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Abstract

This chapter written for the *Oxford Handbook of Historical Political Economy* argues that you cannot understand the history of globalization without taking political factors into account; and that you cannot understand the history of comparative economic development without taking globalization into account. Globalization compels us to take geography seriously and to think more like historians.

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1. Introduction

It is easy to motivate a chapter on globalization written for a Handbook of Historical Political Economy. In the first place, globalization has a long history. That history teaches us that globalization is not irreversible: that it ebbs and flows over time, and that it would be foolish to assume that today's hyper-globalization is necessarily here to stay. And if that is the case, this is because globalization is not only a technological phenomenon, but a political one. Whether international interactions multiply to the extent permitted by the technology of the day depends on politics – domestic political economy forces in some cases, geopolitical forces in others. So globalization is shaped by political economy forces. In the second place, and just as importantly, globalization compels us to reconsider how we understand long run processes of economic development. Regions and countries have not evolved in isolation, running along parallel but separate tracks. Rather, they have continuously interacted with each other over the course of the centuries, and no credible account of why some have done better than others in particular periods can omit a detailed consideration of these interactions. Globalization compels us to take geography seriously and to think more like historians.

I begin with a review of how globalization is shaped by – and shapes – domestic and international politics, before going on to consider how our understanding of comparative historical development needs to be better informed by the history of how regions have interacted with each other across the centuries.

2. The political economy of globalization

2.1. When did globalization begin?

How old globalization is depends on how you define it. The archaeological record shows conclusively that goods have been traded over surprisingly long distances for millennia. A classic example is obsidian, a volcanic glass that was used to make a variety of tools as long ago as 30,000 years ago or more. Since it only occurs in certain volcanic areas its presence

elsewhere required trade, and in the Near East there is evidence of such trade almost 10,000 years ago. That trade declined with distance, as predicted by the classic gravity model, but even so some obsidian travelled more than 600 miles (Dixon et al., 1968, p. 44). By the sixth millennium BC obsidian was being traded between Ethiopia and Yemen; by 1000 BC it was being distributed over a range of more than 6,000 km in the Western Pacific and Southeast Asia (Rowlands and Fuller, 2018, p. 183; Spriggs, 2018, p. 425).

During the fifth and fourth millennia BC, during the so-called Ubaid period, a “complex web of inter-regional exchange” developed in a region encompassing present-day Iraq, Syria, parts of Turkey and Iran, as well as the western shores of the Gulf. Not only prestige goods such as various coloured stones, including lapis lazuli from present-day Afghanistan, but more “utilitarian” goods, were involved (Stein, 2010, p. 29). By the end of the Ubaid period clay seals start to provide further evidence of long-distance trade, perhaps also indicating that merchants now needed to develop systems promoting trust when dealing with strangers (Caldwell, 1976; Wilkinson, 2018, pp. 29-30).

By 3200 BC Afghan lapis lazuli was being used in Egyptian ornamentation, and during the centuries that followed the stone was increasingly used in Egyptian and Mesopotamian statuary (Wengrow, 2010, pp. 32-8). More generally, the Bronze Age saw a great expansion of long-distance trade, due at least in part to the simple fact that copper and tin were only available in a few sources but were demanded everywhere. Tin was particularly scarce, in Europe being obtained from either the western fringes of the continent or Asia. Regions across Europe thus exported goods that were in demand elsewhere so that they could import copper and tin: the Baltic supplied amber, northern Scandinavia fur, present-day Hungary wool, the Carpathians silver and salt, and so on (Earle et al., 2015, pp. 635-6; Kristiansen, 2018, p. 9). According to Kristiansen (ibid.) the forces of comparative advantage not only led to the Nordic region exporting amber, but to “more or less” ceasing to consume it, a remarkable early illustration of simple trade theory in action. Other regions would eventually export horses, warriors, and slaves (p. 10). Inter-regional trade not only involved raw materials unobtainable elsewhere, but

manufactured goods, since woollen textiles were a key component of long-distance trade flows. Trade during the period was facilitated by better boat designs and the increasing use of horses, but the Bronze Age also saw the development of several institutions underpinning long-distance trade between strangers: the use of sealing in long-distance trade became widespread, systems of weights emerged which were standardised across regions, weights of silver were increasingly used to express prices, and attempts were made by rulers to make other polities responsible for the safety of merchants operating in their jurisdictions (Kristiansen, 2018, pp. 5, 12-3; Warburton 2018).

