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MAJOR THEMES IN EUROPEAN ECONOMIC HISTORY: in ECO 301Y and ECO 303Y

Why Should We Study European Economic History?

Why Not? : is one obvious response, but an inadequate response. Hence, the following essay.

- The famous English poet Alexander Pope (1688-1744) once stated that 'The proper study of Mankind is Man'. If so, then certainly the historical evolution of our society and economy -- its economic, social, and political institutions -- is certainly a most vital part of the study of Mankind and Man. If, to cite another famous (and biblical) quotation, 'man lives not by bread alone', it has always been impossible for man to live at all, without bread, i.e., without food and drink. How we have collectively sought to survive by meeting our basic needs in terms of food, clothing, and shelter, with very scarce means and resources to do so, is certainly a question and issue of vital interest to any inquiring mind. In particular, how do we explain the truly enormous gulf in our living standards -- in first meeting these basic and necessary requirements -- between today and the past, or indeed the not so distant past, i.e., before the modern Industrial Revolution achieved its full fruition (by the 1870s)?
- But why European economic history? Is this not another example of crass Euro-Centrism? The simplest answer that comes to mind is that fact that we, living in Canada (or North America), are the product of economic, social, political, and cultural institutions that are fundamentally European in origins -- as are, of course, the official languages that we speak here: English and French, in Canada.
- But there is another issue of even greater importance, and one that affects the whole world: the story and the historical consequences of the 'Birth of Europe' in the 10th century CE [Common Era]. How do we explain why, in the 10th century, one particular European region -- the north-west -- ultimately developed to dominate the entire world: in economic, military, and political respects, certainly by the 19th and 20th centuries (up to World War II: 1939 -45).
- This question is all the more important, and certainly fascinating again to any inquiring mind, when we realize that this region was so fundamentally primitive, 'backward', 'uncivilized' and under-developed in all respects, in the 10th century: especially backward in comparison to the then highly developed and highly civilized regions of the world. In the 10th century, the most advanced societies, economically, socially, and militarily, were to be found in the entire Islamic world, stretching from Spain and Morocco across North Africa into western and southern Asia; in the Greek-based Byzantine Empire in the eastern Mediterranean and parts of western Asia (those not yet conquered by Muslims); in India; and in China (undoubtedly the oldest continuous such civilization). Others could be mentioned, but these are clearly the leaders of the advanced, developed, and civilized world of the 10th century CE.
- The major story (and history means 'stories') is the following: How did 'Europeans', especially those in its western zones, then led by the Italian city states, subsequently exploit their beneficial economic relationships with the Islamic and Byzantine worlds (and through them, with India and China) in order to achieve such impressive economic development, fundamentally based on

commercial-financial urban economies? The development of the west European agricultural sectors was also vitally important: in providing towns with foodstuffs, raw materials, and markets. But that agrarian growth was clearly urban-driven. Certainly for the first time in at least western history, towns became the overwhelmingly predominant propelling force for economic development and growth, in the medieval European economy -- and that phenomenon of course was carried on into modern times. That story is covered, though only partly covered, in my ECO 301Y course (not given this year, but still available online), in which I contend that the fundamental transition that allowed western Europeans to gain economic ascendancy and power occurred in the 13th century.

- What is especially fascinating to observe and explain is how north-western Europe -- to repeat, so backward and underdeveloped in relation to the Italian and other Mediterranean states, let alone to the other African and Asian empires just noted -- subsequently developed to overtake the Italians and other Mediterranean economic powers to become the dominant, pre-eminent region of the European economy: i.e., either creating or benefitting from a major shift in the economic and demographic centre of gravity from the Mediterranean (where it had been for several millennia) to the Low Countries and England, in particular.
- Equally fascinating to observe is how a society in this region of NW Europe, one that had once been fundamentally (if never entirely) communal, under prevailing feudal regimes in much of this area, or tribal societies in most cases, most based on the exercise of exploitative military power, evolved to achieve individual rights and liberties, including most especially individual property rights, thereby impairing or eliminating communal institutions.
- And then the major question, the major issue: why did those who gained such individual liberties, property rights, economic powers, and unprecedented economic prosperity then use those powers to exploit and subjugate -- or seek strenuously to do so -- much of the rest of the world, thereby removing or denying such liberties to others?
- At this point, I must stress that I am not (and never have been) a Marxist; and that this is not a Marxist interpretation of history.
- But this issue does deal with one of the truly most fundamental features of not just European but world economic history, from the 15th century: European Imperialism (and its consequences, in racism, in particular). That story commences in my ECO 301Y course: with the Portuguese, who, in the early 15th century, commenced the European processes of overseas explorations, conquest, and imperialism: first in West Africa, then Asia, and the Americas. The Portuguese were quickly followed by the Spanish (with the union of Aragon and Castile, in 1479), the English, the Dutch, the French, in particular, during the 16th, 17th, and 18th centuries. The subject of the ensuing, post Industrial Revolution, 19th-century eras of 'The Imperialism of Free Trade', and then the era of 'New Imperialism', or era of 'Capitalist Imperialism', from ca. 1870 to 1914 (i.e., to World War I, when this course ends) will be a major feature of ECO 303Y.
- As this brief historical outline indicates, European Imperialism established its fundamental foundations long before the Industrial Revolution; but the consequences of that Revolution for Great Britain and then many continental powers was such an enormous growth in their economic and military powers to ensure virtually unchecked European Imperialism and European-North American hegemony until World War II (which lies beyond my courses: see ECO 342Y). Let us remember that North American economic history is also fundamentally part of European economic history.

