A Farewell to Alms. A Brief Economic History of the World

by Gregory Clark[1]

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This will, almost for sure, be a polemical book. Starting with the title. The word alms, coming from ancient English, means literally charitable donations of money or food to the poor, according to the Compact Oxford English Dictionary of Current English. The wording of the title is, of course, a parody of Ernest Hemingway's Farewell to Arms. But why farewell to alms? Understanding this requires either plowing through the book or reading the author's research. If you go through his recent published papers you will find something named "The Condition of the Working Class in England 1209-2004", published at the Journal of Political Economy, one of the most prestigious journals of the economics profession. The attentive reader will immediately spot the author's taste for parodies and a typical British sense of humor. The reason is that this is the translated title of Die Lage der arbeitenden Klasse in England (The Condition of the Working Class in England in 1844), one of most well known books of Friedrich Engels, life bud of Karl Marx, and written during his stay in Manchester from 1842 to 1844. In that book Engels describes the condition of the working class in England at the time as the "highest and most unconcealed pinnacle of the social misery existing in our day". Clark asserts, using data recently compiled, that unskilled wages in Britain at the time Engels wrote his book were at an all time high, even going back as far as 1200. From this the book's title starts to make sense. In Clark's interpretation, the economic history of world, and specifically the industrial revolution, was an uncontested victory of (unskilled)

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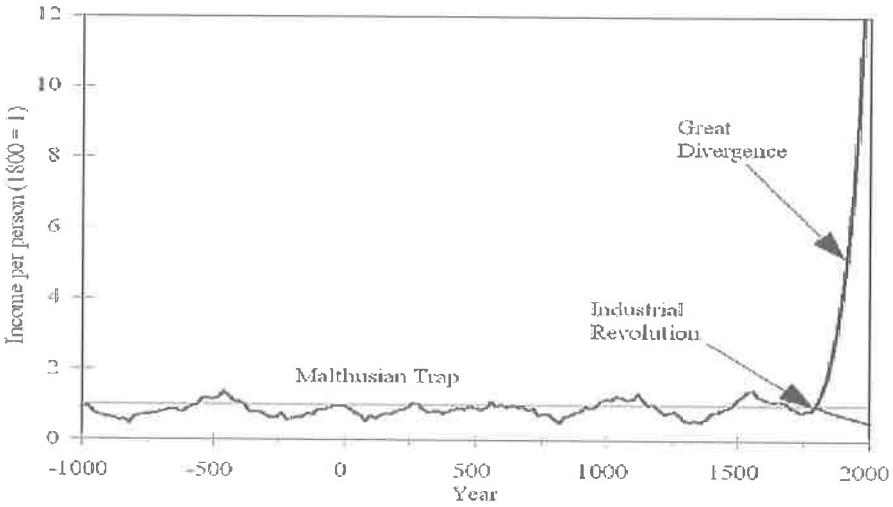
[1] Gregory Clark is a professor of economics at University of Califórnia, Davis, and his main research agenda is the (economic) history of the Industrial Revolution. This book will be available in the next few months from Princeton University Press and parts of it can be read both at the publisher's and the author's websites.

labor which was able to achieve the highest living standards in recorded history. In the book Clark doesn't stop at 1200. He goes back further to 100,000 BC, when the modern anatomic Homo sapiens descended from the trees.

The book is composed of fifteen chapters divided in Introduction, The Malthusian Trap, The Industrial Revolution and The Great Divergence.

In the first part, The Malthusian Trap, Clark starts by explaining that the world economic history can the summarized by the following figure.



Income per capita varied between societies and epochs but there was no clear upward trend. A simple, but powerful mechanism called the *The Malthusian Trap*, kept incomes between a narrow range by today's standards. This trap is the simple fact that if incomes per person were to go to higher the population would have to go down. Using terms from economics there was a trade off between fertility and mortality. The Industrial Revolution, a mere 200 years ago, changed forever the possibilities of living standards. Incomes per capita began a sustained growth in a favored group of countries around 1820. Now in the richest of the modern economies living standards are 10-20 times better than was average in the world of 1800. Further the biggest beneficiary of the Industrial Revolution has so far been the poor and the unskilled, not the typically wealthy owners of land or capital, or those with skills and education. But prosperity hasn't come to all societies. For a group of countries such as those in Sub Saharan Africa, living standards today are even lower han they were for the rest of humanity in 1800. This divergence in regional and national fortunes since the Industrial Revolution has recently been labeled "the Great Divergence."

A few pages down in the first part and again the reader can see the author's sense of humor. Using a picture of some modern hunter gatherers in the Colombian Amazon and a portrait of the British Aristocracy at the time of the Industrial Revolution, he asserts that the societies represented by both pictures have a similar average standard of living.

