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Introduction: Follow the Money

Can the West make itself great again? Should it even try?

Between 1800 and the turn of this millennium, the West rose to dominate the planet. Over those two centuries, it went from being one among several peer players in an emerging global economy to producing fully eight-tenths of the world's output. Simultaneously, average incomes in the Western world, today's developed OECD economies, increased from being roughly equal to those of the rest of humanity to fifty times greater.

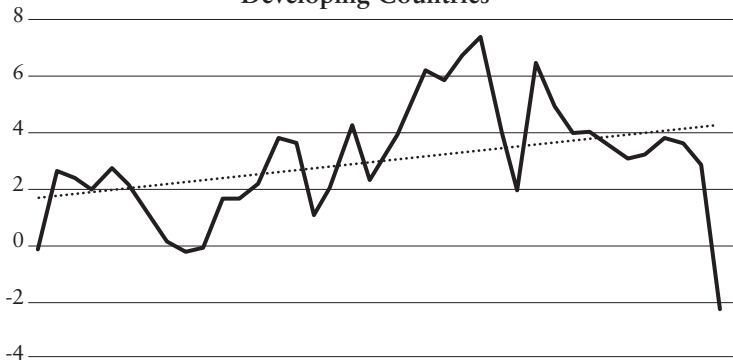
This overwhelming economic dominance spurred a political, cultural, linguistic and social remaking of the planet in the West's image. Almost everywhere, the nation state, a product of Europe's internal evolution, became the mainstay of political life, replacing the immense variety of city states, kingdoms, caliphates, bishoprics, sheikhdoms, chiefdoms, empires and feudal regimes that had previously dotted the globe. English became the language of global commerce, French (and later English again) that of global diplomacy. The world deposited its surpluses in Western banks, with the pound, then the dollar, replacing gold as the lubricant of trade among nations. Western universities became the meccas of aspiring intellectuals from across the world, and by the end of the twentieth century, the planet was entertaining itself with Hollywood films and European football.

Then, suddenly, history went into reverse.

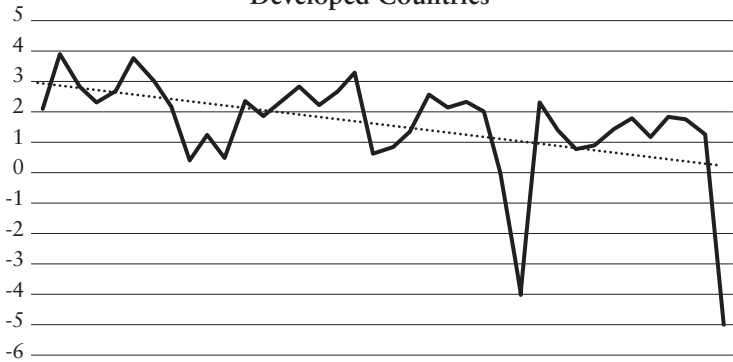
As 2008's Great Recession turned into the Great Stagnation, the West's share of global output declined from 80 per cent to 60 per cent, and has continued to fall, if more slowly, since. Real wages fell, youth unemployment soared, and public services were eroded as debt – public and private – rose dramatically. Self-doubt and internal division replaced the robust self-confidence of the 1990s in Western liberal-democratic political discourse. Simultaneously, other models, particularly

GDP Per Capita Growth (%), 1983–2020

Developing Countries



Developed Countries



Source: World Bank, World Development Indicators

the authoritarian central planning of the Chinese state, became increasingly influential on the world stage, bolstered by a Chinese economy which over the last four decades averaged an astonishing annual average growth in per capita income of over 8 per cent, which meant that actual Chinese incomes doubled every decade. Why has the balance of world power swung so dramatically against the West? Is this a decline that can be reversed, or is it a natural evolution to which the West would do better to adapt?

