

Unified Growth Theory

Economic seminar

Spring 2009

1. Unified Growth Theory
2. Practical stuff

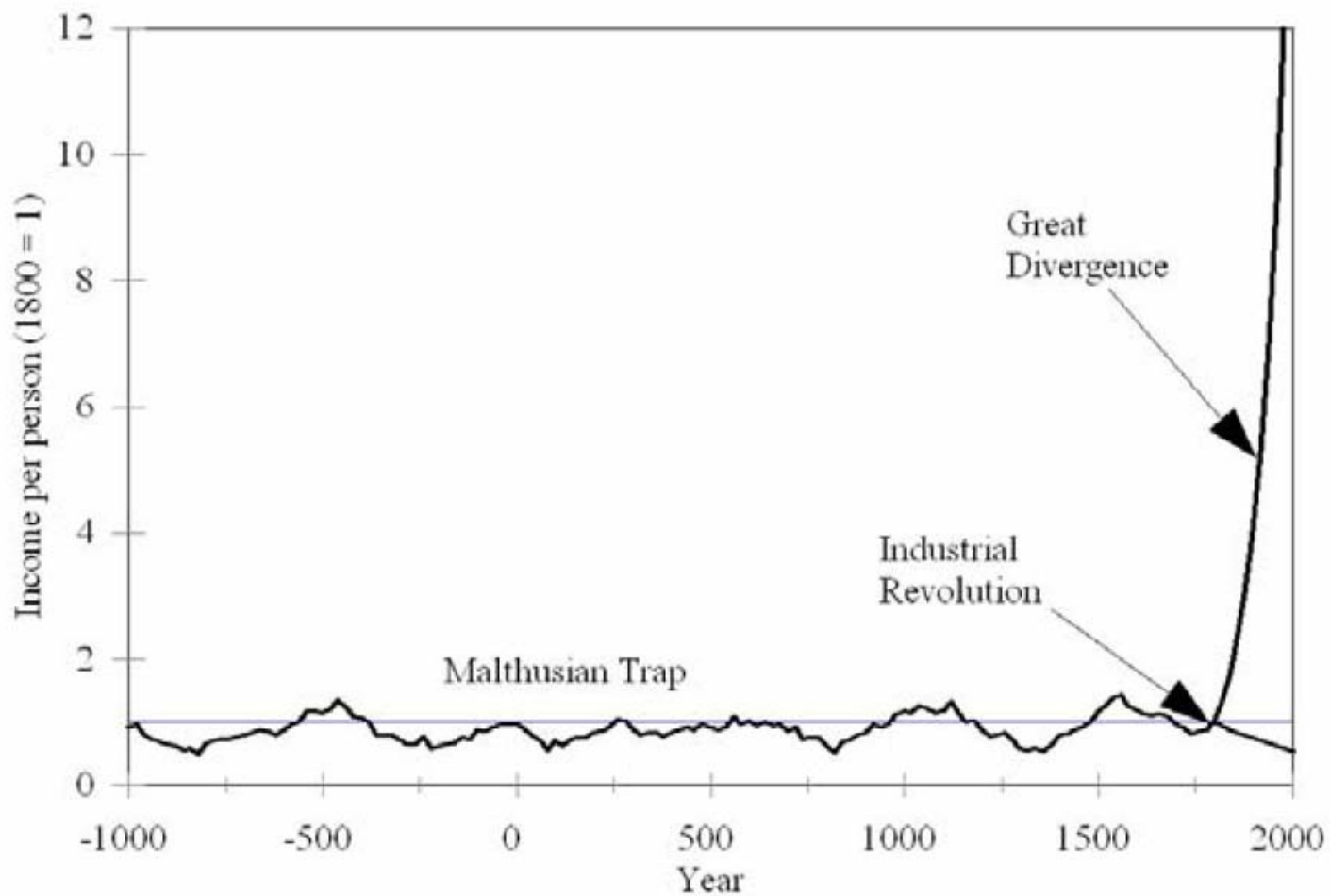
1. Unified Growth Theory

'A Farewell to Alms' (Clark 2007)

1 Introduction

The basic outline of world economic history is surprisingly simple. Indeed it can be summarized in one diagram: figure 1.1. Before 1800 income per person – the food, clothing, heat, light, and housing available per head - varied across societies and epochs. But there was no upward trend. A simple but powerful mechanism explained in this book, *the Malthusian Trap*, kept incomes within a range narrow by modern standards.