Another turning point, or rather turning period, came in the final two centuries of the first millennium BC, when according to Philip Curtin (1984, p. 90) regular overland trade spanning the vast expanses between China and Europe came into being. The causes were largely geopolitical, with the formations of the Chinese, Parthian and Roman empires making such long-distance routes safer for merchants. Excavations in Begram, in present-day Afghanistan, have found substantial quantities of luxury products from China, India, and the Roman Empire, indicating substantial inter-regional interconnections that were not only material, but cultural and religious (Mairs, 2017). The flows involved were large: Pliny the Elder famously claimed that “India, China and the Arabian Peninsula take one hundred million sesterces from our empire per annum at a conservative estimate” (cited in Gurukkal, 2016, p. 67). While Pliny’s estimate might be regarded as an exaggeration, on the basis that he was opposed to extravagant aristocratic spending on foreign luxuries, more recent documentary evidence suggests that if anything his figure may have been an under-estimate. A papyrus from the mid-second century AD values the cargo of a ship that had sailed from India to Berenice, on the western shores of the Red Sea, at over 9 million sesterces, implying customs duties (which were taken in kind) of some 2.3 million sesterces (Rathbone, 2007, p. 318, footnote 15; Wilson, 2009, p. 217). A century earlier, Strabo had estimated that 120 ships a year left Myos Hormos, a nearby port, for India: Andrew Wilson thus calculates that if just 100 similar ships arrived from India in a year, the resultant import duties could have paid for as much as a quarter to one third of the empire’s military budget (Wilson, 2012, p. 290). If mid-second century Roman Empire

GDP amounted to some 20 million sesterces, as estimated by Scheidel and Friesen (2009), then as much as 5% of total income, and roughly 20-25% of elite income, could have been spent on Asian goods imported via the Red Sea alone. Perhaps such figures are implausibly high, but the conclusion that imports from outside the Empire – itself a vast region within which goods circulated widely – were substantial seems a safe one. There is no reason to suppose that the Chinese and Sassanian empires, as well as other major Eurasian regions, did not also experience large inflows and outflows of goods during this period.

By this period, at the very latest, it also becomes safe to use the word “trade”, which I have deployed, perhaps incautiously, to describe the inter-regional exchange of goods in previous millennia. Many anthropologists and archaeologists have argued that in the past such activities often did not constitute trade, but rather gift-giving, redistribution, and a wide variety of other non-market activities (for a stimulating recent restatement of the view, see Graeber and Wengrow, 2021). By the classical period, however, the case for long-distance trade in at least some parts of the world seems clear. As Wilson (2012, p. 287) puts it:

Interstate treaties in Classical Greece normally specified reciprocal trading rights; Latin citizenship was defined partly in terms of trading privileges, and the Punic Wars were fought over the control of trading zones in the central Mediterranean. The persistent reluctance of many historians in the later twentieth century to admit the extent and importance of long-distance trade in the ancient world is therefore difficult to understand, and indeed utterly incomprehensible when one considers the archaeological evidence in addition to the written record.

Trade across Eurasia became even more integrated in the late thirteenth and early fourteenth centuries, when much of the region became politically unified under the Mongols. The "world system" that emerged encompassed all of Eurasia, from Ireland to China, and from Bergen to present-day Indonesia (Abu-Lughod, 1989). Northern and Eastern Africa were also – as in previous centuries -- involved in economic exchanges with India and the Muslim world, and interregional contacts during the period were even broader than this, encompassing the North Atlantic as far as Greenland, which occasionally exported walrus tusks or animal skins to Iceland or Norway, and on at least one occasion received agents from Italy seeking the payment of

papal tithes. Italians were at the same time travelling regularly to China, from whence not only Chinese luxury goods but Southeast Asian spices were transported back to Europe via the overland route (Findlay and O'Rourke, 2007, pp. 106-7).

