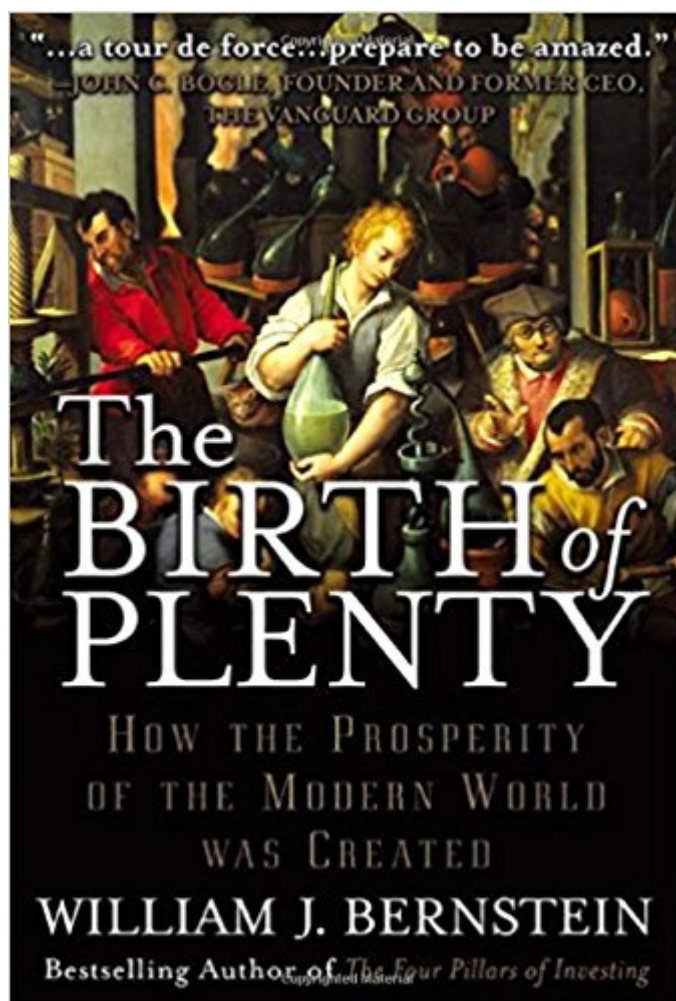


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# The Birth Of Plenty : How The Prosperity Of The Modern World Was Created



## Synopsis

"A tour de force...prepare to be amazed." --John C. Bogle, Founder and Former CEO, The Vanguard Group

Why didn't the Florentines invent the steam engines and flying machines that Da Vinci sketched? What kept the master metallurgists of ancient Rome from discovering electricity? The Birth of Plenty takes a fascinating new look at the key conditions that had to be in place before world economic growth--and the technological progress underlying it--could occur, why those pathways are still absent in many parts of today's world, and what must be done before true, universal prosperity can become a reality. The Birth of Plenty doesn't mean to suggest that nothing of note existed before 1820. What The Birth of Plenty suggests that, from the dawn of recorded history through 1820, the "mass of man" experienced essentially zero growth, either in economic standing or living standards. It was only in the third decade of the nineteenth century that the much of the world's standard of living began to inexorably and irreversibly improve, and the modern world was born. But what changed, and why then? Noted financial expert and neurologist William Bernstein isolates the four conditions which, when occurring simultaneously, constitute an all-inclusive formula for human progress: Property rights--Creators must have proper incentives to create Scientific rationalism--Innovators must be allowed to innovate without fear of retribution Capital markets--Entrepreneurs must be given access to capital to pursue their visions Transportation/communication--Society must provide mechanisms for effective communication of ideas and transport of finished products

Beyond just shining a light on how quickly progress occurs once the building blocks are in place, however, The Birth of Plenty examines how their absence constitutes nothing less than a prescription for continued human struggle and pain. Why do so many parts of the world remain behind, while others learn to adapt, adopt, and move forward? What must long-troubled nations do to pull themselves from the never-ending spiral of defeatism? The Birth of Plenty addresses these timely and vital questions head-on, empirically and without apology, and provides answers that are both thought-provoking and troubling. The Birth of Plenty frames the modern world's prosperity--or, in far too many cases, continuing lack of prosperity--in terms that are ingenious yet simple, complex yet easily understood. Entertaining and provocative, it will forever change the way you view the human pursuit of happiness, and bring the conflicts of both the world's superpowers and developing nations into a fascinating and informative new light.

## Book Information

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## Customer Reviews

Rather than dry academic analysis, Bernstein, in his second book (after *Four Pillars of Investing*), has created a vital, living text—a cogent, timely journey through the economic history of the modern world. He identifies institutions ("the framework within which human beings think, interact and carry on business") as the engines of prosperity. Boiled down to four (property rights, the scientific method, capital markets and communications), these institutions come from ideas and practices that bubbled forth over the course of hundreds of years. Bernstein is clear in explaining that the civilizations that develop and implement these systems thrive, and that those that do not, perish. The Spanish empire, for example, had most of these but lacked effective capital markets. When the gold from the New World dried up, the empire essentially went broke. By 1840 the British had all of these institutions in place, economic growth exploded and the lot of the common man was immensely improved. Today, the U.S. faces the challenge of sustaining prosperity in the face of rapid technological change. Though fairly Eurocentric in focus, Bernstein's narrative tracks the development of these essential ingredients to prosperity over a global landscape—the great dynasties of China get plenty of attention here, as do the Japanese. Solid writing and poignant assessments of the economic players throughout time give texture and flavor to Bernstein's argument: he describes the medieval relationship between the various European kingdoms and the Vatican as "a holy shakedown racket." Packed with information and ideas, Bernstein's book is an authoritative economic history, accessible and thoroughly entertaining. Copyright © Reed Business Information, a division of Reed Elsevier Inc. All rights reserved.