Figure 1.2 The Nukak, a surviving hunter gatherer society in the Colombian rain forest. © Gustavo Pollitis/Survival International

© The Fitzwilliam Museum, Cambridge, UK
Figure 1.3 The Braddyll family. Sir Joshua Reynolds, 1789.

The reason, according to the author, would be that the *average* Briton around 1800 would have to work a lot harder to have a standard of living similar to the primitive Indians (shelter, clothing, food).

To say that those two societies had similar average living standards is not to deny the fact that the English around 1800 had developed a technology that was vastly superior than that of hunter gatherers. This included cheap iron and steel, cheap coal for energy, canals to transport goods, firearms, and sophisticated sailing ships. Here the author once again tells a story to illustrate this fact:

> The degree of advance of technology was revealed in the encounters between Europeans and isolated Polynesian islanders in the 1760s. The English sailors who arrived in the previously isolated Tahiti in 1767 on the *Dolphin*, for example, found a society with no metals. The iron of the Europeans was so valuable to the Tahitians that a single nail initially could be bartered for either a pig or a sexual encounter. Captain Wallis had to post guards, and institute severe punishments, to stop the sailors from removing nails from every part of the ship they had access to. The local inhabitants on a number of occasions stole ship's boats to burn them to retrieve the nails.

Clark goes down to discuss the details of the Malthusian model and the equilibrium between fertility and mortality. Since higher incomes were associated with high mortality, it's a bit funny to see the relation between virtues and vices in a Malthusian environment:

"Virtues"	"Vices"
Fertility Limitation	Fecundity
Bad Sanitation	Cleanliness
Violence	Peace
Harvest Failures	Public Granaries
Infanticide	Parental solicitude
Income inequality	Income equality
Selfishness	Charity
Indolence	Hard Work

Up to the end of part 1, Clark amasses an extensive amount of very curious evidence that allows him to make comparisons between standards of living all the way back to ancient Babylonia. Given the range of such comparisons it's inevitable to wonder where exactly all these data come from and how meaningful are the comparisons.

Why hasn't productivity and technology developed rapidly only with the Industrial Revolution? Before tackling that question Clark wants to dispel some popular myths. The main one, coming from the "institutional" school of economics, says that before 1800 society

didn't have an institutional framework with the proper incentives for people to invest in better techniques.

Its worth to quote the passage in full: "The popular misconception of the pre-industrial world is of a cowering mass of peasants ruled over by a small, violent and very stupid upper class that extracted all surplus from them beyond subsistence, and so gave no incentives for trade, investment, or improvement in technique. The exclusive and moronic ruling classes were aided in their suppression of all enterprise and innovation by organized religions of stultifying orthodoxy, which punished all deviation from established practices as heretical."

To dispel this myth he goes over a long list of details to show that Medieval England had institutions as favorable to economic growth as any the "World Bank could wish for." According to Clark, for example, the murder rate in thirteenth century England was 0.21 for each 1,000 inhabitants. That would compare badly with modern western world levels but few travelers would fear to visit societies with higher rates today: Trinidad and Tobago (0.17), Estonia (0.23), Bahamas (0.26), Philippines (0.26), Puerto Rico (0.38), Brazil (0.42).

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Finally, what is the cause of rapid economic growth? The answer is the faster accumulation of useful knowledge. Why hasn't it happened before? This is perhaps the most important question in economic history and now Clark turns really speculative. Clark's answer is that Industrial Revolution "emerged only millennia after the arrival of institutionally stable economies in societies such as ancient Babylonia, because in the interim institutions themselves ***interacted with and changed*** (emphasis added by the reviewer of the book) human culture. Millenia of living in stable societies under tight Malthusian pressures that rewarded effort, accumulation and fertility limitation encouraged the development of cultural forms – in terms of work inputs, time preference, and family formation – which facilitated modern economic growth."

Since this reviewer is a biologist by training such claims unheard of before *cultural* Darwinism are not easily acceptable. As matter of fact there is a whole chapter named "The Survival of Richest" in which Clark asserts that some of the cultural characteristics of modern advanced economies such as hard work, fertility control, time preferences and thrift, typical "middle class" values, were disseminated in society because rich people left more descendants.

There is a lot worse to come. Explaining the "Great Divergence", or why most countries haven't developed (and may never develop) as much as the modern capitalist economies, Clark speculates that "the relative advantage of a ***highly disciplined and properly acculturated work force*** (emphasis added by the reviewer of the book) is greater for the more complex production processes of the modern world. Low morale and lax discipline will curtail simple factory production but the problem is far worse as production and management become more complex."

It's extremely easy for arguments such as those to be a bit twisted around and turn into blatant racism. It's a pity that the extremely well researched first chapters of the book end in such dismal ways. Despite these big shortcomings this is a very interesting book and deserves the attention of the broad history community, especially for the innovative use of long time series (600+ years of wages, prices etc.) and the new light that this brings. For the "rest" of the book, the old American aphorism is as valid as ever: "In God we trust, all the others bring the data."