From the beginnings of the Bronze Age therefore, roughly 5000 years ago, there was a series of milestones representing ever-increasing integration. I have spent some time on these since the history may be less familiar to some readers than subsequent developments. Kristiansen (2018, p. 2) argues that they represented a continuous process of evolution, with the basic institutional features of long-distance trade as it emerged from 3000 BC onwards – "international commodity trade, the rule of public law, the rise of urban life, city-states, and sometimes empires" – developing throughout. But if globalization is defined as a global phenomenon, then 1500 deserves to be regarded as a discontinuous turning point. Key dates include not only 1492 and 1498, but 1571, when ships from Latin America arrived in Manila, thus instituting a direct trans-Pacific trade route between China and Latin America (Flynn and Giráldez, 1995). From then on, or more precisely from the late eighteenth century when trade with Australia also began, all of the inhabited continents of the world were in continuous and direct contact with each other. But the full economic implications of this would only make themselves felt once transport costs had fallen sufficiently to permit the mass trans-oceanic transportation of bulky and cheap foodstuffs, raw materials, and manufactured goods. That would only happen in the nineteenth century (although the early modern period saw the emergence of large-scale trade in such goods between the Baltic and Western Europe).

From the previous discussion it seems clear that there is a decent case to be made that some form of globalization began at the latest with the onset of the Bronze Age (Frank and Gills, 1993). There is also a self-evident case to be made for 1500 as the key date, an argument advanced by no less an authority than Adam Smith himself, who famously regarded 1492 and 1498 as "the two greatest and most important events recorded in the history of mankind" (Smith, 1976 (1776), volume 2, p. 626). But there is also a case to be made that the mid-

nineteenth century saw the development of a new and more modern kind of globalization that was qualitatively as well as quantitatively different to what had gone before.

"All history is contemporary history", as Benedetto Croce once said, and the same is perhaps true of economic history. In the 1990s, as China's rise to its current superpower economic status gathered momentum, and some American economists started to worry about whether Western wages were "set in Beijing" (Freeman, 1995), it seemed natural to ask whether previous globalizations had led to inter-continental factor price convergence in line with the predictions of the famous Stolper-Samuelson Theorem. It also seemed natural to look to the nineteenth century for such impacts of inter-continental trade on income distribution, since the transatlantic trade of that period between the "old" and "new" worlds was what had motivated Heckscher and Ohlin to develop their factor proportions theory of trade in the first place. O'Rourke and Williamson (1994, 1999) investigated the issue and concluded to their satisfaction that Heckscher and Ohlin had been right: the globalization of the late nineteenth century, involving the exchange of labour-intensive European manufactured goods for land-intensive New World agricultural commodities, had led *ceteris paribus* to falling European land rents, rising European real wages, rising New World land rents, and falling New World real wages. Commodity price gaps collapsed, trade flows soared, and factor prices converged internationally.

That having been established, the next question was whether this kind of rather modern globalization could be found in earlier periods. In order for inter-continental trade to change domestic factor prices, there had to be inter-continental commodity price convergence, since that was the first vital step in the Heckscher-Ohlin chain of causation. And the prices involved had to be for commodities produced in both continents, since only then would price convergence lead to the shifts in domestic production structures that constituted the second vital step in that logic. On both grounds the nineteenth century seemed different to those that had gone before (O'Rourke and Williamson, 2002). True, 1500 did seem to have produced a step increase in intercontinental integration (O'Rourke and Williamson, 2009), but inter-

