



Research Paper

Why Was Sustained Economic Growth So Rare Before the Later 18th Century and Why Did This Change?

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According to the World Bank in 2018, after the Industrial Revolution in Britain, the world only had about eight or nine percent of people living on less than two dollars a day, and the average lifespan was 73 years.¹ However, about 200 years ago, more than 95 percent of humans lived on less than two dollars a day and averaged lifespans of less than 40 years. To quote the 17th-century English philosopher Thomas Hobbes, “human life was solitary, poor, nasty, brutish.”² As the years went on, the Industrial Revolution marked a pivotal point in human history, launching unprecedented economic growth. At the start of the 18th century, the Agricultural Revolution introduced new advancements such as crop rotation, plowing, seed drilling, and mechanization, which significantly increased agricultural efficiency and productivity. The Industrial Revolution ensued, introducing technological breakthroughs such as steam engines, lamps (light bulbs), electric generators, and electric motors. These advancements transformed production, communication, and transportation, leading to mass production and the rise of urbanization. Sustained economic growth was extremely rare before the late 18th century due to a combination of low agricultural productivity, technological stagnation, restrictive political and social structures, market and trade limitations, and underdeveloped financial systems. The Industrial Revolution, initiated by the Agricultural Revolution, paved the way for sustained economic growth beyond the 18th century. However, while most countries in the world are rapidly developing, some are still struggling to begin their growth due to the residual effects of colonialism.

Before the late 18th century, low agricultural productivity severely hindered economic growth by causing the Malthusian trap, which occurs when population growth outpaces agricultural production, preventing trade and industrial development from expanding. Food and other resources were plentiful at one point before the industrial revolution, leading to more children being born and surviving to adulthood.³ This relationship led to a Malthusian trap, causing severe famine. According to Thomas Malthus, during the Industrial Revolution—population growth will always outrun the food supply, and humankind can’t develop and progress without strict limits on reproduction. Malthus also claimed that agriculture, not industry, led the economy at first. At the start of the 18th century, the Agricultural Revolution provided farmers with improved agricultural technology, feeding more people than ever before. According to the USDA Farm Service Agency, a 1960s farmer could only provide food for an average of 25 people, while an average American farmer today feeds over 155 people in the world due to novel technologies, which mainly started in the Agricultural Revolution.⁴ The plow, one of the most impactful inventions in the history of agriculture, was first discovered in Ancient Egypt thousands of years ago.⁵ During the Agricultural Revolution, Britain took it up to loosen the soil before planting or sowing seeds at a higher efficiency. Prior to the plow, farmers used handheld digging sticks and hoes to turn the soil. The cotton gin, invented in the late 18th century by Eli Whitney, was another critical industrial invention that contributed to sustained economic growth. It dramatically sped up the work of separating cotton seeds from fibers. The cotton gin was capable of cleaning 1000 pounds of cotton, a task that previously required one person to manually clean only 5 pounds at a time. As a result, the price of cotton cloth fell, making the growth of this cash crop remarkably more profitable. Moreover, the discovery of crop rotation during the Agricultural Revolution allowed farmers to plant different types of crops, reduced fallow periods, and improved soil fertility, leading to a substantial increase in crop productivity.⁶ Many more advancements during the Agricultural Revolution enhanced the low agricultural productivity before the late 18th century, and they all contributed to coming closer to the Industrial Revolution, which eventually paved the way for countries to sustain economic growth.

Prior to the 18th century, technological stagnation served as a critical obstacle, further prolonging economic growth and impeding progress in productivity and innovation, which are vital for long-term development. The Industrial Revolution completely opened up technological advancements and transformed life

at work into something more practical for everyone. It also led to the invention of numerous labor-saving and essential machines, including inexpensive and comfortable transportation, gas street lighting, the Watt steam engine, and the power loom weaving machine.⁷ Besides the impact of the Industrial Revolution, the Enlightenment, which took off in the late 17th century and lasted through the 18th, also contributed to technological advancements in the late 18th century. (CATROG, by Joel Mokyr) In the book *Culture at the Roots of Growth*, Joel Mokyr suggests that the Enlightenment encouraged a quest for knowledge—science and technology—opening minds to new ideas and reducing attachment to the old. These changes were also assisted by the social structure in Europe, which was characterized by the absence of a single authority, individual freedom, competition in the market for goods and ideas, and property rights. As a result, the ideas that came up from people who were competing with each other led to the science and technology advancements that we now call the Industrial Revolution.

