

An updated Adam Smith

David S. Landes studies economic inequity among nations

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THE WEALTH AND POVERTY OF NATIONS: Why Some Are So Rich and Some So Poor. By David S. Landes. Norton, \$30.

The Wealth and Poverty of Nations is the culmination of an economic historian's long and distinguished career, bringing David S. Landes' vast erudition to a fundamental issue of economics - why some peoples are rich and others are poor.

More than two centuries ago, the founder of modern economics, Adam Smith, argued in *The Wealth of Nations* that all nations could advance economically and defined a pathway to achieve it. In his own large, rich and rewarding work, Landes focuses on geography, culture and technology in exploring why some have made the ascent to affluence while others haven't.

Geography gives him the greatest difficulty. After dismissing extreme forms of geographical determinism, Landes goes on to survey the inhospitable climates (mainly tropical) of the world and extol the virtues of the European climate.

The problem for Landes' argument is that most of the world's civilizations had their origins in such inhospitable climates. Just as hotter climates are made more habitable by technology (in Houston's case by air conditioning), so all the Earth's climates outside the tropics were at some time rendered habitable by some technology.

Simply stated, without technology we'd still be limited to the rain forests or savannas where we originated.

Roman writers viewed the Europe that Landes extols as incapable of supporting civilization and the agriculture upon which it is based. Agricultural progress in late medieval times was the result of a technological transformation of Mediterranean practices.

Argentina is a country that Landes finds to be favored by nature but held back by culture, at least until the late 19th century. But in *Revolution on the Pampas*, James R. Scobie spells out the series of technologies that transformed its poor, backward grasslands into a producer of wealth in cattle and wheat, among them the railroad, refrigerated ships for beef export and "soft grasses" brought by the Spaniards.

Basically one can argue, as most agricultural economists do, that "fertility" is inherent not in soils but in our transformation or amending of them.

In contrasting the frontier economies of the Americas, Landes spells out the many advantages of the U.S. frontier, including "fertile, virgin land," a good climate for growing cotton and "copper ore in quantity." Examining these more closely, we find they have a huge technological component.

The "virgin land" not cultivated by American Indians was largely the Great Plains, which was initially called "the great American desert" and passed over by the settlers. Walter Prescott Webb showed the technological changes that turned this into the productive region it is today.

Very little cotton was grown in the South until the late-18th-century revolution in textile production and the development of the cotton gin.

Copper is even more clearly a technological phenomenon. The huge copper deposits of the Western United States would not have been seen as a resource by early settlers. What copper was used at the time was primarily oxides, while the U.S. deposits (like the bulk of the world's) are sulfides. We simply did not know how to process them until the development of the flotation method in the late 19th century.

To use geography as an explanation for the relative economic achievements of countries over time is to use what is essentially a constant to explain a variable phenomenon.

As an explanatory factor, culture has many of the same difficulties as geography.

In the 1950s, when Asia was the world's poorest region, many theorists stated that its cultures and religions posed ancient and insurmountable barriers to development. Buddhism was too otherworldly, Confucianism too bureaucratic. (The fact that two of these economic tigers, Malaysia and Indonesia, are predominantly Muslim was simply ignored.)

After three decades of spectacular economic growth in East Asia, one heard about the region's values of the work ethic and discipline. Then, with this year's Asian currency crisis, "Asian values" suddenly came into disrepute.

Landes' use of culture to explain variations in population growth is quaint with a whiff of Malthus and is the only issue on which he is clearly out of touch with current scholarship. He speaks somewhat snidely of "early and almost universal marriage, without regard to material resources," in India and China.

"In contrast, Christian and especially Western Europe accepted celibacy, late

marriage (not until one could afford it), and more widely spaced births."

Simply stated, this view fits with popular prejudices in suggesting that Europeans practiced restraint and were rewarded for their virtue by having slower population growth and a greater opportunity to lift themselves out of poverty. Modern demography does not support this theory.

Fertility rates have far less to do with celibacy and early or late marriage than with maternal and infant mortality.

And, contrary to popular misconceptions, changing death rates have historically been the primary determinant of population growth, as witness these facts: Since World War II, world population has been growing at unprecedented rates, yet global fertility rates have been falling dramatically.

There is evidence that fertility rates went up in the transition from hunter-gatherer to agricultural societies. Since then, there is simply no evidence of any sustained increase in fertility rates except tied to women's improved ability to survive through their childbearing years.

From 1500 to 1900, the fastest-growing populations in the world were Europeans and their overseas descendants. From 100,000 years ago until about 1900, Africa likely had the slowest rate of population growth of any major area.

Now the situation is reversed. Sometime this century, Asians' population growth rate surpassed Europeans', and around 1970, Africa took the lead - but not for reasons Landes elucidates.

Landes is asking the right questions about the role of culture in the achievement of wealth without necessarily finding new or satisfactory answers.

No living scholar knows more than Landes about the scientific, technological, agricultural and industrial revolution that transformed Europe and has been transforming the rest of the world. A key question concerns the cultural reasons this extraordinary transformation in technology, economic production and human well-being happened first in Northern Europe and not elsewhere.

Many key components of Europe's technological revolution came from China, which was unable to carry them forward and even rejected later developments when Europeans brought them back. It's not difficult to scan Asia and the Middle East and find the origins of other ingredients, most of which passed through Islamic cultures that added their own contributions.

After thrashing about with some rather old theories on the rise of Protestantism and the "spirit" of capitalism, Landes settles into a very good chapter titled "Why Europe? Why Then?" He shows Europe to have been a culture with (1) a

"growing autonomy of intellectual inquiry," (2) "an implicitly adversarial method that is the creation of a language of proof" and (3) "the invention of invention, that is, the routinization of research and its diffusion."

These characteristics may be sufficient to explain Europe's ability to assimilate the ideas of others to create a revolution, but Landes still hasn't explained how or why they came to the forefront in Europe and not elsewhere.

Implicit in his narrative is the fact that the forces of tradition in Europe opposed the expansion of literacy and free inquiry but were unable to stop it. Why? Perhaps Northern Europe was itself a "frontier" for more established institutions and was therefore less tradition-bound. This is an explanation that fits well with the treasure trove of factual material Landes presents.

European technological and industrial dominance made possible global colonialism and the Eurocentric worldview that accompanied it. Many of us in academia, business and politics have tried to overcome this with a more balanced view of history and cultures. Certainly scholars and leaders in former colonial countries are striving to create their own worldview. They hotly criticize the horrors inflicted on them. But they also recognize the importance to their peoples of economic development.

Whatever one's view of Landes' theses on why some are rich, it is clear that at least part of the answer lies in the European experience of the past five centuries. Something extraordinary happened in Europe from the Renaissance onward, and Landes heaps well-deserved scorn on pseudo-intellectuals who wish to deny its significance.

Other countries seek to participate in this transformational process while shaping it in terms of their culture and heritage. They want to take what was once called Western science and technology and make it everyone's. Landes, while still a bit Eurocentric in his presentation, is more global than most writers on economic history. He asks some of the most important questions of our time. Although his answers may not always be fully satisfying, one would be hard put to think of someone else who covers so much and does it so well.