continental price gaps seemed remarkably stable during the seventeenth and eighteenth centuries, in sharp contrast to the virtually ubiquitous declines experienced in the nineteenth. When defined in terms of this kind of market integration, therefore, globalization – or if you prefer, Heckscher-Ohlin globalization – was a modern phenomenon, beginning some time in the nineteenth century. Among its causes were the new steam transportation technologies of the period, the end of the old mercantilist trading monopolies, imperialism, and the relatively peaceful state of intra-European affairs. There are certainly good grounds to prefer alternative definitions of globalization, or to argue (as do Findlay and O'Rourke, 2007) that international interactions had major economic implications prior to the nineteenth century (Flynn and Giráldez, 2004), and subsequent work has found some evidence of inter-continental commodity market integration prior to 1800 (e.g. Sharp and Weisdorf, 2013). But the basic argument that the globalization of the nineteenth century and subsequently was not only quantitatively, but qualitatively different from what had gone before still seems to me a reasonable one. The question of when globalization began is thus largely a definitional one (which may make it a rather unsatisfactory question); and as will be seen shortly, so is the question of when it goes into reverse.

2.2. Globalization is not irreversible

The previous subsection might make it seem that the history of globalization – no matter how defined – has been one of constant progress over time, whether continuous or marked by step changes in the level of international integration. Nothing could be further from the truth. On the contrary, history is replete with instances in which formerly integrated regions disintegrated, sometimes for long periods of time. In earlier periods the causes were often geopolitical. Long-distance trade required security for merchants, and thus benefited from the establishment of large empires enjoying a monopoly of violence within their territories, and willing to commit resources to promoting long-distance trade. Bryan Ward-Perkins (2005) convincingly details how long-distance trade within Western Europe collapsed along with the Roman Empire, with dramatic and negative consequences for economic specialisation and living

standards – a classic example of the unravelling of Smithian growth. When the Mongol Empire entered into decline in the middle of the fourteenth century, long-distance Eurasian trade declined as well. European merchants were no longer able to travel across Asia, or directly access Asian markets, and that remained the case until the European Voyages of Discovery. While intra-Asian trade continued to flourish, geopolitical turmoil, including the collapse of the Timurid Empire, eventually led to the collapse of the Asian caravan trade in the late sixteenth and early seventeenth centuries also (Rossabi, 1990). The French and Napoleonic Wars of the late eighteenth and early nineteenth centuries, which lasted for a quarter of a century, led to the worldwide disintegration of markets (O'Rourke, 2006), while the First World War ushered in a period of deglobalization which only started to unwind in Western countries in the 1950s, and lasted much longer in many other parts of the world. Indeed, thanks to communism it lasted in the former Soviet bloc until the 1990s (Findlay and O'Rourke, 2007, Chapters 8, 9).

That last judgement also depends on matters of definition. Tooze and Fertik (2014, p. 220) argue that the First World War, which was by definition global, led not to the destruction of the international economy of the late nineteenth century, but to its "repurposing and reorganization". As its name suggests, this was a global war, fought with raw materials transported across the world by the British shipping industry – "the anchor of the entire Entente war effort" (p. 221) – and paid for in large part by American loans. "Never before had global independence been made so manifest." The point is well taken, but 1914 still emerges as a de-globalising turning point if globalization is defined in terms of the international extension of the market and market forces, a definition which comes naturally to economists. But other definitions are of course possible.

Geopolitical disruptions have therefore caused the disintegration of international markets, but domestic political economy forces have also done so in less spectacular fashion. The gradual move towards ever-freer trade in Western Europe from 1815 onwards, which accelerated after 1846 when Britain repealed the Corn Laws, and 1860, when it signed a trade agreement with France, was brought to a halt from the late 1870s onwards as France, Germany, Italy, and other

countries raised tariffs in response to falling agricultural prices (Kindleberger, 1951; Rogowski, 1989; O'Rourke, 1997). (In many if not most cases tariffs on manufactured goods were raised also.) Since agricultural prices were declining in Western Europe as a result of the globalization of the time, with steamships and railroads bringing New World prairies, outbacks, and pampas into ever more direct competition with European farmers, this was an example of globalization undermining itself. The gradual tightening of immigration restrictions in the New World was another (O'Rourke and Williamson, 1999). Globalization really does produce winners and losers, and no-one should be surprised if the losers mobilize politically to protect their economic interests. There is an obvious analogy to be made with early twenty-first-century anti-globalization discontent in affluent countries such as the United Kingdom and United States, as documented by such authors as Autor et al. (2013), Autor et al. (2020), Colantone and Stanig (2018), and others (see O'Rourke, 2019 for a comparative historical discussion).

