Introduction: uneven development
‒ addressing causes versus treating symptoms

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Let us imagine the mythical extraterrestrial being visiting our planet and trying to understand the same question this book is attempting to answer: why some nations and some areas appear to be so much poorer than others. Let us imagine a being with a logic like ours, but not yet having been subject to the terrestrial economics profession.

Our extraterrestrial visitor would find that in some countries people suffered from malnutrition and famine, while in other countries people had health problems because they were eating too much. To understand why, this individual might look for an explanation by observing differences between what people in different countries do for a living. Was there a connection between what people produced, and their welfare? On the individual level there was clearly a connection: across the planet, hospitals paid surgeons better than the people cleaning the floors of the same hospital.

After visiting a few universities on our planet, our visitor will understand that the person often considered a great prophet on understanding wealth and poverty on this planet is a certain Adam Smith (1723‒1790), and will seek an explanation for uneven distribution of food in his work. He will consequently be introduced to the role played by the ‘invisible hand’:

It is to no purpose, that the proud and unfeeling landlord views his extensive fields, and without a thought for the wants of his brethren, in imagination consumes himself the whole harvest that grows upon them. The homely and vulgar proverb, that the eye is larger than the belly, was never more fully verified than with regard to him. The capacity of his stomach bears no proportion to the immensity of his desires ... The rest he is obliged to distribute ... The rich ... consume only little more than the poor. They are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among its inhabitants (Theory of Moral Sentiments, first published 1759, in Smith 1812: 317‒318)
Having also seen Smith’s earliest work, The History of Astronomy (written before 1758; published in Black and Hutton 1795), our visitor understands that an ‘invisible hand’ may have been a reasonable metaphor for what kept the planets in orbit. But even if it comes from the most revered economist on the planet, the principle that the rich have a limited capacity to consume, and therefore are forced to share with the poor, will not convince him. The invisible hand here appears to be an eerily misplaced metaphor.1

Having observed, in the hospital example, what looks like a skill premium – certain skills achieve higher incomes than others – our visitor looks up how Adam Smith explains differences in wages in his 1776 Wealth of Nations (Smith 1776 [1976]). In Chapter X of book I, Adam Smith explains what causes differences in wages between professions. In his words: the question as to which circumstances, ‘either really, or at least in the imagination of men, make up for a small pecuniary gain in some (employments), and counter-balance a great one in others’.

Smith lists five reasons why some people are paid better than others. The list is remarkable in that in each and every point raised, Adam Smith goes out of his way to explain why human knowledge and human skills do not produce a higher standard of living than ignorance; neither to society nor to the individual. Below we shall see the important role played by these assumptions as the very foundation of David Ricardo’s 1817 theory of international trade. Smith explains that if people with more knowledge and more skills have higher incomes – which was of course also observable at the time of Adam Smith – it is never due to the fact that skills and knowledge produce value, but due to one of the following five reasons.

First, wages vary with the agreeableness of the employment. For this reason, ‘the most detestable of all employments, that of the public executioner, is, in proportion to the quantity of work done, better paid than any common trade whatever’ (Smith 1776 [1976]: 113). Under this point Adam Smith also discusses why human skills and talent are often very well rewarded, attempting to explain what he sees as the ‘exorbitant rewards’ of artists, ‘opera-singers &c.’. The rewards to these talents are to Smith a direct result of ‘the discredit which attends the employment of them as the means of subsistence’. To Smith the fact that society rewards extraordinary talent is a direct result of the fact that ‘we despise their persons’. ‘While we do the one (i.e. despise them), we must of the necessity do the other (i.e. pay exorbitant rewards).’ ‘Should the public opinion or prejudice ever alter with regard to such occupations, their pecuniary recompense would quickly diminish’ (ibid.: 120). Smith argues that if we just would just stop despising our actors, artists and sportsmen, their incomes would fall to the level of an agricultural labourer. His system does not allow for a pecuniary reward which is coupled with admiration: his ‘natural’ system has to pair ‘high reward’ with ‘despise’.
Second, wages vary with the cost of learning the business. Smith makes it very clear that ‘the cost of apprenticeship accounts for the wages of manufacturers being higher than those of country labour’ (ibid.: 114). There is therefore no advantage to manufacturing over agriculture, although the earnings in manufacturing ‘may be somewhat greater, it seems evidently, however, to be no greater than what is sufficient to compensate the superior expense of their education’. In other words, the mercantilist tradition that nations which export the products from professions of higher skills will be wealthier than nations exporting products with low skills is here strongly refuted. From the point of view of both society and the individual, adding knowledge to labour is, in Smith’s system, clearly a zero-sum game.

