Article 49

FT FINANCIAL TIMES
World business newspaper

COMMENT

Let the rich go forth and multiply.

By CLIVE **CROOK**

897 words
9 August 2007
Financial Times
London Ed1
Page 13
English

In Guns, Germs, and Steel, Jared Diamond made a surprising yet instantly plausible argument about long-term development. The west grew rich and the rest did not because of geography. Thanks to where they were, Europe and its North American offshoots had plants and animals that were easy to domesticate, a low burden of disease, and natural resources that supported industrialisation. The Industrial Revolution began in England and spread to continental Europe and the United States because of luck.

A new book, to be published next month, argues that Mr Diamond got it all wrong. Gregory Clark's A Farewell to Alms: A Brief Economic History of the World* is fully as absorbing, as memorable and as well written as Mr Diamond's remarkable bestseller. It deserves to be as widely read.

Mr Clark argues that what made the difference was not geography or biology, or for that matter institutions such as property rights and democracy, but culture. The rich grew rich because they evolved attitudes that supported economic modernisation; the poor stayed poor because they failed to do the same. Mr Clark, an economic historian at the University of California, Davis, has gathered a wealth of intriguing evidence and argument in support of this claim, and does not flinch from drawing some disturbing inferences.

Until the early 19th century, he writes, the world was caught in a Malthusian trap (after the English economist Thomas Malthus, who argued that population growth would starve the world of food and other resources). Slow advances in knowledge failed to drive incomes up; they spurred growth in population instead. Most people in 18th century England endured a standard of living roughly equivalent to that of the stone age. Abundance was self- cancelling: so far as economic laws were concerned, humans and animals were much alike.

Starting in England, two things happened to let the west escape this trap. Economic efficiency began to rise faster, and fertility declined. As a result, for the first time, accelerating improvements in productivity fed through to living standards. Instead of an endless supply of impoverished people, growth caused an amazing improvement in incomes per person.

Why did it begin in England? Certainly not because the country lacked "bad-tempered hippos and zebras". And the reason was "not coal, not colonies, not the Protestant Reformation, not the Enlightenment". It was the combination of social stability stretching back more than 500 years, and the relative fecundity of the materially successful. When Mr Clark talks of "evolving" a social environment conducive to modernisation, he means it literally. In England, the rich went forth and multiplied - much more so than ordinary folk. This caused a cascade of downward mobility, as the children of the rich spilled over into lower social stations. In this way, bourgeois values were embedded into the wider culture. The cultural conditions for defying Malthus were taking shape elsewhere too. But the process had moved farthest in England, so England was first.

Mr Clark rejects "abrupt change" theories of the Industrial Revolution, which look for external shocks of one kind or another. Incomes surged only after 1800, but productivity had moved on to a gradual upward arc long before. For most, material conditions in England may have been no better in 1800 than in 1200 - but society was nonetheless transformed. The intervening centuries had laid the intellectual and cultural foundations for the modern economy.

This view has some gloomy implications. The poorest countries are still caught in the Malthusian trap, Mr Clark argues, and in that world, virtue and vice in public policy can seem reversed.

The consequence of measures to improve life expectancy is to drive down incomes - the converse of England's earlier advantage in having appalling standards of hygiene, which kept lifespans short and incomes comparatively high. (According to Malthusian logic, if you improve people's ability to subsist on low incomes, the subsistence income falls - as it has in Africa, Mr Clark points out.) Moreover, if the key to modernisation is a workforce with bourgeois values, and if we do not know how to spread bourgeois values, there is nothing we can do to raise incomes in poor countries.

The book's tone is by no means as bleak as you might suppose (or maybe as it should be): Mr Clark writes with disarming wit. But is he right?

Much as I recommend this brilliant book, I cannot say I am convinced. One problem is India, about which Mr Clark appears to know a lot. The book explains in some detail why it failed to industrialise - mainly, Mr Clark says, because Indian workers were culturally unprepared to work with modern technology.

But if these backward attitudes were, as he believes, bred in the bone, how does one account for India's growth since it liberalised in the early 1990s? Growth miracles such as that confound cultural pessimism. They suggest that the right incentives can summon the right attitudes rather quickly. The striking success of economic migrants once they move from poor countries to rich points the same way. I believe that culture is much more malleable, for good or ill, than Mr Clark allows.

But any book that is as bold, as fascinating, as conscientiously argued and as politically incorrect as this one demands to be read.*Princeton University Press

20070809L113.022

Document FTFT000020070809e3890001x