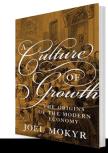


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n the two centuries after 1500, the educated elite of Western Europe began embracing a culture of growth. Scholars and scientists came to believe that continued economic progress was achieved through the virtuous pursuit of knowledge, judging new ideas on evidence rather than ancient wisdom. This change began to manifest in the 'upper tail human capital' of a small segment of society before filtering down to the masses. The enduring march towards global prosperity was initially pushed by pioneering 'cultural entrepreneurs', according to a new book by distinguished economic historian Joel Mokyr,



A Culture of Growth: The Origins of the Modern Economy

By Joel Mokyr Princeton University Press, 2016, 400 pp

A Culture of Growth: The Origins of the Modern Economy.

The notion that new ideas fuel the engines of growth is widely accepted among economists, but where and how did those ideas emerge? This book provides a fresh historical treatment of this economic curiosity by focusing on the cultural conditions that bubbled to the surface in the period just before

the Industrial Revolution. As such, this explanation of growth sits in contrast to the materialistic explanations of conventional economic growth theory, such as investment, savings and capital, or even the modern claims that 'good institutions' are the sine qua non of prosperity.

What was it about European culture that made the taproots of modern economic growth flourish there, rather than the other comparable nations of Asia? Mokyr argues the central driver was the development of a belief in economic progress as human progress. The nations of Western Europe realised the virtue of discovering useful knowledge, and that humans could mould the physical environment for their own advance.

Pioneering cultural entrepreneurs slowly changed the beliefs of others by pushing back on the deeply conservative resistance of both the

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church and academia, developing a culture of growth through the search of new knowledge.

One of those cultural entrepreneurs was Francis Bacon, an advocate of the scientific method that knowledge was a collective and social phenomenon, and that 'propositional' knowledge alone was insufficient for economic growth. Bacon believed knowledge needed to be diffused to many and connected to the 'prescriptive' knowledge of industry. At the time, the idea that artisanal ingenuity and scientific discovery must exist in tandem for economic growth was radical.

This cultural change required doubt and scepticism about ancient texts. In part this was driven by voyages of discovery revealing a different world to challenge presiding wisdom. It became acceptable to question, critique and update prior knowledge. The educated classes began to see themselves as superior to those before them.

Mokyr focuses at length on one well-known seventeenth-century intellectual community, the Republic of Letters. The aim of this group was to discover new knowledge, persuade others of its value and, if successful, be rewarded by the reputation and prestige of scholarly endeavour. This was a transnational club developing a 'market for ideas' (a loose but usefully applied metaphor) with the underlying dynamics of cooperation and competition.

As Europe became a cohesive set of nations increasingly tolerant and pluralist, its institutions remained decentralised and fragmented. This was a unique environment to develop new ideas, and helped create a culture of growth.

On one hand, individuals remained culturally and intellectually cohesive. Pluralism enabled the sharing of knowledge, and therefore generated economies of scale in

intellectual creativity. At the same time the decentralised nature of political institutions made it difficult for those opposed to progress to supress heterodox views. Cultural entrepreneurs and scientists could develop and spread new ideas—dissenting ideas—while retaining the ability to exit certain jurisdictions if incumbents resisted the change.

Organisations such as the 'invisible college' of the Republic of Letters were facilitated by 'fragmentation, footlooseness and the proliferation of the printing press.' New knowledge and progress were valued, so countries started competing to attract the intellectual elite.



## THE CENTRAL DRIVER OF GROWTH WAS THE

DEVELOPMENT OF A BELIEF IN ECONOMIC PROGRESS AS HUMAN PROGRESS.

Not only does this book teach us that a culture of innovation and discovery are central to economic growth, but also that the experimentation, testing and dissemination of those ideas can face resistance on multiple fronts. And, further, that political economy impacts this evolutionary process.

There is a hidden lesson here for modern democratic Australia. Unlike the topic of this book, our domestic growth is not explicitly held back by bottom-up religious constraint on what can and cannot be said, or too heavy of a respect for ancient wisdom. Nor do we require new communication technologies, such as the printing press, to share and spread information with others.

Australia's growth is not constrained by the culture of its citizens, the church or academia; it is constrained by the culture of government. On the face of it, our governments appear to be acting in good faith by touting the importance

of jobs and growth, and intervening in the economy to correct supposed market failures. But the unintended consequence is the corrosion of the culture of growth itself.

Governments supress the entrepreneurial drive that allows us to flourish. In early modern Europe political fragmentation was the key to preventing incumbents and entrenched interests from suppressing new ideas. This same principle holds in Australia; as government becomes more centralised, incumbents have more opportunity to hold our country back from development and progress. Despite our foundations in Western Civilisation, Australian governments face constant pressure from individuals and groups lobbying for special deals and access to taxpayer cash, all without adding a skerrick of wealth to the economy.

In contemporary Australia, the political structure that supposedly keeps a check on this is federalism. Competing states and territories make it more difficult for entrenched interests to grasp new ideas and hold them down in their own private interest. However, the continuing trend of handing more power to the Commonwealth—not just in health and education, but also in areas such as environmental law—encourages individuals to manipulate the state to distort society.

Politicians would do well to read this book. They should contemplate the remarkable surge in human prosperity that occurred more than 300 years ago, when groups of scientists and entrepreneurs developed culture of growth that would propel the Industrial Revolution. If they really want to cultivate a culture of jobs and growth, they must not only understand the fundamental principles and importance of federalism, but also resist the temptation to intervene into the affairs of enterprising individuals.