More speculatively, globalization may also undermine itself through geopolitical as well as domestic political economy channels. The earlier discussion framed the various geopolitical shocks leading to international economic disintegration as essentially exogenous. However, as Findlay and O'Rourke (2007, p. xxv) put it, "It is natural to suspect that the accumulating economic and geopolitical tensions unleashed in the course of each period of peace, prosperity, and trade culminate in successive rounds of conflict, so that wars, rather than being exogenous or external shocks to the world system, have been inherent in its very nature." Tooze and Fertik (2014) and others argue that World War I represented an endogenous response to late nineteenth century globalization: one obvious mechanism they appeal to is economic convergence. If globalization helped nineteenth-century Russia to grow economically, then it also helped to increase tensions between that country and Germany, in the same way that Chinese growth today, also fueled by globalization, is raising tensions with the United States (pp. 217-8). According to a well-known argument, such convergence can give established powers an incentive to strike first, before it is too late. Alternatively, globalization also leads to increasing dependence on international markets for goods, including strategically vital commodities. Where established powers control international shipping lanes, this can give

rising powers the incentive to attack either the leaders or resource-rich regions in an attempt to make themselves more strategically self-sufficient (Bonfatti and O'Rourke, 2018). Offer (1989) makes the case that such forces help to explain the Anglo-German naval rivalry of the early twentieth century, while Tooze (2006) and Barnhart (1987) argue that concerns about raw materials supplies were important factors in the run-up to the Second World War.

3. Globalization and historical development

A voluminous literature in the 1990s studied the correlates of economic growth across countries. Cross-section regressions inspired by the Solow growth model explored the relationship between economic growth and initial income, savings rates, population growth, and human capital. One obvious problem was that many of the right-hand side variables were potentially endogenous. Eventually researchers added institutional and cultural variables to the explanatory mix, with endogeneity remaining a concern. It was perhaps inevitable in the circumstances that researchers would turn to the distant past in search of instruments for contemporary institutions (Acemoglu et al., 2001), and that this would in turn eventually lead to a vast literature uncovering correlations between very old variables and more recent ones, and arguing that these correlations were causal. In this manner was the so-called "persistence literature" born.

There are many well-flagged problems with the literature. Aside from obvious issues such as the potential for p-hacking, and the fact that many (but not all) papers are based on cross-section regressions, there are in some cases serious issues with the data used (Albouy, 2012). Indeed, a basic data issue concerns the use of present-day boundaries, which makes less and less sense the further back you go in time, and which poses a particular problem when the supposed mechanisms rely on transmission of some sort within historically mobile populations. As Voth (2021, p. 246) puts it, "Since not many descendants of the people living in Germany at the time of Tacitus are still living there today, it is difficult to see how technology adoption by the ancient tribe called the Cimbri could influence technology use in modern-day Denmark,

where they originated. The same is true of large parts of Greece, France, Eastern Europe, to name but a few areas.” Several well-known results are vulnerable to the inclusion of such obvious control variables as malarial prevalence, or the replacement of continent dummies with World Bank economic region dummies (Kelly, 2021). Just as problematically, both the left-hand and right-hand side variables typically considered exhibit a high degree of spatial correlation, and once this has been taken into account the regressions often lose statistical significance (Kelly, 2019). It does not appear to be the case that this problem goes away if you consider, not the first regression in papers’ key regression tables, but later regressions incorporating a greater array of control variables (Voth, 2021). Kelly (2021) shows that the same problem emerges when you study the regression using the largest set of controls available.

