

By Jaco Visser

ECONOMIC HISTORY

Tracing our economic history

Understanding why, today, we are healthier, more literate and live much longer than previous generations.

Published earlier this year, Johan Fourie's *Our long walk to economic freedom – Lessons from 100 000 years of human history*, is a succinct and accessible piece of economic history. For the lover of history, the central importance of economics in how humans as a species developed over the aeons is set out in a meticulous way in this book.

Your book traces humanity's rise as a species to its current position as the dominating species on the planet. Why is history, especially the history of economics, a necessary subject to understand?

It is important to distinguish between economic history and the history of economics. The history of economics is about studying the ideas of the great economic thinkers, like Adam Smith and John Maynard Keynes. Economic history tells the story of human progress over time. While both are fascinating areas of study, I am predominantly interested in the latter: understanding why it is that the average human today are eighteen times more affluent than our ancestors only five or six generations ago.

This is important because that is often not the history we are exposed to. When we encounter history at school or university, we predominantly encounter the big moments of history: conflict and catastrophes, power and politics. We rarely grapple with how the average man and woman lived, what they could afford to buy, how many children they had (and how many survived), whether they could read or write, and how long they could expect to live. But if we just take a moment to reflect on this – by using the evidence available to us – we understand that, today, we live longer, healthier, literate and more meaningful lives compared to our grandparents and great grandparents.

In your chapter on the, now- infamous front page of *The Economist*, declaring Africa the hopeless continent 21 years ago, you argue that technological change may spur the continent's structural and economic changes necessary to ease poverty. How does a lack of telco infrastructure, high data charges and low income weigh on this outlook?

The one thing economic history teaches us is to have patience. In contrast to an act of war or cataclysmic natural disaster, positive change is slow to occur. I don't think we should expect Africa to suddenly shift from primary sector exports to service exports. That is exactly because of those things you mention: Infrastructure takes time to build and it will take time to have sufficient competition in the telecom space to reduce data costs. But the good news is that it is happening. We tend to overestimate change in the short run and underestimate change in the long run. A growth rate of 7% per year in higher fibre speed or mobile coverage or start-up funding may not be immediately visible, but within a decade, all those things would double in size.

What are the biggest challenges facing researchers of economic history in African countries, and which fields are still to be researched in Africa?

Economic history is an expensive social science. It takes a lot of time, energy and resources to transcribe, for example, a dataset of 60 000 marriage records of early 20th century Cape Town, or 40 000 emancipation records of formerly enslaved individuals, or hundreds of thousands of tax censuses of the 18th and 19th century – if records were preserved and are accessible in archives. Discovering new archival sources, digitising them and transcribing them requires a team of interdisciplinary scholars. That said, the benefits can easily outweigh the costs.

We now know, for example, based on thousands of wage records, that the real wage of an urban construction worker in many African cities during the mid-20th century was above that of a similar worker in most Asian cities. Just that fact disproves the notion that 'Africa has always been poor'; it should change the way policymakers think about potential solutions to poverty and inequality.

There are still many unanswered questions – for Africa in general and South Africa in particular. For example, what was the effect of the compensation that slave owners received in the 1830s? What was the effect of voter disenfranchisement legislation at the end of the 19th century on black, coloured and white living standards? Or why was SA, after Singapore, the second-fastest growing economy in the world in the 1930s?

What triggered your love for and dedication to economic history?

I guess it was its relevance. Economics can be a very 'dry' field of study. Over the last couple of decades, for understandable reasons, economics has become more mathematical. This contrasts with earlier schools of economists that relied heavily on historical examples. My serendipitous encounter with economic history exposed me to how history can help economics come alive in new and interesting ways for myself and my students. But it is not just that history enriches economics; the opposite is also true. I often find that economics can help us understand historical phenomena that we frequently ascribe to political or social causes. Things like slavery, colonialism, the Cold War and apartheid ultimately have economic explanations. Understanding those explanations can help us to avoid repeating past mistakes. ■

editorial@finweek.co.za

* *Our Long Walk to Economic Freedom – Lessons from 100 000 years of human history*, by Johan Fourie is published by Tafelberg and available for R310.