Third, wages vary with constancy of employment. For this reason, professionals such as masons and bricklayers who ‘can neither work in hard frost and foul weather’, and who are not secured constant demand for their services, will have a higher wage than people who are permanently employed. ‘The high wages of these workmen, therefore, are not so much the recompense for their skill, as the compensation for the inconsistency of their employment’ (ibid.: p. 116). Again, any role of skill and knowledge is explained away.

Fourth, wages vary with the trust to be reposed. Some professions – Smith mentions goldsmiths, physicians, lawyers and attorneys – are higher-paid because of the ‘great trust which must be reposed in the workmen’ (ibid.: 117). We have to have confidence in these people, says Smith, and the reason we pay them more is that we do not have confidence in people who are not well paid. ‘Such confidence could not safely be reposed in people of a very mean or low condition. Their reward must be such, therefore, as may give them that rank in society which so important trust requires’ (ibid.: 118). To Adam Smith, in other words, we do not pay lawyers and doctors better than people who wash dishes because their skills are more valuable, but because we have to trust these people, and could not dream of having confidence in people from the lower classes of society.

Fifth, wages vary with the probability of success. ‘Put your son apprentice to a shoemaker, there is little doubt of his learning to make a pair of shoes: But send him to study law, it is at least twenty to one if ever he makes such proficiency as will enable him to live by his business.’ For this reason, Adam Smith looks at the skilled professions as being like a lottery: ‘those who draw the prizes ought to gain all that is lost by those who draw the blanks’. Since, according to Smith, only one in 20 lawyers ‘make something out of their profession, this one lawyer ought to receive not only the retribution of his own so tedious and expensive education, but that of more than twenty others who are never likely to make anything by it’ (Smith 1776 [1976]: 118–119). Again: knowledge is a zero-sum game.
As opposed to today’s economists, Adam Smith is consistent in carrying his anti-mercantilist macro theory down to the micro – family – level. Few economists today recommend their children to get a job washing dishes rather than to go to university, using the argument that factor-price equalization is just around the corner anyway. Privately – but not at the national level – today’s economists see the value of human capital. Privately, then, they accept United States (US) economist Daniel Raymond’s most important point from 1820 (Raymond 1820; Reinert 2015): different professions have different capacities to absorb capital (human or other) profitably; in other words, different professions have different ‘windows of opportunity’ for creating welfare, and this is a key factor on which national economic strategies must be founded (Skidelsky 2020).

One cannot profitably add as much human capital to the job of washing dishes as to the job of being a lawyer. For this reason economists would often recommend for their children professions which require a university education, although by doing this they express what they – at the macro level of an African nation – would describe as ‘a mercantilist preference for one profession to another’. On the macro level the same economists recommend nations to stick to their comparative advantage, whatever it may be. Compared to this modern logical inconsistency in advice between ‘my children and the children of Africa’, Adam Smith comes across as being much more consistent. He argues that the mechanisms that work on the macro also work at the micro level: all risks considered it is safer to let your son become a shoemaker’s apprentice than to become a lawyer (Adam Smith had no children).

Based on the above, Adam Smith – again with a certain logic – reinforces the arguments above, dispensing with skill and knowledge as economic factors based on two assumptions. First, he assumes that labour comes from the same pool of people: ‘If, in the same neighbourhood, there was any employment either more or less advantageous than the rest, so many people would crowd into it in the one case, and so many would desert it in the other, that its advantages would soon return to the other employments.’ So, if the wage differential between the surgeon and the cleaning lady becomes too big, everyone will become surgeons and there will be no one left to wash the floors.