Voth (2021) and many other economic historians have highlighted the lack of plausible mechanisms underlying some – but not all – papers in the literature, but this is not the only problem that economic historians have with the notion that the deep past in some sense pre-determines present outcomes, even if only probabilistically. The enormous income gaps motivating the econometric literature on cross-country growth and convergence emerged in the aftermath of the Industrial Revolution, which originated in Britain and gradually spread around the world, first to north-west Europe and North America, and then to the rest of Europe and further afield. It follows that variables that were high in the West before the Industrial Revolution, and low elsewhere, or low in the West and high elsewhere, are the ones that have the best chance of being correlated with living standards today. In running cross-country regressions therefore, economists can come perilously close to advocating a "Whig theory of economic history", in which (in the words of David Landes, 1990, p. 1) the answer to the question "why are we so rich and they so poor" turns out to be "because we are so good and they so bad; that is, we are hardworking, knowledgeable, educated, well-governed, efficacious, and productive, and they are the reverse." Indeed, the conclusion that Europe pulled ahead of the rest of the world because of advantages which it enjoyed and other regions did not – be those advantages cultural, institutional, or geographical – seems to be to a large extent hard-

baked into the methodology. The finding that geographical variables were correlated with European development does not necessarily imply a Whiggish view of the world, but similar correlations involving political or cultural variables probably do. And all such correlations suggest a narrative in which pre-existing factors “caused” the Great Divergence, perhaps even inevitably so.

This is doubly problematic. First, historians of all stripes tend to reject overly-deterministic accounts of historical change. Very few events, still less major economic, political, and social upheavals, are “inevitable” before they occur. Second, simplistic Whiggish accounts in which British institutional or cultural advantages explain why the Industrial Revolution occurred there and not elsewhere are increasingly being questioned, at least among historians of the British Industrial Revolution. Instead, economic historians are more and more emphasizing the many interrelationships between Britain and the rest of the world which existed in the seventeenth and eighteenth centuries as well as subsequently. A striking symbol of this shift can be found in successive volumes of the standard undergraduate textbook on British economic history. In the first edition (Floud and McCloskey, 1981) the chapter on trade and empire dismissed the possibility that such connections might have been necessary for growth during the Industrial Revolution. A counterfactual Britain deprived of foreign markets would have produced fewer cotton textiles, but the consequence would merely have been an alternative Industrial Revolution fueled by brewing, housebuilding and other non-traded activities (p. 100). Welfare would have declined, but not by much, since Harberger triangles are small. The discussion is notable for its dependence on *a priori* logic and rather abstract nature. This is in total contrast to the corresponding chapter in the most recent edition of the textbook, which is far more detailed and historical in nature, engages seriously with the famous Williams (1944) thesis that Caribbean slavery was intimately linked with the birth of the Industrial Revolution, correctly rejects the use of static models to calculate the impact of trade on growth, a simple point that should be self-evident, and stresses the impact of trade on technological development and the accumulation of human capital (Zahedieh, 2014).

A second symbol of the shift in the historiography is Gavin Wright's recent Tawney Lecture (Wright, 2020) which argues strongly for the role of slavery in explaining the British eighteenth century take-off. As he correctly says (p. 356), "historical interpretation over the past 30 years strongly supports the view that distant markets were critical for the emergent technologies of eighteenth-century Britain." He notes the relationship between slavery, long-distance trade, and innovation, as well as other links such as the importance of trade-related bills of exchange in creating a British capital market (Hudson, 2014). Wright's lecture is a particularly striking example of the shift in the historiography of the British Industrial Revolution, since as he makes clear later in the article the author does *not* agree with the claim that slavery was essential for nineteenth century American economic development.