Stylized picture

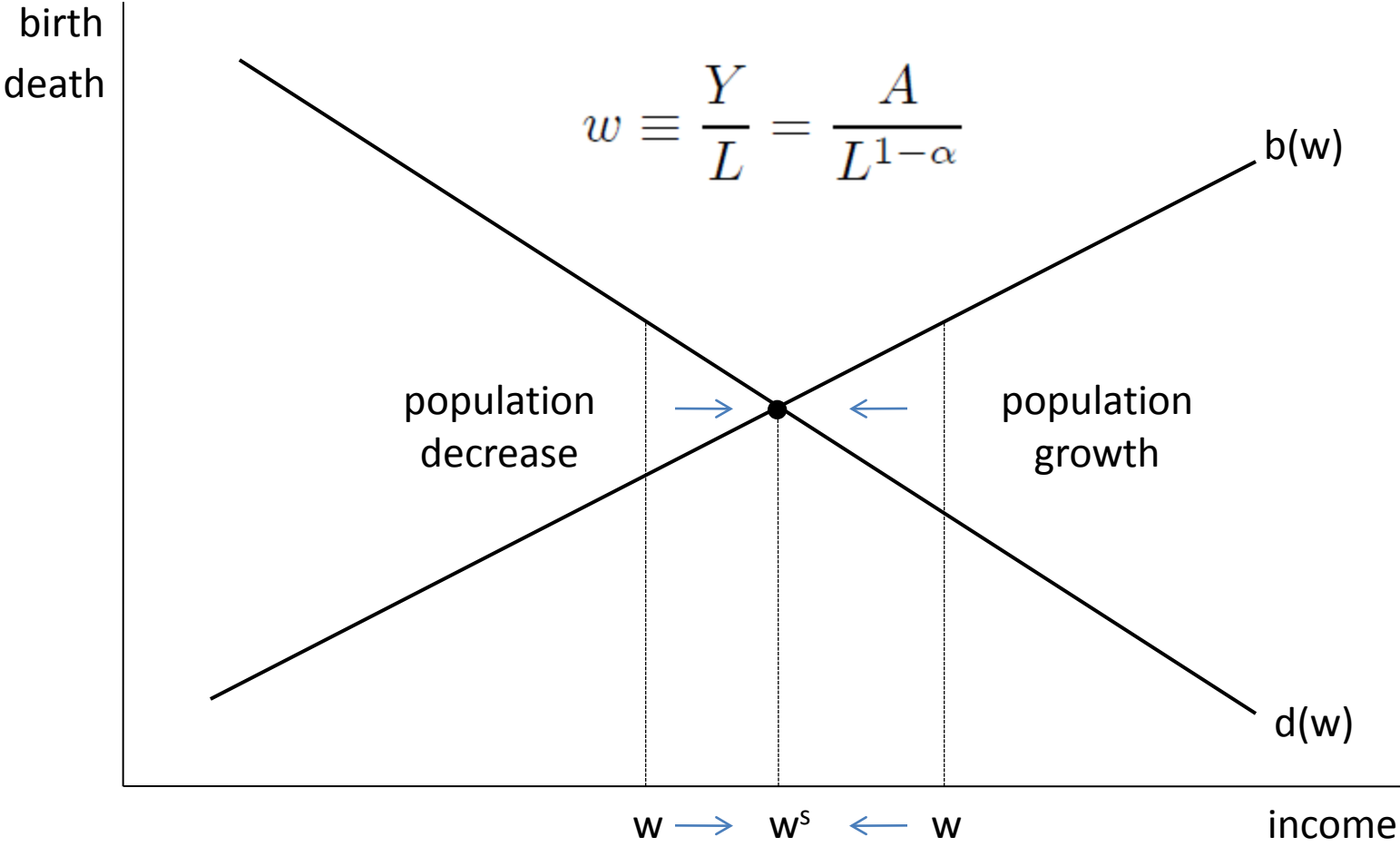


Unified Growth Theory

Aims to connect two distinct economic regimes:

- The ‘Malthusian’ regime (‘trap’):
 - Stagnant income per capita in the long-run
 - Positive correlation between growth of population and income per capita

