

Robert Allen:

Global Economic Growth: A Very Short Introduction

Reading Notes and Questions

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0. Book

Robert Allen (2011): *Global Economic History: A Very Short Introduction*
<<https://delong.typepad.com/files/allen-geh.pdf>>

1. The Great Divergence

A lot goes by in a very small number of pages in this chapter:

- The depth of global poverty in 1500
- The magnitude of economic growth since 1500
- The sequencing of economic growth since 1500
- The divergence of economies since 1500
- “Reversal of fortune”—not the rich, but rather the densely-populated stay poor; (some of the) less densely populated become rich—with cultural distance from Manchester being the key
- Exceptions to this general pattern
- Clues to “why?”

Table 1. GDP per person around the world, 1820–2008

	1820	1913	1940	1989	2008
Great Britain	1706	4921	6856	16414	23742
Netherlands	1838	4949	4832	16995	24695
Other Western Europe	1801	3608	4837	16880	21190
Mediterranean Europe	945	1824	2018	11129	18218
Northern Europe	898	2935	4534	17250	25221
USA, Canada, NZ, Australia	1202	5233	6838	21255	30152
Eastern Europe	683	1695	1989	5905	8589
USSR	688	1488	2144	7112	7804
Argentina, Uruguay, Chile	712	3524	3894	6453	8885

	1820	1913	1940	1989	2008
Other Latin American countries	636	1132	1551	4965	6731
Japan	669	1387	2874	17943	22816
Taiwan & S Korea	591	835	1473	8510	20036
China	600	552	562	1834	6725
Indian Sub-continent	533	673	686	1232	2698
Other east Asia	562	830	840	2419	4521
Middle East & North Africa	561	994	1600	3879	5779
Sub-Saharan Africa	415	568	754	1166	1387
World	666	1524	1858	5130	7614

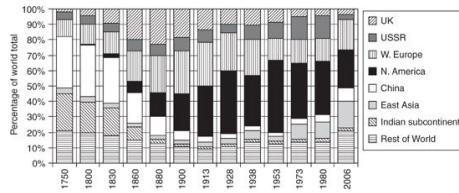
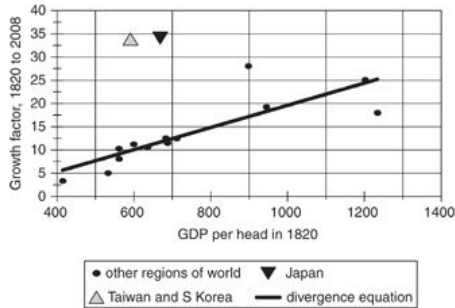
Table 2. Bare-bones subsistence basket of goods

	quantity per man per year	calories per day	protein (grams) per day
food			
grain	167 kg	1657	72
beans	20 kg	187	14
meat	5 kg	34	3
butter	3 kg	60	0
total		1938	89
non-food			
soap	1.3 kg		
linen/cotton	3 metres		
candles	1.3 kg		
lamp oil	1.3 litres		
fuel	2.0 Million British Thermal Units		

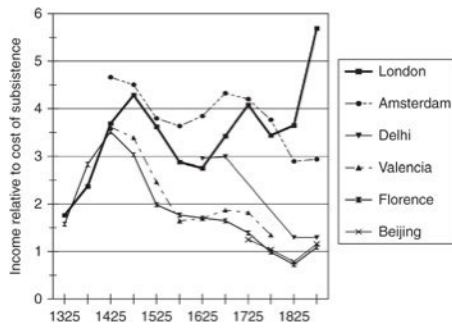
There are two tables and four figures in the chapter. Study them. Memorize them. Internalize them:

- GDP/capita, 1820-today
- What bare-bones subsistence baskets consist of
- Initial prosperity and growth since 1820
- Percentage distribution of world manufacturing, 1750-2006

- Laborer wages as a multiple of subsistence, six cities 1325-1875
- Laborer wages as a multiple of subsistence, London and Beijing 1300-2000



2. Distribution of world manufacturing



3. Subsistence ratio for labourers



4. Subsistence ratio, London and Beijing

This is the best short précis I have ever seen of “the facts” on global economic growth across time and space since 1500.

2&3. Rise of the West; Industrial Revolution

- Bob Allen has his own theory of what laid the foundations of the Industrial Revolution of 1750-1870. It is a smart theory. It is a good

theory. It is a well-argued theory. It is an evidence-based theory. But it is a contested theory. Others, as smart as Allen, think it is wrong.

- In these chapters Allen presents his theory.
- He takes occasional swipes at other theories. Treat them more seriously than he does.
- Allen’s theory is, basically, that technological developments in ocean sailing and cannon produce maritime empires that encourage and dominate trade; that trade produces high wages in the imperial center; and thus it becomes, for probably the only time in history, profitable to develop the steam engine—if you also have a culture of mechanical engineers, really cheap coal, and excellent water transport. Thereafter what your engineers have learned from building the first generation of steam engines allows them to improve it and build other machines. And the Industrial Revolution is off and running. Try to grasp the whole theory as you read.