Take for example the cotton textile industry, traditionally regarded as one of the key industries of the Industrial Revolution, and restored to that position by the work of Nick Crafts and Knick Harley (Crafts and Harley, 1992; Harley and Crafts, 2000). 0.34 percentage points of the 0.42% growth per annum in British TFP achieved between 1780 and 1860 was concentrated in just a few modernizing sectors: cottons, woolens, iron, canals, ships, and railways (Crafts and O'Rourke, 2014, p. 266). What happened in the textile sector thus had macroeconomic significance: by the mid-1830s cotton textiles accounted for 48.5% of British exports (Davis, 1979, p. 15). To state the obvious: the British taste for textiles arose in the first place as a result of exposure to Indian textiles, which stimulated new consumer markets in Britain, as well as—crucially—the search for how to supply those markets (as well as others further afield, including in Africa) with locally produced textiles using British, rather than Indian, technology (Berg, 2004). The cotton industry was first established in Britain by refugees from Antwerp; its major input, raw cotton, was produced in the New World by slaves who had been shipped there from Africa; a very large share of the sector's output was exported overseas. An account of the Industrial Revolution that takes no notice of these and other international linkages makes no sense. It mattered that Britain was a major trading nation with overseas colonies and access to raw materials and markets around the world, and that fortunate state of affairs, in turn, was produced by a host of geographical, political, military, and other factors, both structural and

random in nature. Economists no longer think of technological change as dropping exogenously from the skies, like manna from heaven; it is now, and was then, a profit-motivated activity. Overseas markets and resources stimulated innovation, and not only in textiles: Zahedieh (2013) shows that Caribbean sugar plantations produced a demand for copper that can be directly linked to key technological breakthroughs in both metallurgy and mining. And trade itself directly stimulated innovation: navigation spurred the development of accurate instruments, which in turn produced the skills required to produce the machinery of the Industrial Revolution (Kelly and Ó Gráda, 2022).

The argument in Wright, as well as Findlay (1990), Findlay and O'Rourke (2007) and others, is not that slavery, or any other single factor, "caused" the Industrial Revolution, but that slavery, trade, warfare, imperialism, migration, scientific cooperation, and a host of other factors both domestic and international combined to produce the take-off. These factors potentially include science, education, mechanical skills, the relative prices of labour, capital, and energy, and many others that have been prominent in the literature: it is not a question of denying the importance of these, but of stressing both their endogeneity, and the fact that they operated within a global context that determined their impact. Cross-country regressions, while informative, suggest a world in which different regions grew at different rates depending, predictably, on their underlying conditions, as if they were runners in a 400 m track race each with their own advantages and disadvantages, and remaining within their separate lanes. Historical reality was much more akin to a football cup tie, with the first goal winning, in which the multiple interactions between teams, match day officials, coaching staffs, and supporters (as well as within teams themselves) produced an environment in which almost anything could happen on the day, and in which random events could therefore have a major impact on the final outcome.¹ And it was even more complicated than that, because there were many teams involved at once, and each team's efforts could increase, as well as reduce, the chances of the other teams scoring. History mattered, not just in the by-now-clichéd sense that random events within a country could have long run implications, but in the sense that those implications could

¹ Which is why soccer is so much more interesting than track and field.

themselves be either reinforced or undone by chance events at a later date, and that both the shocks and their consequences could be produced by, or make themselves felt through, international interactions of various kinds.

Some regional characteristics were of course enduring, notably geography, and the history of globalization requires us to take geography seriously. Western Europe had traditionally been peripheral, for example, but after Columbus it found itself far more centrally located within an expanding Atlantic economy. Its location, which had once been a handicap, now became a major asset. But those voyages were themselves the outcome of a centuries-long process in which the Muslim conquests, Genghis Kahn, the Black Death, the end of the *pax Mongolica*, inter-European rivalry, and many other factors, all had their part to play. The world which history has bequeathed to us was produced by an almost unthinkably complex dynamic general (dis)equilibrium process, and globalization in all its dimensions is an important reason why that process was so complex. If globalization forces us to think more seriously about geography, it should also make us think about the Great Divergence, and the many consequences that flowed from it, in a far more historical fashion – that is to say, as a unique and historically contingent event that was conditioned by an elaborate web of global forces.

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