Malthusian Trap

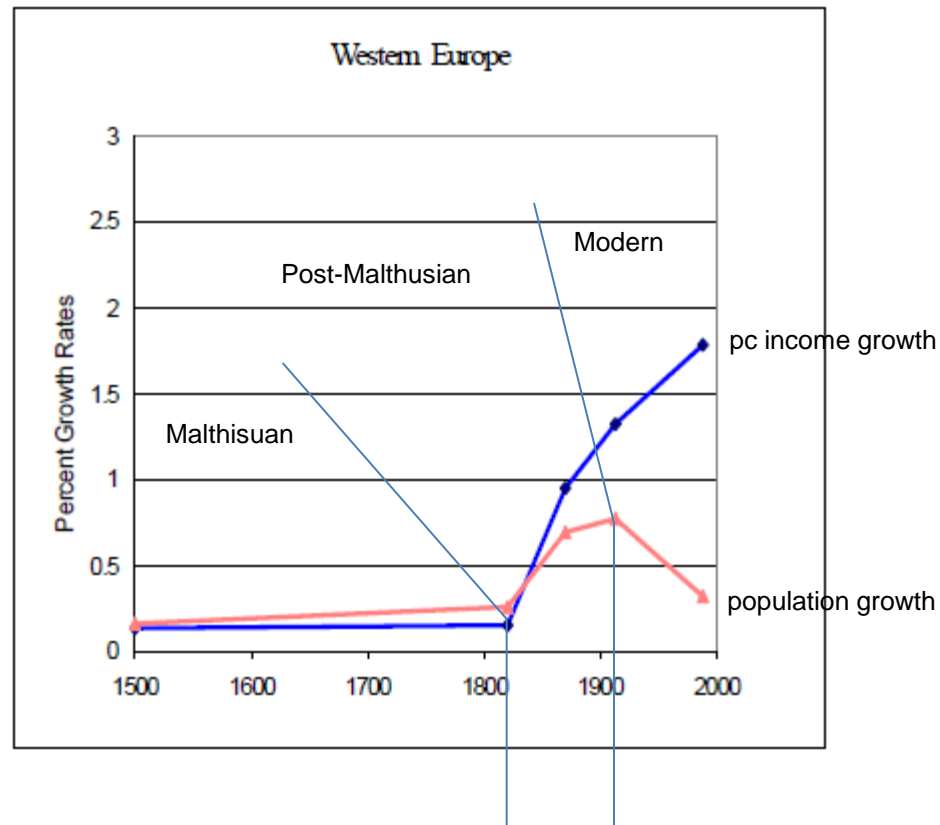


Unified Growth Theory

Aims to connect two distinct economic regimes:

- The ‘Malthusian’ regime (‘trap’):
 - Stagnant income per capita in the long-run
 - Positive correlation between growth of population and income per capita
- The ‘Modern Growth’ regime:
 - Persistent growth of income per capita
 - Negative correlation between growth of population and income per capita

Income and Population



Transition

Two main topics:

- Why was there transition (what happened?)
- Why did some transit and others not ('great divergence')?

Potential explanations

- Technological progress
- Human capital accumulation
- Institutional change
- Behavioural change
- Natural selection

- Or a mix!

Overview studies

- Galor, Oded (2005), 'From stagnation to growth: unified growth theory', In P. Aghion & S. Durlauf (Eds.), *Handbook of economic growth* (Vol. 1A), North-Holland: Amsterdam.
- Broadberry, Stephen (2007), 'Recent Developments In The Theory Of Very Long Run Growth: A Historical Appraisal', *University of Warwick Working Paper No 818*.
- Clark, Gregory, (2007) *A Farewell to Alms: A Brief Economic History of the World*, Princeton University Press, Princeton.