Second, he assumes that skills can be learned extremely fast. Investing in machines and instruments may take a long time, says Smith:

but when both have been fairly invented and are well understood, to explain to any young man, in the completest manner, how to apply the instruments and how to construct the machines, cannot well require more that the lessons of a few weeks: perhaps those of a few days might be sufficient. In the common mechanical trades, those of a few days might certainly be sufficient.
Adam Smith’s discussion on what causes a difference in retribution between professions leads up to a severe criticism of the English statutes of apprenticeship and of his opposition to patents. These statutes dated from Elizabeth I – from the Renaissance cultivation of knowledge per se – and provided apprenticeships of up to seven years. Adam Smith saw apprenticeships as an extreme waste, since he was of the opinion that everything could be learned ‘in a few days’. Unlike some later economists, such as Alfred Marshall, Adam Smith was not a practical man: he ‘seemed the unlikeliest of guides to the practical world’ in the words of Harvard Business School professor Thomas McCraw (1992: 364). Adam Smith’s disregard of the role of human knowledge became a necessary foundation for David Ricardo’s 1817 theory of international trade. This theory – which most economists meet early in their education – is based on the international barter of labour hours that are completely void of any skills. If Adam Smith’s discussion of the irrelevance of knowledge and skills had been a mandatory introduction to Ricardo’s theory of international trade and its comparative advantage, it would have been less convincing to the students. But when students meet this same argument as an unstated assumption in a ‘scientific’ argument such as that of David Ricardo’s trade, it is easily accepted as the holiest of truths. Modern economics abounds with theories that are as illogical as this one, but since they are expressed in mathematics rather than in English, they nevertheless come across as being ‘scientific’.

We could mention that in a book published one year after Adam Smith’s *Wealth of Nations* an alternative way of understanding the world was presented by another Scotsman, William Robertson. In his *History of America*, Robertson (1777) claimed that ‘in every inquiry concerning the operations of men when united together in society, the first object of attention should be their mode of subsistence. Accordingly as that varies, their laws and policies must be different’. If Robertson’s ideas had ruled in the Washington institutions – the International Monetary Fund (IMF) and the World Bank – instead of Adam Smith’s and David Ricardo’s, they would have seen a link between Africa’s mode of production and the poverty of the continent. Robertson was a much-esteemed principal (rector) of the University of Edinburgh.

In his book *The Rhetoric of Reaction: Perversity, Futility, Jeopardy*, Albert Hirschman (1991) discusses the arguments which since the time of Adam Smith have been used against any form of active and interventionist economic policy. Hirschman divides the arguments against any active strategy on the part of the state into three categories, and finds to his surprise that both the
traditional ‘right’ and the traditional ‘left’ gradually started to make the same kind of arguments:

1. Perversity. Any attempt at improving the economic or social order will have the opposite effect of that intended. This argument is clearly present already in Adam Smith’s late works.
2. Futility. Any attempt at changing the social or economic order is doomed to fail.
3. Jeopardy. Any attempt at changing the social or economic order will carry with it costs that are so high as to jeopardize what has previously been achieved.

As we have seen, Adam Smith’s attitude to new knowledge was in strong conflict with influential US economist Daniel Raymond (1786–1849). Smith’s view on sustainability sharply contrasts with that of another US economist, Erasmus Peshine Smith (1814‒1882) (Hudson 1969). Renaissance economics saw no limits to progress: they truly saw ‘a never ending frontier of human knowledge’ (Bush 1945). In Adam Smith’s system, however, nations reach a stationary state where they can ‘advance no further’, when that ‘full complement of riches which the nature of its soil and climate ... allowed it to require’ had been reached (Smith 1776 [1976]: 106). In today’s setting, Smith’s attitude to new knowledge might have made him into a believer in de-growth.

