

# *Global Economic History* by Robert C. Allen

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## **Study Questions**

To help guide your thinking and understanding of the material, I offer a few questions. Some questions are simple straightforward specific questions, with answer in the text by Allen. I include these questions to highlight important ideas and facts (not to make busy work). I have also included a few interpretative questions. These, I hope, require some thought about the material, and especially how ideas connect across chapters.

This is an excellent book that provides a concise summary of the significant empirical patterns and findings that motivate our plan of study throughout the semester. At a minimum after reading this book you should have

- a working understanding of the *Industrial Revolution*;
- an appreciation of the relative recentness of *sustained economic growth*;
- a basic understanding of why some countries are rich and while others are poor.

## **Chapter 1: The Great Divergence**

1. What is the “Great Divergence”?
2. When did the Great Divergence occur?
3. What evidence does Allen give in support of the Great Divergence and its timing?
4. How is a bare-bones subsistence diet defined and used?
5. What evidence does Allen provide to document the increasing inequality in the world? In your own words, interpret figure 4 on page 12.
6. The last sentence in Chapter one is: “The Industrial Revolution was the result of high wages — and not just their cause.” What does Allen mean by this sentence?

## **Chapter 2: The Rise of the West**

1. What are some of the reasons why incomes vary across countries? What are fundamentals?
2. What is the evidence for and against a cultural explanation of income differences across countries?

3. How do economists and historians differ on the importance of “institutions” for economic growth?
4. What is the role of technological change in the “first globalization”?
5. Why did the European powers become imperialists?
6. In Table 3, according to Allen what explains the difference between England and Spain?
7. At the end of the chapter, Allen lists four implications of economic development. How are the four causally related?

### **Chapter 3: The Industrial Revolution**

1. Explain why “The Industrial Revolution” is, according to Allen, misnamed.
2. In what way did the British Parliament have more power than the absolute monarchy of King Louis XIV of France?
3. How did the Scientific Revolution play a role in the Industrial Revolution? What evidence does Allen present in support of this role?
4. According to Allen what explains why the Industrial Revolution occurred in Britain first, and then subsequently other Western European countries?
5. How does the cotton industry encapsulate the Industrial Revolution?
6. What is the importance of the steam engine, and again why does it make its first appearance in England (although the first steam engine was invented by a Frenchman)?
7. In the first paragraph Allen states that “Britain continuously extended the world’s technology frontier.” How so? And why is technical innovation important?

### **Chapter 4: The Ascent of the Rich**

1. At the beginning of the chapter, Allen describes two schools of thought as to whether it was surprising that the Industrial Revolution spread from England to continental Europe. What are the two schools of thought? Which school (if either) does Allen subscribe to?
2. What are the “four imperatives” of the standard development strategy fashioned by the US and European governments?
3. Describe how innovation can encompass more than manufacturing and agricultural processes.
4. Why do you think investment banks were part of Germany’s economic development whereas these banks play no role in Britain?
5. According to Allen, how quickly did USA and Western Europe respond to British innovations in transportation, steel and cotton industries?
6. What role did Britain’s empire (e.g., India, South Africa, Canada, etc.) play in Britain’s economic development in the nineteenth century?

7. What new industries developed at the end of the nineteenth and early twentieth centuries?
8. Considering figures 8–11 how do output (GDP) per capita output and capital per capita compare across countries at a point in time (confer figure 8) versus their relationship for a given country (e.g., USA in figure 9, Germany in figure 11) over time?
9. Why, according to Allen, are Peru, Zimbabwe, Malawi, and India poor?

## Chapter 5: The Great Empires

1. What is the “California School of Economic History” and what do they profess?
2. What happened to the great empires by the end of the nineteenth century? End of WWI?
3. What is *comparative advantage* and how does Allen apply this notion to explain events in the nineteenth century?
4. How do figures 12 and 13 support Allen’s interpretation of global economic growth?
5. What is biased technical change? And how does it enter into the discussion of India’s economic history of the 19th century?
6. Why didn’t India follow the standard development strategy as did the USA, Germany and other now–rich countries?
7. According to Allen, did India benefit from British rule?