4. The Ascent of the Rich

As you read, focus on:

- The “standard package” of economic policies that, if successfully implemented, allows a 19th century economy to catch up to the world's then industrial leaders.
- The absence of large gaps in technological competence across the North Atlantic—how by 1870 or so the more advanced parts of western Europe and North America were very close to being one single engineering technical community. Note also that nobody outside was able to join.
- Up until 1870 or so technological progress was focused on the “old industries”—steam, iron, and textiles—of the Industrial Revolution. Starting in 1870 we get “new industries”: automobiles, petroleum, electricity, chemicals. Does Allen provide us with a way to understand

why there was this sudden spreading-out of the front of invention and innovation from narrow to broad?

- Allen has a tidy explanation of why Zimbabwe, Malawi, and India are poor today—that it is unprofitable to invest in machines because labor is cheap and labor is cheap because nobody has invested in machines. Thus even though the technological knowledge is in the air, and even though finance for profitable projects is easily raised throughout the world, the poor stay poor.
 - Is this an adequate theory?
 - Isn't it close to being a tautology?
 - Or, alternatively, isn't it close to being a simple declaration that anything can happen?
 - How could we make more intellectual progress on this issue?

5. The Great Empires

- Of the five great Eurasian Empires—Russia, China, Mughal India, Safavid Persia, and Ottoman Turkey—which did best at coping with the opportunities and problems opened up in the course of world history after 1500?
- According to Allen, none of the five were going to industrialize—that required (a) engrossing a very large share of the gains from globalization coupled with (b) cheap coal and (c) a cutting-edge engineering culture. But why were they not more successful at commercializing?
- What needed to happen for an empire to keep its substantial political independence in the face of the rise of Western Europe?
- What is “deindustrialization”?
- Why did Mughal India not pursue the standard 19th century model of catch-up development? Why did Czarist Russia not pursue it? Qing China? Safavid Persia? Ottoman Turkey?

6. The Americas

- What does Allen mean by “the different development trajectories of North and South America run back to the colonial period and are rooted in geography and demography...”?
- What were the major consequences of the “discovery” of America by Europeans for the previous Amerindian populations and civilizations?
- Why were Mexico and Peru unable to benefit from the industrialization of Britain in the late 18th and Western Europe in the 19th century in the way that the U.S. and Canada were able to benefit?
- Why does Allen say that “economic policy had greater impact than... institutions” in the economic success of the U.S. (and Canada)?
- What kept Mexico and Peru from adopting similar economic policies to the U.S. and Canada?

7. Africa

- What is the “short list” of candidates that are major causes for both the origins and the persistence of deep relative poverty in sub-Saharan Africa?
- Allen attributes a lot of early African underdevelopment to relatively low population density. What, according to Allen, kept population density low in West Africa? In East Africa? In South Africa?
- West Africa saw major medieval empires—Ghana, Mali, Songhay. How does their existence square with Allen's story? Why, in Allen's view, were they not or why did they not trigger the growth of what Allen calls “advanced agricultural civilizations”?
- East Africa had a great deal of contact with the advanced agricultural civilizations of the Indian Ocean basin for a very long time. Why, in Allen's view, did that not trigger the development of what Allen calls “advanced agricultural civilizations”?

- Allen thinks that sub-Saharan Africa’s poverty today was “baked in the cake” as of 1500—that the “social and economic structure of 1500... determined how the continent responded to globalization and imperialism, and those responses have kept it poor since...” Is this true?
- How could we find out whether Allen’s claim about sub-Saharan African relative poverty today having been “baked in the cake” as of 1500 is true or not?
- Africa developed major exports in the late-nineteenth century—cocoa, oils, precious metals, copper and other metals, coffee, and others. After World War II Zambia was richer and more developed than Portugal. What factors, according to Allen, turned those moves toward export-oriented development that African economies undertook into a trap?

8. The Standard Model & Late Industrialization

- What was the “standard model” of 19th century catch-up industrialization? Which countries were able to adopt it successfully? Which were not?
- Why did the standard model become less and less adequate as a tool for catch-up industrialization as the 19th century gave way to the 20th?
- Why did the standard model not work well in Latin America?
- Why did the standard model not work well in Eastern Europe?
- Japan was the only country not rich in 1870 that, until well after World War II, could in any sense claim to have joined the rich economies of the (extended) North Atlantic as far as its state of economic development was concerned. Why was Japan unique?

9. Big-Push Industrialization

- Why, according to Allen, does the 19th century growth-and-convergence recipe no longer work in the 20th century?
- What, according to Allen, does work in the 20th century?
- What are the prerequisites for successful “big push industrialization”?
- Bear in mind that every country has at least thought about trying “big push industrialization”: what has kept it from being successful in more countries?
- What are the holes in Allen's argument about “big push industrialization”? Is it broadly true? Is it broadly complete?
- How could we figure out more about how true and complete it is?

10. Epilogue

- Assuming that GDP per capita in the “rich” countries—what we will not be able to call the (extended) North Atlantic for much longer—continues to grow at about 2%/year, how rich will the rich be come 2050 or 2100?
- What other countries are likely to have joined the rich, or at least be within hailing distance?
- What will life be like in countries that will not have “converged”?
- How have countries successfully closed the gaps with the (extended) North Atlantic—in education, in capital, and in productivity—in the past?
- What has kept other countries from closing these gaps in the past?
- What are the prospects for “follower” countries to close these gaps in the future?

The Real Workings of Employment