Erasmus Peshine Smith placed Man’s harnessing of Nature’s energy as the main moving force of the economy. To Peshine Smith, Nature’s resources – especially her energy resources – have infinite potential. Whereas the theories of Adam Smith developed into pessimistic Malthusianism, Peshine Smith’s theories kept alive the spirit of the Renaissance and of Man’s undeveloped potentials (Smith 1853).

Peshine Smith (1853) sought to develop economics into a quantitative engineering science: ‘to construct a skeleton of political economy upon the basis of purely physical laws’. He believed all economic laws to have their counterparts in those of the natural sciences, and proceeded to characterize the reproduction of wealth as a vast energy-transfer system within Nature’s overall equilibrium, the basic question being the extent to which Man would proceed to exploit Nature’s latent wealth. He wrote to Henry Carey, a fellow economist: ‘The entire universe then is motion, and the only point is how much of the universal and ceaseless motion we shall utilise, and how much we shall permit to be working against us.’ His holistic view of the planet is described in the ‘Law of Endless Circulation in Matter and Force’. Equally Renaissance economics sees no limits to progress – they truly see ‘a never ending frontier of human knowledge’.3 As noted above this is the complete opposite position to that of Adam Smith’s system, where a stationary state will be reached.
The increased wealth produced by increased productivity was to Peshine Smith a product of the forces of nature – harnessed by Man – substituting for manual labour. ‘Twenty years ago,’ he says, ‘a paper box of matches sold for a shilling. Now as many matches, of superior quality, are sold for a halfpenny’ – i.e. the price had been reduced to 1/24. ‘[I]n the meantime, by improved chemical and mechanical combinations, twenty-five boxes had come to be made by the same expenditure of human labor as one match required in its day.’ In a box with 25 matches, says Peshine Smith, 24 may be regarded as the contribution from Man’s harnessing of Nature – a Nature who gives her aid, and asks no recompense – and one as the result of muscular action. His ‘circulation in Matter and Forces’ is decidedly both ‘modern’ and ‘ecological’. This principle is of course what is behind the shift to green energy.

As opposed to Peshine Smith, classical and neoclassical economics do not have a relevant theory of production, and of the role of human knowledge in this process. Thorstein Veblen in his ‘Preconceptions of Economic Science’ says it this way: ‘To sum up: classical economics, having primarily to do with the pecuniary side of life, is a theory of the process of valuation’ (Veblen 1919a: 144). Production is left out. In the words of Werner Sombart: ‘There is like a tacit agreement [in the profession] that one has reached the conviction that the science of economic life, in so far as this is studied by the economics profession, is a science of the circulation and distribution of goods’ (Sombart 1928: 917). To say it in German (which is not our native language) mainstream economics too often operates with qualitätslose Grössen: quantities that are devoid of any qualitative understanding or content.

In the understanding of wealth and poverty, the Cold War gave us a strange set of mutually exclusive countermovements: on the one hand, the Marshall Plan (1947) that emphasized the importance of manufacturing industry; but on the other hand, Paul Samuelson’s revival in 1948‒1949 of David Ricardo’s 1817 trade theory (Samuelson 1948, 1949) that ‘proved’ the exact opposite: whatever a country produced there would be a tendency for the prices of the factors of production – capital and labour – to ‘equalize’. The latter became the centrepiece of post-war international trade policy.

However, recent n-gram technology has made it possible to illustrate how David Ricardo and his theory of comparative advantage were virtually neglected until Paul Samuelson brought them into the core of economics at the start of the Cold War in 1948‒1949. Communism advanced under the utopian slogan ‘From each according to his ability, to each according to his needs’. With his new interpretation of David Ricardo, Paul Samuelson produced a counter-utopia: under the standard assumptions of neoclassical economics free trade would produce a tendency towards factor price equalization: the prices of labour and capital would tend to equalize across the planet.
This far-fetched theory brought David Ricardo out of the shadows as a marginal economist. Compared to two other English economists and economic philosophers, father and son James and John Stuart Mill, David Ricardo had indeed been a ‘nobody’ during the first 100 years after his 1817 theory. As seen in Figure I.1, the by far most influential 19th century economist had been John Stuart Mill, who importantly did understand the importance of infant industry protection for poor countries. Figure I.2 shows the frequency of use of the term ‘comparative advantage’ since 1817.