Before the Enlightenment, the presence of restrictive political and social systems had a substantial negative impact on economic growth. These systems stifled innovation, entrepreneurship, and the equitable distribution of resources, which are essential for sustainable development. The feudal system in Europe, for instance, limited the peasants' ability to move to other villages or cities to seek better opportunities for jobs. Consequently, people rarely traveled beyond their own villages, and they grew crops to feed themselves and their families. As a result, the connection between the villages was almost non-existent. Likewise, rigid caste systems in Asia restricted children from accessing education, entrepreneurship, and women's political participation. These restrictions not only hindered individual growth, but also innovation and overall economic growth within societies.⁸ In Britain, population growth began in the 18th century, necessitating an increase in food production by farmers to feed the growing population. Poor farms gave way to more advanced ones; the use of machines increased; and the need for agricultural workers decreased. Simultaneously, UK Parliament enacted a series of enclosure acts to increase production.⁹ However, for peasants, large-scale agricultural production meant fewer opportunities due to the enclosure movement's side effects. Previously, all villagers shared common lands, but wealthy individuals purchased these lands and turned them into private properties. As a result, wealthy individuals pushed poor farmers off their land, causing them to lose their livelihoods. Consequently, more rural people, struggling to survive, traveled to towns and cities seeking new jobs. Only 25 percent of Britons lived in the cities before the Industrial Revolution. By the middle of the 19th century, the number had risen to half. Other Western European nations, such as France and Germany, also saw a tremendous increase in their urban populations. In addition to the urbanization that the Industrial Revolution sparked, innovations such as the sewing machine, steam engine, and cotton gin revolutionized the entire economies of European countries while bringing about enduring changes in social classes. As the Industrial Revolution created a new middle class, the rich got richer and the poor remained poor. The rich were able to build huge mansions, collect fine art, and enjoy prosperity. The middle class grew from the plentiful job opportunities in businesses and factories and worked mainly merchants, shopkeepers, and accountants. Jobs allowed them to educate their children and maintain their social standing. The working class continued to face significant challenges due to low wages and harsh work conditions and they couldn't even afford to send their children to school, which would keep them in the lower class. The Industrial Revolution had a long-lasting effect on every social class, but people didn't benefit from it equally. Those able to take advantage of their jobs were able to enjoy privilege, prosperity, and comfort while those who started in the working class remained uneducated and stuck at the bottom.

Eventually the Industrial Revolution spread to other nations, such as the United States. Back in the 1700s, the American economy was based on farming, local production, and shipbuilding. The Industrial Revolution "landed" in America in the mid-1800s, shifting jobs from the farm to the factory. Entrepreneurs invented machines to make production faster and cheaper, opened factories along rivers and in cities, and encouraged people to migrate from farms to cities in search of job opportunities. Most importantly, transportation developments—railroads, steamboats, and canals—made it possible to ship the goods made in the factories to other places. This not only made it easier to ship goods and people faster, it also provided construction jobs for workers, which fed countless people and their families. For instance, in the 1830s, the Ohio & Erie Canal connected the East Coast with the Mississippi River and Gulf to Mexico. The canal not only opened up Ohio, it significantly expanded America's market economy. Americans were able to buy and sell more goods with each other through the canal, greatly lessening their reliance on foreign imports.

As a result, after the mid-1800s, average Americans no longer had to produce clothes and goods every day. Instead, most staple items became widely available for purchase and sale across the country. After that, America went on an extremely sustained period of economic growth until the Great Recession.

Although many countries worldwide are making tremendous economic progress, there are still nations, like the Central African Republic, Zimbabwe, Haiti, and Venezuela, that have not been able to enjoy this economic privilege due to the lingering effects of colonialism. By the late nineteenth century, France colonized the Central African Republic in response to the majority of major European powers' attempts to expand into

Africa. The Central African Republic, therefore, experienced drastic geopolitical changes. France was looking to exploit their natural resources and labor, which, as a result, enriched France's colonial powers but led to the Central African Republic's dependency and underdevelopment. The French government forced both men and women in the colonies to work in environments where there were many forms of disease, leading to a substantially increased death rate.¹⁰ Following the British Industrial Revolution, Zimbabwe became a British colony, known as Southern Rhodesia, in the 1880s. Britain stripped Zimbabwe of its natural resources and deprived the local residents of their livelihood, culture, and language.¹¹ Colonialism disrupted Zimbabwe's indigenous social structures and cultures by imposing colonial laws and customs, leading to a tremendous loss of culture and traditions.¹² Despite developing infrastructure such as railways, Britain prioritized resource extraction over providing sustainable development for the local population. In summary, colonialism's enduring effects, including economic exploitation, social and cultural disruption, and underdeveloped infrastructure, significantly impacted their colonies, leading to ongoing challenges in achieving sustained economic growth.

In the early 18th century, living standards and economic growth were essentially stagnant in every country in the world. Through the invention and utilization of technological and agricultural advancements such as the steam engine, power loom, gas lighting, crop rotation, plow, and cotton gin, as well as the development of transportation, and improved political and social systems, the Industrial Revolution—along with the agricultural revolution and the Enlightenment—led to a transformation of many countries from predominantly agricultural economies to modern societies with sustained economic growth. However, nowadays, nations like the Central African Republic, Zimbabwe, and

Venezuela are still unable to enjoy this economic privilege due to the remaining effects of colonialism. I believe that the growing number of educated people in these countries will have a significant impact on the global future. In order for nations to emerge from the negative economic effects of colonialism, former colonies must, as the IMF suggests, embrace global integration. An example of global integration can be seen in my parents, who have been running a shopping mall, MDC, in Angola, Africa, for 21 years. They did indeed see a lucrative business opportunity in this country, but my parents' main goal has always been to provide local residents with more job opportunities to feed themselves and their families. Thus, sustained economic growth has not been achieved by all nations and in order for this to change, these countries must embrace globalization and diversify their economies.¹³

Endnotes

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