

## Chapter 1

# The Contours of World Development

World economic performance was very much better in the second millennium of our era than in the first. Between 1000 and 1998 population rose 22-fold and per capita income 13-fold. In the previous millennium, population rose by a sixth and per capita GDP fell slightly.

The second millennium comprised two distinct epochs. From 1000 to 1820 the upward movement in per capita income was a slow crawl — for the world as a whole the rise was about 50 per cent. Growth was largely “extensive” in character. Most of it went to accommodate a fourfold increase in population. Since 1820, world development has been much more dynamic, and more “intensive”. Per capita income rose faster than population; by 1998 it was 8.5 times as high as in 1820; population rose 5.6-fold.

There was a wide disparity in the performance of different regions in both epochs. The most dynamic was Group A: Western Europe, Western Offshoots (the United States, Canada, Australia and New Zealand) and Japan. In 1000–1820, their average per capita income grew nearly four times as fast as the average for the rest of the world. The differential continued between 1820 and 1998 when per capita income of the first group rose 19-fold and 5.4-fold for the second.

There are much wider income gaps today than at any other time in the past. Two thousand years ago the average level for Groups A and B was similar. In the year 1000 the average for Group A was lower as a result of the economic collapse after the fall of the Roman Empire. By 1820, Group A had forged ahead to a level about twice that in the rest of the world. In 1998 the gap was almost 7:1. Between the Western Offshoots and Africa (the richest and poorest regions) it is 19 to one.

Economic performance since 1820 within Group B has not been as closely clustered as in Group A. Per capita income has grown faster in Latin America than Eastern Europe and Asia, and nearly twice as fast as in Africa. Nevertheless, from a Western standpoint, performance in all these regions has been disappointing.

There have been big changes in the weight of different regions. In the year 1000, Asia (except Japan) produced more than two thirds of world GDP, Western Europe less than 9 per cent. In 1820 the proportions were 56 and 24 per cent respectively. In 1998, the Asian share was about 30 per cent compared with 46 per cent for Western Europe and Western Offshoots combined.