The Cold War brought into focus a theory – although old – that until then had never been very popular. Until then, economics had the skills of going back and forth between the theoretical models and the real world, between
theory and experience. The loss of this skill, and a general lack of historical knowledge, contributes to what Thorstein Veblen calls ‘the contamination of instincts’: today’s standard educational economics too often fails to communicate with what to practical people is common sense. In this vein, a distinguished committee of the American Economic Association pointed in 1991 to the danger that ‘graduate programs (in economics) may be turning out a generation of too many idiots savants, skilled in technique but innocent in real economic issues’ (Krueger 1991: 1044‒1045). An unfortunate result of this is that common sense is often applied to things in your own country, but in places far away from home the idiots savants are in charge of global policies.

The really confusing thing about Adam Smith – in the same 1759 book from which our first quotation comes – is that he seems to contradict the statements we have quoted from him earlier in this chapter. Here, Adam Smith makes a clear and forceful argument:

The same principle, the same love of system, the same regard to the beauty of order ... frequently serves to recommend those institutions which tend to promote the public welfare ... When the legislature establishes premiums and other encouragements to advance the linen or woollen manufactures, its conduct seldom proceeds from pure sympathy with the wearer of cheap or fine cloth, and much less from that with the manufacturer or merchant. The perfection of police (i.e. policy), the extension of trade and manufactures, are noble and magnificent objects. The contemplation of them pleases us, and we are interested in whatever can tend to advance them. They make part of the great system of government, and the wheels of the political machine seem to move with more harmony and ease by means of them. We take pleasure in beholding the perfection of so beautiful and grand a system, and we are uneasy till we remove any obstruction that can in the least disturb or encumber the regularity of its motions. (Smith 1812: 320)

The chapters in this book appear to be much more in line with this particular version of Adam Smith. Had the following claim not been made by an English economist, Lord Lionel Robbins, we would not have dared to make it, but we agree with him that ‘Smith and the classical economists were cosmopolitan only as far as international free trade favored Britain – they were Englishmen first and economists second’ (Robbins 1952: 10‒11). This observation is in no way unique. As US economists and public policy now turn against free trade, we can make a similar observation. To follow the logic of Thorstein Veblen (1919a), vested interests unfortunately become part of science. This is used with strategies of increasing sophistication; contesting the evidence with their own proprietary science, contesting the legitimacy of regulators, all the way to acting so as to colonize the space of public intermediation between science and society (Veblen 1919b).

Neoclassical and neoliberal economics of the Cold War did not produce the harmony that theory had predicted (Veblen 1919a). For the problems close to
home, the policies coming out of the political process in Washington – be they from Sanders or Trump or Biden – protect US manufacturing. A few blocks away in the same Washington, DC, the Washington institutions – the World Bank and the IMF – still tend to be stuck in the logic of what the American Economic Association called idiots savants which prevents such protection in the poor world, where it is more needed.\

The economics field has only narrowed further since then, theoretically and methodologically. As noted by Reinert et al. (2018), there was a drastic increase in publications using the term ‘poverty alleviation’ between 1950 and 2000, and a reduction in publications referring to ‘development economics’ (Reinert et al. 2018). This trend is in line with an observed turn in development economics towards more micro-oriented problems associated with poverty alleviation, and a move away from studies of underlying causes of global uneven development, related to the historical evolution of institutions, the political economy of trade agreements, structural transformations of agriculture and industry, and the various drivers and manifestations of imperialism. As Reinert and Reinert put it, this trend can be likened to putting on the play ‘Hamlet without the Prince of Denmark’, given that the traditional problems of development centred around production have been marginalized from contemporary development discourses (Reinert and Reinert 2006).