With the advent of computers, we tend to think that technology is changing at a more rapid pace than ever. Bernstein, a noted financial expert, reminds us that the invention of the locomotive and

the telegraph prior to 1850 had a much greater impact on the lives and well-being of the people of that era. According to his analysis, there was little change in the world's standard of living from the dawn of recorded history all the way to 1820, with technological progress moving in reverse as often as forward. In a very solid review of economic history, Bernstein examines the four factors that fell into place to create a formula for human progress: property rights, scientific rationalism, capital markets, and transportation and communication. From the rise of common law to the invention of the steam engine, from the creation of currencies to shipbuilding, this is an in-depth history of the rise of prosperity. It is topical, as well, examining the impact of economic progress on "happiness," trends in income inequality, and the opposing views of the Christian and Muslim mindsets. David Siegfried

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Great book! Offers the opinion that the wealthy countries of the world became that way because they developed four attributes: 1) private property with rule of law and civil liberties; 2) freedom of scientific inquiry; 3) capital markets (i.e., credit); 4) transportation and communications systems. While this may seem like the traditional conservative litany, the author (William Bernstein -- an American, by the way) offers the following issues for the reader (especially hard - right American Republicans) to consider: Page 156: "Recent market history reinforces two notions: (1) in an economic state of nature, company managers will cheat shareholders, and (2) without vigorous regulatory oversight of the securities industry by the government, investors are loath to extend equity capital." Page 176: "Today's libertarians forget that in underdeveloped nations (as the US was in the early nineteenth century), few are willing to lend to private enterprises. The state is often the only party able to attract capital at reasonable [interest] rates." Page 192: "This link between individual liberty and scientific inquiry partly explains the paradox of how the US, with its narcissistic cult of the individual, continues to lead the world in scientific innovation, despite a deteriorating educational system." Page 343: "We can conceive of a 'stability envelope' within which a society provides property rights and curbs taxation to the extent necessary to ensure growth of its economy, but not to the point where inequalities of wealth are extreme enough to create social and political instability. The United States appears to be cautiously probing the 'right edge' of that envelope, exploring just how much income and wealth inequality can be tolerated in the interest of encouraging optimum growth. The rest of the developed world seems to dwell on the 'left edge' of the envelope, determining just how much economic growth can be sacrificed in the name of encouraging optimum equality and happiness."

A skillfully written page turner, as enjoyable to read as *The Four Pillars of Investing*. As a layman in the fields of economics and Western history, I enjoyed flipping through page after page of salient details and exquisite anecdotes about subjects I previously had only a superficial knowledge of. When WJB is making necessary generalizations (for the sake of brevity), especially controversial ones, he also provides ample citations. Some I recognized as excellent works, adding to my general trust of the integrity of this work. I have a better understanding of big picture economics and its development after reading this book. Thankfully, it is not a dense treatise like *Wealth of Nations* or *The General Theory*. Like most economics book, those require a strong commitment just to finish reading. They're academic, erudite and hard to digest. Worse, there's so few people I encounter in "normal life" that I could chat with about them. *The Birth of Plenty* is a book I can chat about with my neighbors and colleagues. The care of authorship and readability makes this book accessible to a much wider audience. If I were stuck in a university class and required to write critically about this book, I'd take a good hard look at nations with standards of living in significant excess of subsistence and who seemingly lack at least one of the four chair legs (property rights, scientific rationalism, capital markets, and rapid conveyance of information and goods). Qatar, UAE, USSR, and China all seem like good candidates. Property rights span the range between mediocre and non-existent, scientific rationalism is tolerable to varying degrees, yet each are/were prosperous nations. While I don't have a well thought out argument, I just can't shake the feeling that the 4-legged stool was the pre-drawn conclusion and there's more of the story to be told.

Probably the most important book I've read in 20+ years. Does a very good job of drilling the concepts without being overly technical, ideological or repetitive. Where it is repetitive is in reiteration of the 4 big points of Property Rights, Rule of Law, Freedom of scientific inquiry and appropriateness of infrastructure. What I find personally outstanding is the focus on explaining the impacts of these concepts in relation to the State and the individual, along with actual historic perspective. I found myself re-reading long passages not due to difficulty of comprehension, but rather how incredibly well WJB explains some very contentious and fundamental concepts (especially how the fundamentals influence the State's relationship to the society and the individual, and vice versa).

This book does a good job of taking us through the early part of the Industrial Revolution and sets out the key differentiators. The only part I wasn't too wild about was the latter part where he went into happiness and some other ethereal stuff. Understanding the importance of agricultural

development as a key precursor to industrial development was very critical. I would certainly recommend, if someone wants to understand real economics, not money printing 101.

Enjoyed this immensely. Fascinating history and clearly reasoned arguments as to why the West has it over the Rest. It is frustrating that so many nations today have not learned from the hard-won lessons of how the Western nations achieved so much prosperity for their citizens in just 200 years. Forget "guns, germs and steel". Bernstein has distilled four key institutions that must be developed and sustained if any nation is to achieve "first world" prosperity for it's citizens. Should be required reading for every political leader and every citizen.

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