- At the same time, the modern Industrial Revolution, commencing in Britain in the 1770s, ultimately transformed not just Great Britain itself, not just the rest of Europe, not just the Americas, but indeed the whole world: i.e., in terms of the economic, social, and cultural consequences of modern urban industrialization. So again an initially European story comes to have a truly global significance.
- Explaining how all this happened, without engaging in some form of European 'triumphalism' and Euro-Centrism, with strongly implicit racist overtones, is a major task of my two courses: and I seek solutions in non-biological terms, but rather in economic and socio-political terms (including natural resource endowments, geographical, and environmental factors).
- I draw in particular on two themes advanced by Jared Diamond (*Guns, Germs, and Steel*) and David Landes (*Wealth and Poverty of Nations*):¹
 - (1) western Europe's unique endowment with a wide range and plentiful supply of economically necessary livestock resources; and
 - (2) the evolution of modern national and fully competitive, militarily powerful centralized states, arising out of the seemingly hopeless fragmentation of medieval feudal Europe.
- On the central issue of European Imperialism, I am not denying, of course, the historically obvious: that all societies in world history that have gained both economic and military power have sought to use those powers to conquer and subjugate their neighbors. One need think only of the medieval Mongols, for example; or the late-medieval, early-modern Ottoman Turks. Not to mention the ancient Greek warrior king, Alexander the Great [356 - 323 BCE]! Such a lust for conquest must be in the DNA of the human species, which I must stress is one single unique animal species, originating in East Africa: so that there are no races.
- Are these not interesting and truly vital questions, for the whole world? And for non-Marxists (like myself) as well as, obviously, for Marxists. Nobody, therefore, can avoid studying European economic history - not if they wish to be properly educated.

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In terms of this sketch of European economic history, the following issues are the major ones on which I focus, in both of my economic history courses, for a better understanding of the fundamental issues involved in the historical development of our modern economy and society.

- The struggle for property rights: to acquire and defend property rights. (and to 'capture economic rents') in land, labour, capital, and enterprise (intellectual property rights).

¹ Jared Diamond, *Guns, Germs, and Steel: The Fates of Human Societies* (New York: W.W. Norton, 1999); David S. Landes, *The Wealth of Poverty of Nations: Why Some Are So Rich and Some So Poor* (New York and London: W.W. Norton, 1998); David Landes, *The Unbound Prometheus: Technological Change and Industrial Development in Western Europe from 1750 to the Present* (London and Toronto: Cambridge University Press, 1969; 2nd revised edn, Cambridge University Press, 2003).

- The erosion of institutional impediments to a market economy and to European economic development: (inter alia) Feudalism, Manorialism, Serfdom, the Church, Urban Guilds.
- The development of monetized market economies in Europe, West and East: with the requisite commercial and financial institutions.
- The role of other institutions and transaction costs: governmental/state and legal institutions
- The macro-economics and the micro-economics of demographic, monetary, and price changes: causes and consequences
- The role of innovation: technological and organizational changes in the agricultural, commercial, financial, and industrial sectors -- particularly as responses to changes in relative prices and real incomes, but also in response to supply impediments, or bottle-necks in supplies of various inputs.
- The shift of Europe's centre of economic and demographic gravity from the Mediterranean basin to North-West Europe
- The origins, nature, and evolution of Western European Overseas Expansion and Imperialism: from the 15th-century.
- The origins and evolution of modern European urban industrialization (i.e. the so-called 'Industrial Revolution')
- The social consequences of economic and particularly of industrial changes
- The roles of economic philosophies and economic theories in European economic development

See: Joseph A. Schumpeter, *History of Economic Analysis*, edited from manuscript by Elizabeth Boody Schumpeter (Oxford and New York: Oxford University Press, 1954), pp. 12-13: on the importance of economic history.

(1) the subject matter of economics is essentially a unique process in historic time. Nobody can hope to understand the economic phenomena of any epoch, including the present, who has not an adequate command of historical facts and an adequate amount of historical sense or of what may be described as historical experience.

(2) the historical report cannot be purely economic but must inevitably reflect also 'institutional' facts that are not purely economic: therefore it affords the best method for understanding how economic and non-economic facts are related to one another and how the various social sciences would be related to one another.