Understanding The Age of Prosperity

**Now** A minor detail ...

1. Now do you break the Trap?
2. Did the world do it, and when?
3. Has it happened everywhere?
4. How does growth happen? *(we’re not quite sure...!)*

1. Classical: The Solow model of growth
2. Neo-Classical: Endogenous growth theory
3. New-Classical: The division of labour

1. How does all of that apply to Development?
A minor detail ...

Source: [Clark2008]
Recall the Malthusian Period in England, 1200-1800...

Source: Clark (2008)
Breaking the Trap: Positive Real Incomes in the Social Economy
Breaking the Trap: Positive Real Incomes in the Social Economy

- Population
- Output
- Savings
- Investment
- Education
- Research
- Technology
How would the Breakout Look in the Data?
How would the Breakout Look in the Data?

**Graph:**
- **Axes:** Consumption, Production, Time
- **Legend:**
  - Rapid Geometric Innovations

**Text:**
- The Great Divergence
- How does Real Growth Work?
So, what do the Data Tell Say? The First 1800 Years...

So, what do the Data Tell Say? The First 1800 Years...

Or, in ‘Development’ Space

Source: Maddison, 2008
The Great Divergence

Pause – the Long Wait

Summarising the First 1800 years of Development

1. *Malthusian World* lasted on a global scale until approx. 1000 AD;

2. *Apparent break* from this world occurred thereafter, but extremely slow;

3. Total gains made in 1800 years of development were:
   1. 800 million more people provided for;
   2. Each person’s income (on average) increased by 50% (!);
Putting it in Perspective: The Age of Prosperity

WORLD DEVELOPMENT 1 - 2003

Source: Maddison, 2008
Or, in other words ... The Population — Output trade-off

Source: Maddison, 2008
Pause II – The Golden Age

Summarising the Next 200 (only!) years of Development

1. The *Malthusian World* is well and truly over for the global average;
2. The *real break* from this world occurred at around 1820;
3. Total gains made in 200 years of development (1800-2000) were:
   1. 5,000 million more people provided for;
   2. Each person’s income (on average) increased by 930% (!!!);
4. Recall: Total gains made in 1800 years of development were:
   1. 800 million more people provided for;
   2. Each person’s income (on average) increased by 50% (!);
### Pause II – The Golden Age

Summarising the Next 200 (only!) years of Development

1. The *Malthusian World* is well and truly **over** for the global average;
2. The *real break* from this world occurred at around 1820;
3. Total gains made in 200 years of development (1800-2000) were:
   1. 5,000 million more people provided for;
   2. Each person’s income (on average) **increased by 930% (!!!)**;
4. Recall: Total gains made in 1800 years of development were:
   1. 800 million more people provided for;
   2. Each person’s income (on average) **increased by 50% (!);**
### Summarising the Next 200 (only!) years of Development

1. The *Malthusian World* is well and truly over for the global average;
2. The *real break* from this world occurred around 1820;
3. Total gains made in 200 years of development (1800-2000) were:
   1. 5,000 million more people provided for;
   2. Each person’s income (on average) increased by 930% (!!!);
4. Recall: Total gains made in 1800 years of development were:
   1. 800 million more people provided for;
   2. Each person’s income (on average) increased by 50% (!);

---

**Caution! Question:** Has this growth been uniform?
Growth in the Group of 8 Industrialised Countries

Source: Maddison, 2008
Hard Cases in Africa 1: politics & disease

Source: Maddison, 2008
Hard Cases in Africa 2: the Malthusian world ... today

Source: Maddison, 2008
Battle-Global – US & Japan: 1, China & India: zero

WEALTH (GDP, US$PPP)

Source: [Worldmapper2006]