## Chapter 6: The Americas

1. Explain how geography and demography contributed the different development paths of North and South America.
2. Allen writes that roughly 90 percent of the native population in the Americas died following the arrival of Europeans. What was the major cause of death? Why didn’t colonization of the Americas increase mortality rates in Europe? That is, contact between two sets of people eradicated one population but not the other. Why?
3. Just prior to settlement by Europeans, South America had 750,000 individuals while North America had 250,000. How does Allen explain the difference in population size between North America and Latin/South America?
4. Explain how settlement and exchange connected the American colonies to Britain.
5. How do the sugar colonies of the Caribbean illustrate the *staples* thesis?
6. Why was the literacy rate high in the British colonies (e.g., 90 percent in New England, compared to 70 percent in the mid–Atlantic Colonies and 65 percent in England).
7. Which great Indian civilization was in Mexico and which one was in Peru? Which one was conquered first?
8. What were some of the important differences between North and Latin/South America that led to different development paths?

9. Was Mexico a staples economy? What difference did that make for its development path?
10. What are the four supportive policies that facilitated economic development of the USA?
11. What is an “infant industry” tariff policy? Has the USA ever followed one?
12. Does Allen agree with the claim that the *staples theory* adequately accounts for US growth from its founding to the Civil War? What evidence does Allen use to support his conclusion?
13. In what way(s) was Mexico path of economic development similar to that of India’s?
14. What explanation does Allen give to explain why the USA economy grew so much faster than did Mexico’s?
15. Allen states that the most prosperous region in the US during the colonial period was built on slave labor. Why did the American South not suffer the same fate as Jamaica and Brazil?

## Chapter 7: Africa

1. The slave trade is one explanation sometimes offered as to why Africa is poor. What evidence does Allen use to reject this claim?
2. What factors made Africa poor in 1500? Are these same factors that made or contributed to Africa’s current limited economic development?
3. What cultural elements are needed to support an advanced adrian civilization?
4. Was slavery used in African societies before the slave traders from Europe appeared?
5. What is shifting cultivation?
6. How did the European slave traders affect Africa’s economic development?
7. Allen states (page 98) “The sugar economy of the Americas generated a great demand for labor that could be satisfied most cheaply by buying workers.” What does this (if anything) imply about life expectancy of a sugar plantain worker?
8. When the slave trade was abolished what exports arose to substitute for slaves?
9. What was the economic, political, religious motivations for the establishment of colonies in Africa?
10. Why was colonialism more detrimental to economic development in Africa than in other parts of the world?
11. “Colonialism created a system of rent–seeking petty despots to rule the countryside.” (page 104) What is an economic rent and why is rent–seeking costly?
12. What is the message from figures 19 and 20 for poverty in contemporary Africa?
13. What are the three reasons Allen gives for the lack of industry in Africa?
14. Give an example of a “bad” institution that is said to exist in Africa.

## Chapter 8: The standard model of late industrialization

1. How did Russia modify the standard development model followed by the USA, France and Germany?
2. What were some of the Meiji reforms in Japan? And how did the reforms foster higher productivity and greater industrial output?
3. How was it possible for Japan to have “too much capital” per unit of labor?
4. What is “dependency theory”?
5. How does Adam Smith’s insight “the extent of the division of labor depends on market size” apply to Latin American economies during the 20th century?
6. One possible difference that may distinguish the 20th century from the 19th century is that in the 20th century a number of *developed countries* have operated for relatively long time, compared to the 19th century when there was Britain and later USA, and a few countries in Western Europe. Moreover, innovations made during the 19th and early 20th century made for a “smaller” world. How might the different competitive and technological environments between the 19th and 20th centuries impact the standard development model?

## Chapter 9: Big Push Industrialization

1. What is the Big Push?
2. What policies did the Soviet Union follow to increase its economic growth? In what sense, were the Soviet Union’s policies successful, and in what sense were they unsuccessful?
3. What policies did Japan follow? What are some of the possible reasons for why Japan succeeded where as the Soviet Union no longer exists.
4. What was the Marshall Plan? (Not discussed by Allen.) And how might it be evidence of the validity of the “the Big Push”?
5. What was the Household Responsibility System?
6. Allen mentions in passing (p. 142), the Green Revolution. What was the Green Revolution?
7. On page 142, Allen writes “There is no way to know whether the rise in farm output [in China] between 1978 and 1984 required the reforms or whether it would have occurred anyway.” What does he mean by the phrase “would have occurred anyway”? And why is there no way to know?
8. Near the end of the chapter Allen states “The crucial comparative question about China is ‘not why have China’s mediocre market institutions performed better than central planning?’ but rather ‘why have its mediocre market institutions worked as well as they have?’” Given the insights from Allen’s book what aspects of the Chinese economy would you investigate to address the crucial question?