The 2019 Nobel Prize in Economics\(^6\) illustrates this development very clearly. It was awarded to Abhijit Banerjee, Esther Duflo and Michael Kremer for having ‘introduced a new approach to obtaining reliable answers about the best ways to fight global poverty’ (Royal Swedish Academy of Sciences 2019). What is notable in the justification for this prize is the attention to methods rather than theoretical advances. The method that Banerjee, Duflo and Kremer pioneered is the use of randomized control trials (RCTs) to test the effects of targeted development interventions. The so-called randomistas argue that experimental methods are able to deliver unbiased estimates, meaning that with repeated trials we would get estimates that tend to get closer on average to the true value of parameters (Ravallion 2020). Notably, Banerjee and Duflo have repeatedly claimed that such experiments allow development economists to be less impacted upon by big ideological debates, and to focus more on empirical questions where the findings can speak for themselves (e.g., Banerjee 2005; Banerjee and Duflo 2011). However, there are two fundamental flaws with this argument about pure empiricism. The first is that evidence always requires interpretation, and there is thus no such thing as findings speaking for themselves (e.g., Kabeer 2020; Bédécarrats et al. 2020). Indeed, the randomistas’ interpretation of experimental results through a neo-classical lens limits their understanding of social phenomena because it fails to understand how structures constrain individual behaviour (see Kvangraven 2020 for a review and discussion). The second flaw in the empiricist reasoning
is that a focus on issues that can be randomized limits the kinds of questions that can be asked. Given that the randomistas draw clear boundaries around what is considered legitimate knowledge, it limits our ability to conceptualize and solve problems (Reddy 2012), and it especially limits the field’s capacity to study the major drivers and manifestations of uneven development that this book is concerned with.

Despite increased attention to poverty and claims of an empirical turn in the field, the policies pushed by powerful agencies of economic development remain remarkably similar to the highly contested structural adjustment programmes of the 1980s, which were associated with increased poverty across the developing world. The ways that the COVID-19 pandemic has been handled is an apt illustration of this. Despite urgent needs for increased health spending, the IMF has been conditioning its loans on austerity policies that force developing countries to cut back on spending in the face of serious health and economic crises (Tamale 2021). As the field of economic development grapples with a severely limited toolbox for understanding the increasingly complex challenges associated with understanding and confronting the persistent uneven development we see in the world, this book is an attempt to broaden the theoretical and methodological lens through which we can view these issues.

In this book we attempt to bring back the real-world material issues that today’s mainstream economics tend to assume away, and to demonstrate explicitly how the vantage point that you theorize from makes a difference for the insights that can be derived about the causes and implications of uneven development.

Part I of the book considers sources of uneven development, with a focus on insights from different geographical regions. In Chapter 1, Erik Reinert identifies ten blind spots in mainstream economics which have prevented us from understanding why economic development – by its very nature – is a very uneven process. These assumptions are not to be looked at one by one and then put back into the theoretical structure, in order to create a theory based on human experience rather than unrealistic assumptions, these assumptions all need to be discarded simultaneously.

In Chapter 2, Erik Reinert, Salah Chafik and Xuan Zhao explore non-ethnocentric approaches to geography and uneven development. While they argue that there is an important link between the mode of production and the social structures of a society, which can be posited as a critique of the model of geographic diffusionism, they also argue that both in Europe and in the Americas the proximity of radically different geographical niches seems to have been key to understanding economic progress.

In Chapter 3, Mariana Mazzucato and Carlota Perez explore the role of innovation policy for growth, with a particular focus on Europe. They show
that knowledge of how innovation occurs, and its relationship to finance, is central for an active economic policy to support growth in Europe. The chapter takes issue with prevailing beliefs which favour a limited role of the state in supporting investment and innovation, and shows how historically the state has been central in driving innovation, which in turn has driven growth under capitalism.

Part II of the book is centred on different kinds of theoretical approaches to uneven development. Together, the chapters demonstrate how making alternative assumptions and abstractions from the mainstream of the economics field leads to fundamentally different insights about the drivers of uneven development.