This is not the first time the world has witnessed such a dramatic rise and fall. Rome's rise to what was in its own terms global domination began in the second century BC, and its dominion lasted the best part of five hundred years, before crashing in the middle centuries of the first millennium AD. It may have been fifteen hundred years ago, but this book contends that Rome's demise still has important lessons for the present, using the Roman Empire, and the wider world that it spawned, to think again about the unfolding history and current situation of the contemporary West. We're not the first to think that the fate of Rome might have something to teach the modern world, but, so far, its history has been mobilized to offer a highly Western-centric diagnosis of what's going on. As the historian Niall Ferguson put it in a high-profile commentary on the Bataclan massacre in Paris in 2015, published in leading papers on either side of the Atlantic (not least the *Sunday Times* and *Boston Globe*), Europe 'has grown decadent in its shopping malls and sports stadiums' while letting in 'outsiders who have coveted its wealth without renouncing their ancestral faith . . . Like the Roman Empire in the early fifth century, Europe has *allowed* (emphasis added) its defences to crumble.' This, Ferguson concludes, 'is exactly how civilizations fall'. His inspiration here is Edward Gibbon's famous masterpiece, *Decline and Fall of the Roman Empire*, which argued that Rome suffered a slow internal erosion once it stopped resisting the outsiders – an odd mix of Christians and barbarian Goths, Vandals and others – who had begun to flourish within its borders. As if it had a virus that gradually sapped the strength of the host it penetrated, the Empire slowly decayed from its Golden Age to the point where it had effectively lost the will to live. Gibbon's basic perspective – that Rome was in charge of its own fate – remains influential today, and for some, including Ferguson, the lesson is clear. The

antidote to imperial decline is to control the borders, keep out ‘aliens’, build walls and reaffirm the ancestral faith, while embracing more muscular nationalisms and reassessing international trade deals.¹

But powerful as the tropes of invading barbarians and internal decadence might be, Gibbon was writing a very long time ago, his first volume published in 1776, the same year that America declared independence. And in the intervening two and a half centuries, understandings of Roman history have moved on, offering a fundamentally different perspective on the current situation the West finds itself in, and how it is likely to develop in the coming decades.

The potential for a revised Roman history to contribute to an alternative, decolonized understanding of the current position of the West became clear in a conversation between the two authors over a decade ago. Peter Heather is a Roman and post-Roman historian, with a particular interest in how living on the edge of a global Empire transformed the societies brought within its orbit. John Rapley is a political economist with a particular interest in globalization as experienced on the ground in the modern developing world. A long afternoon’s discussion made it apparent that both of us were reaching similar conclusions about the unravelling of the very different empires on which we work.

Rather than having their own future entirely determined by choices and events unfolding within their own domains, we both argued that ‘our’ empires fundamentally began to generate the end of their own dominion because of the kind of transformations they unleashed in the world around them. Despite (and sometimes because of) the profound differences between ancient Rome and the modern West, the two histories are mutually illuminating. There is an imperial life cycle which begins with economic development. Empires come into being to generate new flows of wealth for a dominating imperial core, but, in doing so, create new wealth in both conquered provinces and some more peripheral territories too (lands and people that are not formally colonized but are drawn into subordinate economic relationships with the developing core). Such economic transformations are bound to have political consequences. Any concentration or flow of wealth is the potential building block of new political power for the actors that can harness it. As a direct result, large-scale economic development in the periphery kick-starts a political process which will eventually

challenge the domination of the imperial power that initiated the original cycle.

This economic and political logic is so powerful that some degree of relative decline at the old imperial centre becomes inevitable. You can't just 'make America great again' (or the UK, or the EU) because the very exercise of Western dominance over the last few centuries has rearranged the building blocks of global strategic power on which that 'greatness' was based. Which also means that ill-informed attempts directly to reverse relative decline, of the sort seen recently in 'MAGA America' or Brexit Britain, risk only accelerating and deepening the process. But the overall result does not have to be catastrophic civilization collapse in the form of large-scale, absolute economic decline and widespread social, political, and even cultural dislocation.

As the history of the Roman world also emphasizes, empires can respond to the process of adjustment with a range of possible measures, from the deeply destructive to the much more creative. The modern West stands close to the start of its own process of adjustment; the Roman world worked fully through its own a long time ago, and, here too, sustained comparison offers important insights. The real significance of visible trajectories of development in the modern West – currently at a relatively early stage – comes sharply into focus when set alongside the longer-term changes observable as the Roman Empire evolved and then fell apart in the half a millennium which followed the birth of Christ.