Topic: Human Capital

- Did human capital accumulation cause a demographic transition (after 1800)? Did it prepare England for an industrial revolution (before 1800)?
- Galor, O. and Weil, D.N. (2000), 'Population, technology, and growth: from Malthusian regime to the demographic transition', *American Economic Review* 90, pp. 806–28.
- Leunig, T., C. Minns, and P. Wallis (2009), 'Networks in the Premodern Economy: the Market for London Apprenticeships, 1600-1749', *CEP Discussion Papers No 956*

Topic: Divergence

- What caused the ‘great divergence’? Was there a ‘little divergence’ in Europe before the ‘great divergence’ of the world?
- Allen, Robert C. (2001), “The Great Divergence: Wages and Prices in Europe From the Middle Ages to the First World War”, *Explorations in Economic History* 38, pp. 411-447.
- Galor, O. and A. Mountford (2006), “Trade and the Great Divergence: The Family Connection,” *American Economic Review* 96.
- Pomeranz, K. (2000), *The Great Divergence: China, Europe and the Making of the Modern World Economy*, Princeton University Press, Princeton.

Topic: Industrious Revolution

- Was there an ‘industrious revolution’ before the industrial revolution?
- de Vries, J. (2008), *The Industrious Revolution*, New York: Cambridge University Press;
- Koyama, M. (2009), ‘Price of Time and Labour Supply: From the Black Death to the Industrious Revolution’, *Oxford University Economic and Social History Series No. 78*
- Voth, H.-J. (2000), *Time and Work in England, 1750–1830*, Oxford University Press, Oxford.

Topic: Institutions

- Did the 'right' institutions pave the way for modern economic growth?
- Greif, Avner (2006), *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*, Cambridge University Press, Cambridge

Topic: Colonialism

- What role did colonialism play for the wealth of some and poverty of others?
- Acemoglu D., S. Johnson, and J.A. Robinson (2001), 'The Colonial Origins of Comparative Development: An Empirical Investigation', *American Economic Review*.
- Nunn, N. (2008), 'The Long Term Effects of Africa's Slave Trades,' *Quarterly Journal of Economics* 123, pp. 139-176.
- Hersh, Jonathan, and Hans-Joachim Voth (2009), 'Sweet Diversity: Colonial Goods and the Rise of European Living Standards after 1492', *UPF mimeo*.

Topic: Natural Selection

- Were ‘quality’ individuals/capitalists more reproductive/successful than others?
- Clark, G. and G. Hamilton (2006), ‘Survival of the Richest: The Malthusian Mechanism in Pre-Industrial England’, *Journal of Economic History* 66.
- Doepke, M. and F. Zilibotti (2008), “Occupational Choice and the Spirit of Capitalism”, *Quarterly Journal of Economics* 123.
- Galor, O. and Moav, O. (2002), ‘Natural selection and the origin of economic growth’, *Quarterly Journal of Economics* 117, 1133–91.

2. Practical stuff

Plan

- 16 Feb: Mandatory pre-meeting (TODAY)
- 20 April: Deadline for submitting essays
- 27 April – 25 May (except 13 May):
Sessions: Tuesdays and Thursdays,
3:00 pm – 6:00 pm

Session

- Three-hour sessions including breaks
- Three sub-sessions/presenters/discussants
- Sub-session schedule:
 - Each presenter talks for 15 minutes
 - Each discussant talks for 5 minutes
 - General discussion for 25 minutes

Preparing for sessions

- Read carefully each essay of the session
- Prepare, and hand in at the beginning of session, three (substantial) questions/essay
- Partake (actively!) in general discussion
- NB: Participation in sessions is mandatory!

Essay - main rules

- Any topic related to UGT is fine
- Plagiarism is strictly forbidden!
- The language (written and spoken) is English

Essay - guidelines

- Check Study Handbook for specific guidelines:
 - Size, font size, margin size, line space etc
 - Co-authorship details
 - Title page and enclosures details
- Submission:
 - Use Absalon (absalon.ku.dk) **and e-mail to me!**
 - PDF document titled 'name _ title. PDF'

When working on the essay

ask yourself, and let the text reflect:

1) What you would like to do (research statement):

Ex: Estimate relationship between income and population growth in pre-industrial Spain

2) Why you would like to do it (motivation):

Ex: To compare with similar estimates for England, forerunner in the industrial revolution

3) How you would like to do it (method):

Ex: Using cointegration VAR model

Assessment

- Relevance for UGT of topic chosen
- Well-defined research statement
- Provide relevant analysis/discussion
- Use of relevant terms, phrasing etc
- Choice of economic or econometric methods
- Conduct of methods and language used
- Pedagogical skills
- Originality

Good luck! 😊