In Chapter 4, Erik Reinert, Monica Di Fiore, Andrea Saltelli and Jerome Ravetz unpack how neoliberal ideology continues to be prevalent in economics, and how this ideology is connected to the simplified vision of what contemporary economics is about. They specifically explore the role of markets in this vision, and investigate the role of Cartesian and Ricardian dreams in present-day science and economics.

In Chapter 5, Lyn Ossome unpacks the relationship between gender and uneven development along three major themes that relate to the development of capitalism in the Global South, namely the colonial political economy and the regime of gendered labour that had been the primary basis for the stabilization of colonial capitalist accumulation and dispossession of the colonized; imperialism and the gendered nature of ongoing primitive accumulation in the Global South, and the gendered component of national sovereignty, which Ossome argues must be understood concretely in relation to the question of the surplus population, land poverty and the crisis of social reproduction.

In Chapter 6, Ingrid Kvangraven considers the role of dependency theory in our understanding of uneven economic development. She outlines how dependency theory, as a Global South-centric intellectual tradition, brings radically different insights regarding the drivers of uneven development to the table. In addition to elaborating on the main insights to be learned from the tradition, and reflecting on how and why it was marginalized during the Cold War, she also addresses some potential weaknesses and spaces for further development of the tradition.

In Chapter 7, Ingrid Kvangraven shows what it means to centre imperialism in the study of uneven development, in the context of the plethora of theories of and approaches to imperialism that exist. The chapter does not rehash the many rich debates about specific theories of imperialism, as that has been done elsewhere, but draws in some key contributions from the past two centuries. To make the theoretical discussion more concrete, the chapter also demonstrates how centering imperialism is helpful for understanding the evolution of the financial systems of Ghana and Senegal in particular.
Following from this, in Chapter 8, Xuan Zhao discusses the unequal treaties of modern China and Japan throughout the past century, through the lens of imperialism. In addition to discussing the diversity of such treaties, he also unpacks how they provided the legal foundation for the other hundreds of contemporary treaties and agreements between Chinese central and local governments and foreign countries. Furthermore, he argues that the history of unfair treaties laid the foundation for modern Chinese political ideology, which is strongly centred on sovereignty.

Moving on from theoretical debates, Part III delves into concrete mechanisms that have historically created and prevented inequality. In Chapter 9, Andrea Saltelli and Erik Reinert unpack the problems with the French Enlightenment, which they argue started the tradition which made it possible to base economic theory on far-fetched assumptions tailored to serve vested interest of specific groups. They argue that the Italian Enlightenment, on the other hand, had approaches, values and contexts that were entirely different, leading them to pose the question: did economics emulate the wrong Enlightenment?

In Chapter 10, Sylvi Endresen demonstrates how her Schumpeterian interpretation of modernization in reverse, building on her recent book, can explain cases of technological retrogression, drawing on examples of fisheries in Sri Lanka and Malaysia. In those cases, she observed a substantial reversal of modernization caused by increased prices of input in the one case, and over-exploitation of resources in the other. The chapter shows how technological retrogression served as an engine of increased inequality and the persistence of poverty.

Moving on, in Part IV the book considers how systems and nations decline and collapse. In Chapter 11, Erik Reinert discusses the relevance of Jacob Bielfeld’s ‘On the Decline of States’ from 1760. Bielfield’s insights stand in sharp contrast to today’s equilibrium economics, as his work starts from the basic assumption that everything in the world is characterized by instability. In the chapter, the various ways in which Bielfeld organized his thinking are unpacked, including his taxonomic approach to economic order, which is today often associated with biology.

In Chapter 12, Marta Kuc-Czarnecka, Andrea Saltelli, Magdalena Olczyk and Erik Reinert assess the implications of opening up Central and Eastern European (CEE) countries to free trade. The chapter revisits contrasting narratives about the benefit of both free trade and the European Union enlargement for CEE countries, and empirically explores the effects of reforms undertaken. The chapter demonstrates how free trade policies led to significant losses for the CEE countries, leading to de-industrialization and migration.

