

20th Century Economic History: Lecture Notes: The Multimillennial Perspective

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I. The View from the Far Future

A. The Multimillennial Perspective

Take a [multimillennial perspective](#):

2000, 3000, 4000 years from now, what will professors--if there are professors--in universities--if there are universities--teaching classes--if there are classes--about what they will then call "ancient history" teach? They will spend more time on the long 20th century than on any other earlier century. It will be salient, in that more and more that is important happened in the age than in any equal earlier length of time.

Between the appearance of the iron-hulled oceangoing steamship, the submarine telegraph cable, and the industrial research lab around 1870 and the business cycle collapse followed by the anemic recovery of 2007-2015, the world was transformed more and more thoroughly than in any easier epoch of its or even many times its length. The two millennia of the discovery of agriculture and herding and the unknown period that marked the discovery and diffusion of fire might have matched it, and the invention of language surpassed it. But otherwise, of all eras that the human race has experienced to date, the long 20th century was the axis on which the wheel of history turned.

This is not to say that people 2000, 3000, 4000 years from now will spend a lot of time thinking about what they will call "ancient history", and we now simply call "history": A lot of water will flow under many bridges in what will be our future and their past. But what of their attention they do focus on us and our predecessors will give a large place to us and to our four generations of immediate ancestors.

The first thing that they will stress is that the history of the long 20th century is predominantly economic, or rather political-economic history.

B. Before 1750 the Economic Is in the Background

If you are telling a story of the history of five hundred years ago, you most-likely focus on Martin Luther and Jean Calvin's Protestant Reformation, on the Spanish conquest of the Americas, on the rise of the Shāhān-e Gūrkānī—the Moghul Empire—in the Indian subcontinent, and maybe a couple more. Those are the axes of the history of the 1500s: religion, expansion, and conquest. And the same for other earlier centuries: the rise, diffusion, and fall of dynasties, empires, religions, and cultures are the axes of history, with perhaps some reference to what the cultures of material subsistence in the background were and how they slowly changed. The economy was not on the main menu.

This is not to say that there was no economic change before the British Industrial Revolution, before the eighteenth and nineteenth century age of the spinning jenny, power loom, steam engine, coal mine, and iron works. The windmills, dikes, fields, crops, and animals of Holland in 1700 made the economy of its countryside very different indeed from the marshes of 700. But pre-industrial technological progress led to little improvement in the standard of living of the average human: improvements in technology and productive power by and large did little but raise the numbers of the human race, not its material standard of living. The main action of history was elsewhere.

This main action starts to move in the political-economic direction in the eighteenth century, with the stirrings of what were to become the [industrial](#) and [democratic revolutions](#). Certainly the grand narrative of the semi-long 19th century from 1750 to 1870 is a twin story.

Half of it is the democratic revolution--growing from the seeds of Holland and Britain to its flourishing in America and its troubled career in France, but changing the terms of the debate so that the burden of argument began to rest on those opposed to democracy.

The other half of it was the industrial revolution--the invention of the technologies of the age of coal, steam, cotton, and iron and the accumulation of capital needed to turn the invented technologies into real machines. But from the perspective of 1860 the thing that forced itself on your attention was how narrow and concentrated both stable democracy and industrial civilization were. Would they spread? Would they persist?

C. After 1870: The Salience of the Economic

Thus 1870 does mark a real game change.

We do not know what of the cornucopia of our and our immediate predecessors' art, literature, culture, and philosophy our successors millennia hence will find valuable and resonant. Perhaps from a multi-millennial perspective future historians will find some aspect of our art, our culture, our literature salient and worthy of great focus.

But probably not.

Probably students will be taught that one key difference between the history of our long 20th century and earlier cents is precisely that what is salient is the economic. That is very different from all previous history, running from the evolution of humanity, the acquisition of language, the radiation from Africa, the invention of agriculture and the domestication of the goat ten thousand years ago, and the invention of writing five thousand years ago up until 1870.

They will learn that the major theme has to be that the history of the twentieth century was overwhelmingly economic, and was—all in all—glorious. It has an extremely depressing middle from 1914-1945 and, in many places, 1975 or 1989: a wolf-fanged century, wrote Russian poet [Osip Mandelstam](#), “but I am not a wolf”. And our ending today is deeply shadowed.

But it is—so far—much more happy than tragic.

Yes, forms of religious strife and terror that we thought we had left behind several centuries ago are back. Yes, failures of economic policy that land countries in depression that we thought we had learned how to resolve decades ago are back, as are their depressing sociological consequences for the integrity of society's web and the sanity of its politics. Yes, nuclear weapons and global warming pose dangers of a magnitude that humanity has never before confronted. Nevertheless, all in all the North Atlantic today is a (relatively) free and prosperous region. The rest of the world is, if not free and prosperous, at least closer to being so than at any time in the past. And much of it is coming up fast.

That will most likely be their Grand Narrative, millennia from now.

II. Four Major Threads

And as components of this grand narrative, they will in all probability select out four threads to focus on:

1. The twentieth century saw the [material wealth](#) of humankind explode beyond all previous imagining.
2. In large part because of advances technology, productivity, and organization--and the feelings of social dislocation and disquiet that these advances generated--the twentieth century's **tyrannies** were the most brutal and barbaric in history.

3. The twentieth century saw not just wealth explode it saw very many left behind: the **relative economic gulfs** between different economies grow at a rapid pace.
4. Governments' **inability to manage** their economies--to arrange economic policy to provide consistent, durable, distributed, and equitable advancing prosperity. Crashes and depressions that destroyed and delayed prosperity, surges of inequality that maldistributed it and concentrated the benefits among a few, and harebrained pursuit of false and fake utopias--these were depressingly common in the twentieth century.

Perhaps they will find time to mention--although probably only briefly--six more subsidiary threads that I, at least, judge as looming large:

1. The great [Milanovic](#)-Kuznets inequality waves that characterized the century.
2. The [demographic and feminist transition](#) that raised women from the status of a subordinated caste.
3. And, more generally, how **societal status orders were steamed away**—no matter how established or ascribed, ethnicity, caste, and other sociological status groups lost much of their salience.
4. The [Polanyian perplex](#): creating a society in which the only rights that really mattered were property rights ran into people's very strong belief that they had rights to maintain their communities, receive their incomes, and work in their occupations--that the attempt of a market society to transform land, labor, and finance into "commodities" was, always and everywhere in the twentieth century, playing with fire.
5. The coming of **robots and the rise of the overclass**: was the potential replacement of human brains as cybernetic machine-management and routine transactions-processing cybernetic control mechanisms truly a threat to human society? Before the twentieth century the strong muscles of human backs and thighs and the nimble fingers of human hands had lost much of their scarcity and thus much of their economic value in a free market. A horse could pull more and a steam-powered automatic loom could weave more.
6. The **fall of formal empires** as strong nationalism--the belief that one of the most fundamental rights was the right to be ruled by members of one's own ethnolinguistic fraction--spread from northwestern Europe to become a near-universal foundational belief in nearly all human societies.

And somewhere, lurking in the background, there is the mystery of the [Great Filter](#). We--tool-using language-speaking world-populating jumped-up East African Plains Apes--have been around for less than 100,000 years. But when we look out at the universe we do not see our peers or our predecessors anywhere.

Did life not evolve elsewhere? Did intelligent life not evolve elsewhere? If so, then we have no peers.

Did *language* and *writing* not develop elsewhere? Did *industrial civilization* not develop elsewhere? If so then we presumably have peers but they cannot make themselves visible across the light years.

Or did something happen to them after they went through their industrial revolutions? Something that is in their past, but presumably is lurking in our future?

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