

Gregory Clark, *Farewell to alms: a brief economic history of the world* (Princeton and Oxford: Princeton University Press, 2007. Pp. xii + 420. 78 figs. 25 illus. 65 tabs. ISBN 9780691121352 Hbk. £17.95/\$29.95)

Clark ‘takes a bold approach . . . an unabashed attempt at *big history*’ (p. ix). An overview of historical economic growth supports a stark hypothesis, rejecting institutional roots of economic growth in favour of ‘[p]eople’s basic preferences . . . changing, shaped by Malthusian pressures’ (p. 189) as a consequence of ‘survival of the richest’ (p. 188). He also sees these preference changes resolving the puzzle of why the whole world has not developed. How adequate is the historical summary? Second, how plausible are Clark’s conclusions? On both these questions I think most readers of this journal will judge the book inadequate.

The historical summary emphasizes, reasonably, aggregate indicators, principally wages and population, and employs total factor productivity analysis in a non-technical manner. Somewhat surprisingly, ‘The Malthusian trap: economic life to 1800’ takes up half the text. Clark takes the reader easily through relevant demographic analysis and concludes that ‘the Malthusian era was one of astonishing stasis, in terms of living standards and of the rate of technological change’ (p. 166). He recognizes the uniqueness of the European marriage pattern as a mechanism of fertility limitation but also draws the reader’s attention to other societies’ successful limitation of fertility well below the biological maximum. In his view, similar Malthusian equilibria characterized the histories of major societies.

Clark identifies with Malthus’s aim ‘to establish that poverty was not the product of institutions and that consequently changes in political institutions could not improve the human lot’ (p. 33). He argues that sophisticated and stable institutions characterized medieval England—the state taxed and transferred little, did not accumulate public debt, and had a stable, commodity-based money and a free market private sector—but generated little technological progress. However, what he does is destroy straw men: a society

governed by 'exclusive and moronic ruling classes' that suppressed 'all enterprise and innovation'; and a parody of the 'Washington consensus' in which economic growth depends on private incentives untrammelled by state interference. His cursory discussion fails to confront serious institutional arguments. Later discussions of the disappearance of trial by combat and the ineffectiveness of laws prohibiting usury do nothing to strengthen his case.

Malthusian dynamics certainly deserve centre stage, but Clark's near exclusive focus on continuous Malthusian equilibrium is surprising. He notes that demographers find that the English death rate fails to show the systematic negative association with income expected for fluctuations around a Malthusian equilibrium, but finds solution in the positive association between urbanization and mortality. 'Thus the development of trade . . . which fostered greater urbanization . . . also allowed living standards to rise, but by purely Malthusian mechanisms' (p. 104) and 'the relative wealth of the English . . . probably stemmed mostly from the relative filth in which they wallowed' (p. 108). Most economic historians and historical demographers, while recognizing the power of Malthusian forces, would question the adequacy of a single-minded focus on Malthusian equilibrium. The rise in real wages following the Black Death constituted a (temporary) removal of the Malthusian restraint and the subsequent decline in wages that began in the fifteenth century was a Malthusian force, but hardly equilibrium over most of the period. By the seventeenth century, much of Europe may have returned to Malthusian equilibrium, but the Netherlands and England diverged from the rest. High urban death rates are not the answer—England's overall death rate was unusually low. The economic history of early modern Europe extends beyond Malthusian equilibrium and whether Malthusian equilibrium or not much else of importance potentially happened (as Clark's later discussions imply).

Shifting to the industrial revolution, Clark focuses on the changed relationship between population and income and the acceleration of productivity growth that this implies. He surveys and rejects models of knowledge growth based on institutions and human capital formation. He also points out that in aggregate it is difficult to pinpoint the start of the 'kink' in the efficiency curve and highlights that the neo-Whig emphasis that Douglass North and Barry Weingast place on the Glorious Revolution is not supported. Then, in a contradiction to his previous emphasis on the stasis of Malthusian economies before 1800, Clark opts for 1600 (with a possible reservation) as the beginning of a gradual transition into modern economic growth. He also argues that the transformation apparent in nineteenth-century Britain is something of an illusion. Technological change had a greater aggregate impact because it occurred in textiles, a large industry, and faster productivity growth coincided with a population explosion supported by American land supply: 'Britain's rise to world dominance was thus a product more of the bedroom labours of British workers than of their factory toil' (p. 243).

Clark argues that technological progress accelerated in a peaceful and stable England, largely unchanged institutionally since the middle ages. Having rejected a conventional emphasis on institutions, he returns to demography. His earlier discussion introduces his main theme of Darwinian alteration of behavioural choice. He has discovered from early seventeenth-century wills that the rich had the most children. He then infers, despite the fact that inherited land was the source of most wealth, that the rich passed on middle-class values: 'thrift, prudence, negotiation and hard work' (p. 166). 'Modern man's' new preferences generated lower interest rates, greater literacy, and longer working hours. Initially, in a Malthusian equilibrium, these traits made no impact on the standard of living, but eventually they led to the end of the long Malthusian era. 'Thus we may speculate that England's advantage lay in the rapid cultural, and potentially also genetic, diffusion of the values of the economically successful throughout society in the years 1200–1800' (p. 271).

Finally, Clark considers the great divergence among today's economies. Because he has argued that good institutions were not the key to generating the knowledge that caused the initial breakthrough in growth, he maintains that the lag in growth in much of the world differed fundamentally from the industrial revolution. The industrial revolution was about how human society generated knowledge at a high enough rate to escape Malthusian equilibrium. Today, knowledge, capital, and management are available in a globalized world and need not be created. So why does divergence in incomes and real wages characterize today's world? Drawing on his earlier work (much of it with Susan Wolcott) on the history of the Indian cotton industry, Clark argues that 'that these differences in labor productivity must stem from differences in the quality of labor in production across societies, differences that stem largely from the local social environment' (p. 352). That is to say that Indians did not have the preferences for work and accumulation that 'survival of the richest' generated in Europe.

Overall, then, the book develops a consistent argument to explain development and underdevelopment that rests on two key elements, neither of which is established convincingly. First, Clark's astonishingly casual rejection of 'institutions' as keys to growth is unconvincing. Second, his proposition that children of England's rich had a differential survival advantage, and this transformed attitudes to risk and work in a way that led to the industrial revolution, is suggestive at best. It is not clear that the late medieval rich had the attitudes he postulates; the intergenerational transfer of these attitudes is not explored; and north-western Europe's difference from the rest of the world is at best weakly established. Overall, his rejection of institutional views is facile; his arguments for Darwinian transfer unconvincing.

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