The book then goes on to consider recent escapes from poverty in Part V. In Chapter 13, Ting Xu discusses how China escaped the poverty trap. The
chapter builds on the work by Yuen Yuen Ang (2016), *How China Escaped the Poverty Trap*, but extends it to expand Ang’s analytical framework by combining it with insights from evolutionary economics, and putting it in the context of property regime transformation in China. What is more, beyond providing extensive analysis of the role of diversity in property in giving rise to ‘innovative property transformation’ in China, the chapter also shows how China’s escape from the ‘poverty trap’ has itself been highly uneven, with many parts of China’s central and western regions remaining economically underdeveloped.

Furthermore, in Chapter 14, Vladimir Popov discusses the recent experiences of successful economic policies in Uzbekistan. The chapter demonstrates that while the rapid market-oriented reforms in the Union of Soviet Socialist Republics (USSR) successor states did not pay off, the gradual reformers performed better. Popov shows how even among top performers in the post-Soviet space, the Uzbekistan case is unique because it overcame the transformational recession in the first half of the 1990s and since then has been an extremely successful economy. This chapter argues that the crucial factor in the successful economic performance of Uzbekistan was not liberalization per se, but the ability to preserve the institutional capacity of the state.

Part VI of the book delves into the role of finance and its relationship to the rest of the economy. In Chapter 15, Bruno Bonizzi, Annina Kaltenbrunner and Jeff Powell argue that what is often studied under the heading of financialization should be located within a global system of financialized capitalism, in which developing economies adopt a specific subordinate role, in both production and finance. The chapter shows how lived experiences of financialized capitalism differ based on where one sits in an uneven hierarchy of classes and nation-states, and elaborates a specific theory of (subordinate) financialized capitalism.

In Chapter 16, Jan Kregel revisits Keynes’s paradox of savings to understand the constraints imposed on Italy through the single currency system in the eurozone. The chapter connects challenges associated with the elimination of policy space for national exchange rate adjustments with divergences in national debt and deficits in the eurozone, showing how a key remaining domestic policy instrument in the periphery of the European Union has been domestic wage and price adjustments relative to eurozone and non-eurozone trading partners. Finally, it concludes with thoughts on where the solutions to these inequalities lie.

The final theme of the book is about the pressing issue of climate change and environmental collapse. Given the serious inequalities embedded in the system that has produced climate breakdown and the unequal impacts of climate change, the focus in Part VII is on this unevenness. Chapter 17 by Alf Hornborg is thus concerned with identifying ecologically unequal exchange
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in the world-system, and laying out the implications of this inequality. The chapter discusses different ways of measuring ecologically unequal exchange, and argues that the asymmetric transfers of embodied resources must be represented and understood in other than monetary terms, which implicates biophysical realities beyond the horizons of economics. The chapter explains how the relevance of biophysical asymmetries in international trade lies not in underpayment per se, but in their contributions to the uneven growth of material infrastructures for profit-generating production, their indications of skewed patterns of consumption, and their implications for the unequal distribution of resource exhaustion and environmental degradation.

Finally, the book closes with a concluding chapter by the editors, which assesses the challenges and possibilities for reversing uneven development.

NOTES

1. For a discussion of this metaphor, see Samuels (2011).
2. When Paul Samuelson reintroduced David Ricardo’s (1817) trade theory in the immediate post-World War II period he predicted that with free international trade the prices of the factors of production (capital and labour) would tend to equalize across the planet (Samuelson 1948, 1949).
3. For two recent books on the subject, see Galluzzi (2020) and Markey (2020).
4. For a discussion see Hirsh (2019).
5. Exceptions here are two former World Bank Chief Economists, Paul Romer and Justin Yifu Lin.
6. The fact that economics positions itself as a hard science by emulating a Nobel Prize for its field says a lot about how it considers itself more prestigious and scientific than other social sciences. Though it is often referred to as a Nobel Prize, its official name is the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel.

REFERENCES