To explore the full potential of this comparison, the book is divided into two parts. Part One uses Roman history to understand the rise of the modern West. It reveals the surprising degree to which the internal economic and political evolution of the modern West over the past few centuries has echoed that of the Roman Empire, and analyses why its astonishing domination of the world economy has ebbed so significantly and is bound to continue to do so. But where the modern challenge from the developing periphery is still at an early stage, the role of a rising periphery in both undermining the Roman Empire and in generating new worlds in the aftermath of imperial collapse can be explored in full. Therefore, Part Two takes a slightly different approach; the two imperial narratives cannot be run side by side since one of them is far from complete. It starts by taking a close

look at Roman collapse to identify the key factors at play in that process, while the remaining chapters examine the relevance of each of these factors to the modern West and use the ancient evidence to consider the range of longer-term outcomes – better and worse – that are today on the cards. It is not possible to make the West great again in the sense of reasserting an unchallenged global dominion, but the necessary process of adjustment can either hardwire the best of Western civilization into an emerging new global order, or undermine the best hopes for the continued prosperity of Western populations in a remade world. Ultimately, as Roman history again emphasizes, the future of the West will depend on which political and economic choices its citizens and leaders take in the pivotal years which lie ahead.

PART ONE

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Party Like It's 399 . . .

WASHINGTON, DC, 1999

In the current political climate of bitter division and public anger over heightened inequality, stagnant living standards, rising debt and decaying public services, it's hard to remember that barely twenty years ago the future of the West looked so different. As the twentieth century entered its final year, America was the centre of the modern world. Unemployment had fallen to historic lows and the US economy – much the world's largest – was enjoying the longest burst of growth it had ever seen, the stock market rising each year by double-digits. Riding the dotcom boom, millions of Americans who owned shares grew richer by the day, spending their windfalls in a virtuous cycle that meant the economy soared. And not just America: the entire West – the rich, industrialized economies made up mostly of America's friends and allies in western Europe, Canada and Asia (Australia, New Zealand and latterly Japan) – straddled the planet like a colossus, its prosperity and values of individual liberty, democracy and free markets an unchallengeable fact of life.

Ten years earlier, in what felt like the defining historical moment of the twentieth century, East European protesters had overthrown their communist rulers. Two years after that, the Soviet Union voted itself out of existence, and American economists began jetting around the world, advising governments on the virtues of remaking their economies and political institutions in the West's image. Even China's Communist Party embraced the market. Germany reunited, Europe emerged from recession, Britannia had never been cooler, and America surged. By 1999, the share of global output consumed by the West

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reached the highest point ever recorded: one-sixth of the planet's population consuming a staggering four-fifths of the world's output of goods and services.

In his 1999 State of the Union address, exuding an optimism that the good days would never end, US President Bill Clinton declared that 'the promise of our future is limitless'. With economists telling him that a 'Great Moderation' had taken hold, an era of economic stability which would deliver endless growth, his administration concluded that government surpluses would soon run into the trillions. As Clinton urged Congress to pour some of this vast pool of money into pensions and health care, his Treasury Secretary announced that, after decades of rising deficits, the US would finally start paying off all the debts its governments had accumulated over the previous two centuries, putting yet more money into the pockets of ordinary Americans. Meanwhile, across the Atlantic, Tony Blair's New Labour government, channelling the *Zeitgeist*, launched a hugely ambitious expansion of public services, all while the European Union, calmly self-confident, prepared to welcome much of the old Soviet bloc into the elite club of Western democracies.

Just a few years later, the optimism evaporated. Global financial crisis in 2008 was quickly followed by a Great Recession and then a Great Stagnation. A mere decade after its 1999 peak, the West's share of global output had shrunk by a quarter: 80 per cent of Gross Global Product had become 60 per cent. And although the worst immediate effects of the crash were quickly contained as both governments and central banks flooded their economies with money, Western countries have since failed to restore the growth rates of old, whereas growth rates in key parts of the developing world stayed high. As a result, the West's share of GGP continues to slide. And it's not just in economics that the West has been rapidly losing ground. The once-shiny Western 'brand' has lost its aura, now often presenting outsiders with an image of deeply divided indecision in democracies that increasingly seem to deliver benefits mostly to the few, restoring lost credibility to authoritarian leadership and one-party models of economic and political direction.

For some Western commentators, Gibbon's diagnosis of Rome's fall offers an obvious solution. The West is losing its identity in a tide