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Learning the lessons of history

By Tony Jackson

Four years ago, I related in this column how a stockbroker acquaintance of mine had likened the outlook to 1929. A couple of weeks ago he was back on the phone. Forget 1929, he said: we are looking at the Dark Ages.

If this sounds extreme, I should mention that my friend is a sworn enemy of the European Union and all its works, and views the putative demise of the euro with a gloomy relish. That said, he was not far wrong the first time round.

According to official projections for the UK, this contraction will be longer than the Great Depression – even assuming the euro holds together. It may also entail a greater cumulative loss of output.

Other forecasts suggest real earnings will be lower in 2015 than they were in 2002. In the period from 1929 to 1939, according to the scholarly website measuringworth.com, they rose by more than 10 per cent.

The Dark Ages, of course, are something else again. But let me repeat here what I said four years ago: that the purpose of such comparisons is not to indulge in fancies about history repeating itself, but to expand our conception of the possible.

Quantifying the effects of the collapse of the Roman Empire is not an exact science. But from the start to the finish of the first millenium AD, according to the economic historian Angus Maddison, the economy of Western Europe shrank by around a quarter, and that of Italy itself by nearly half.

What this meant for Britain has been spelt out by the Oxford historian Bryan Ward-Perkins. After the Romans left in 410 AD, the archaeological record suggests that the economy slumped to a much more primitive level than on their arrival nearly 400 years earlier.

The reason is clear enough. The more complex and specialised an economy becomes, the more helpless its individuals are in the face of breakdown. The Romans introduced a higher level of complexity to Britain, then took it back home again.

It is here that parallels with today start to look rather stretched. But the theme of periodic collapse is perhaps borne out by the longer historical record.

Ian Morris of Stanford University, an eminently respectable archaeologist and economic historian of the ancient world, has calculated an index of social development for societies over the past 14,000 years. Persistently, he says, they have tended to blow up when they reach a certain ceiling – until modern times.

Details of Prof Morris's index can be found on his website, www.ianmorris.org. In essence, he ranks societies by four criteria: energy capture (food, fuel and power): organisation, as evidenced by city size: communications: and capacity to wage war.

At a given level on his index societies have run into a kind of bottleneck, the blocking forces varying from warfare and disease to scarcity of resources or environmental degradation. An index score of a little more than 40 proved the ceiling both for the Roman Empire early in the first millennium and for China's Song dynasty around 1100 AD.

But from 1700 in the West and 1800 in the East, the index started to run off the scale. The present level exceeds the former ceiling by many orders of magnitude. As to whether there is another ceiling out there, or whether we have finally triumphed over what Prof Morris calls the paradox of social development, your guess is as good as mine.

What we can say with some confidence, though, is that by no means all economic catastrophes prove terminal. China's gross domestic product has been collapsing off and on throughout its long history – most recently by 12 per cent per head between 1820 and 1870, on Maddison's figures, and again by nearly 20 per cent between the onset of the First World War and the 1949 revolution. And yet see where we are today.

Russia's economy, too, shrank by an extraordinary 40-odd per cent in the eight years following the collapse of Communism in 1990. Then came the oil and commodities boom, and Russia is now in the unfamiliar position of being a creditor to the West.

Finally, I go back to my earlier point about past comparisons stretching our sense of the possible. There is nothing like the long view for providing a sense of proportion.

On Mr Ward-Perkins's calculations, Dark Age Britain did not regain its pre-Roman level of development until the 8th century. On that basis, it would take us 300 years after a Dark-Age style collapse to crawl back to where we were in the time of the English Civil War.

If the euro flies apart, it will be very bad news. But not, surely, quite as bad as that.

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