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Review of *A Farewell to Alms: A Brief Economic History of the World*

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Clark, Gregory, *A Farewell to Alms: A Brief Economic History of the World.* Princeton: Princeton University Press, 2007. pp. xii, 420.

Reviewed by Rick Szostak, Professor of Economics, University of Alberta.

Gregory Clark makes a series of strong claims in this book. Firstly, he argues that economic history before the year 1800 can be understood almost entirely within the Malthusian model. As long as birth rates are an increasing function of income, and death rates a decreasing function, while increases in population themselves have a depressing impact on average incomes (as more people populate a given land area), the society will tend toward an equilibrium level of income that exactly equates birth rates and death rates. This simple model yields many non-intuitive results, such as that an increase in the death rate (due to regular epidemics or wars) serves to increase the equilibrium level of income (by reducing the equilibrium level of population). Clark thus suggests that Europe may have had higher incomes than China because it had lower standards of hygiene.

More controversially, Clark attributes the British Industrial Revolution to selection over a period of centuries for such attributes as hard work, future orientation and an appreciation of numeracy/literacy. Clark shows that the rich had more surviving children than the poor over the preceding centuries in Britain. He oscillates somewhat between a genetic and a cultural argument here, but clearly indicates in places that he thinks genetic selection occurred. Clark argues that centuries/millennia of peaceful settled agriculture were necessary for this cultural/genetic transformation to take place.

The British Industrial Revolution generated unprecedented productivity advances. Parts of the world were thus freed from the forces of the Malthusian model: population growth could not occur fast enough to counteract these productivity advances. Clark suggests that economists understand this new world less well than its Malthusian predecessor. Clark insists, though, that the major difference between rich countries and poor countries today lies not in access to technology or capital or institutions but in cultural attitudes toward work. He is careful to frame his arguments here in terms of culture rather than genes (though he agues in chapter 13 that the rich did not outbreed the poor by the same margin in China and India as in Britain). Indeed, he notes that these attitudes sometimes seem to have changed dramatically in a short period of time (and in both directions) in particular countries.

Clark supports each of his main arguments with careful analysis and a variety of qualitative and quantitative evidence. His prose is elegant and easy to follow. He generally recognizes alternative arguments, but does not always give these the credit they deserve. Laudably he appreciates that some of his arguments may be wrong, but that scholarly understanding proceeds through the careful statement and critique of opposing arguments.

Not surprisingly, Clark's bold arguments can each be critiqued. Since his Malthusian model does not insist on the bulk of humanity living at bare subsistence, it is possible that – as many other economic historians have suggested – there was sluggish economic growth for much of the pre-Industrial Revolution period. It could be, for example, that there was a slow ratcheting up of social expectations as new goods and services were introduced, and this would be reflected in the Malthusian equilibrium.If so, then the conclusions of the model – for example, that the rapacity of kings would in the long run affect only population density but not average incomes – need not hold.

Notably, when Clark argues in chapter 7 that the pre-Industrial Revolution rate of technological innovation was low, he discusses only process technology (improvements in ways of producing existing goods). Only in chapter 12 does he appreciate that new goods such as printed books were invented that would become items of general consumption (though much later in the case of books). In both Malthusian and modern economies, economic growth is most likely when product and process innovation occur in concert so that the population can expand the range of consumption without necessarily adjusting work effort. It is too easy to dismiss the role of technology by discussing these two types of innovation in isolation.

Clark is too dismissive of attempts to explain the Industrial Revolution in terms of changes in British or European society in the immediate pre-Revolution period. Most economic historians likely still prefer such explanations over appeals to slow transformations occurring across preceding centuries. While it is theoretically possible for slow changes to generate a dramatic transformation, it is not clear either that this is likely or that it is straightforward to establish empirical evidence for such a link. Clark at times recognizes this point, and attempts to suggest that the Industrial Revolution was less dramatic than it appears.

As for the genetic argument itself, most evolutionary psychologists assert that humanity's genetic inheritance has changed little since hunter-gatherer days. Clark neither engages this literature nor provides evidence from genetics that significant change in historical time is likely. Nor is it at all obvious that rich landowners in pre-Industrial Britain were characterized by the attitudes of hard work and future orientation Clark celebrates. Such values came to pervade British society, Clark maintains, due to the downward mobility of younger children. But surely the downwardly mobile will be prone to rejecting the very values Clark emphasizes? If so, his cultural argument is hard to sustain, and his genetic argument needs at least to be clarified. Moreover, Clark does not explain why other relatively peaceful agrarian societies did not experience a similar transformation.

Clark himself appreciates that he has no compelling explanation for why the degree of "socially induced lethargy" might differ so much across contemporary societies. He notes that residents of most poor countries are regularly exposed to images of rich country life and might thus be expected to compare their own incomes with those of others. Though he does not make the point, one might expect some strong desire to emulate the economic success of others. In the absence of a compelling explanation of sustained cultural differences, it would seem premature to so casually dismiss the role that institutions, technology, and investment might play either in changing cultural attitudes or influencing growth directly.

While Clark correctly celebrates the distinctiveness of many of his arguments, he is perhaps still guilty of the most common sin of economic historians. As a profession, we are much better at showing that 'x is not necessary for growth' than the opposite. Clark often suggests, like Sherlock Holmes, that his preferred arguments are what are left after all other possibilities have been eliminated. Many of the arguments he dismisses were once proferred in a similar manner.

But perhaps there is no higher praise for an author than to say that I disagreed with the arguments but liked the book. It made me think in new ways about the course of economic history. I recommend the book to anyone with an interest in the economic history of the world.