city-states in the Middle Ages and the impact of the geographical explorations of the sixteenth and seventeenth centuries. These two chapters are significant for understanding the meaning of “the great divergence” between Europe and the rest of the world, a topic that has

recently commanded a growing literature. Chapter 3 explores the key features of the British experience, while Chapters 4–8 chart the spread of the first industrial revolution across the European continent and to Japan, the birth of the second industrial revolution in the United States, the emergence of an international economy in the nineteenth century, and a synthesis of the literature on British decline, which had already begun in the second half of the same century.

Economic progress has not avoided conflict or policy mistakes, so Chapters 9–12 discuss the impact on the world economy of the two world wars and the 1929 crisis, with a chapter dedicated to the birth of the Soviet Union and its alternative model of economic development. Chapters 13–17 concentrate on the major events unfolding between the mid-twentieth century and the beginning of the present day. These encompass the spread of the second industrial revolution beyond the United States, the reorganization of the European nations inside the framework of the European Union, the impact of the third industrial revolution and the processes of globalization, the failure of the Soviet model and the reawakening of Asia, and the resurgence of a second world crisis.

In order to maintain a concise and manageable overview in the face of such vast material I have had to point the reader to secondary sources to pursue the detail. I have given priority to conceptual and interpretative material, arranged thematically within a broad chronological framework in order to help students and readers form ideas on the way economic and social advancements were achieved, on why certain communities were more progressive than others in different times and contexts, on the part played by institutions, on the costs and benefits of certain solutions, and on the forces that run against progress.

There is a thesis underlying this book: that the industrial revolutions could only have been born inside a European culture that exalted human freedom while at the same time preaching justice and fraternity, and which placed checks on the abuse of power through equalitarian legislation, shared government and the support of those who could not help themselves. It is only in a context in which there is freedom, but at the same time empowerment of people, that *competition* can truly develop, defeating rent-seeking and monopolies. The innovations that brought about the three industrial revolutions charted in this book, born inside this type of culture, made a number of European states first, then the United States and Japan, the wealthiest countries in the world. Imitation was certainly possible in countries where a different culture prevailed, although to date some, like the Soviet Union, have failed and are now trying, with severe difficulties, to adopt a “European”-type culture,

while others, such as China and India, have yet to complete their transition. However, as I will argue in the Epilogue, the future might well afford us some surprises.

The jealous defence of independence, self-determination and the acquisition of world power by means of conquest on the part of European nation states has cost Europe the loss of leadership to the United States. States in the USA were federated very early in the country's history and were able to avoid major military confrontations (the exception was the civil war), while at the same time the country was able to develop a rapidly enlarging domestic market, with a single currency and a single foreign policy. The process of European economic integration since the Second World War must be seen as a redemption for the mistakes done in Europe with excessive conflicts, but, although beneficial for Europe itself and for the world at large, it has not allowed Europe to overcome entirely its fragmentation even today, as the ailing common currency and the lack of a common foreign policy illustrate.

This book is the result of a long career of teaching economic history in various Italian universities, at SAIS Europe of the Johns Hopkins University (Bologna, Italy) and at Dickinson College (Bologna) to students from all parts of the world. As Newton once said, the important thing for a scholar is to learn and not to teach; therefore I thank all my students for much that I have learned from them. I also thank my economist husband, Stefano Zamagni, for all the heated intellectual discussions I have had with him over the years and for his excellent cooking abilities, two things that have made my everyday life very enjoyable. I dedicate this book to my grandchildren Alice, Matteo, Federico and Margherita, from whom I expect a contribution to make this world happier and more hospitable.

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