

PSCI 4012

Global Development

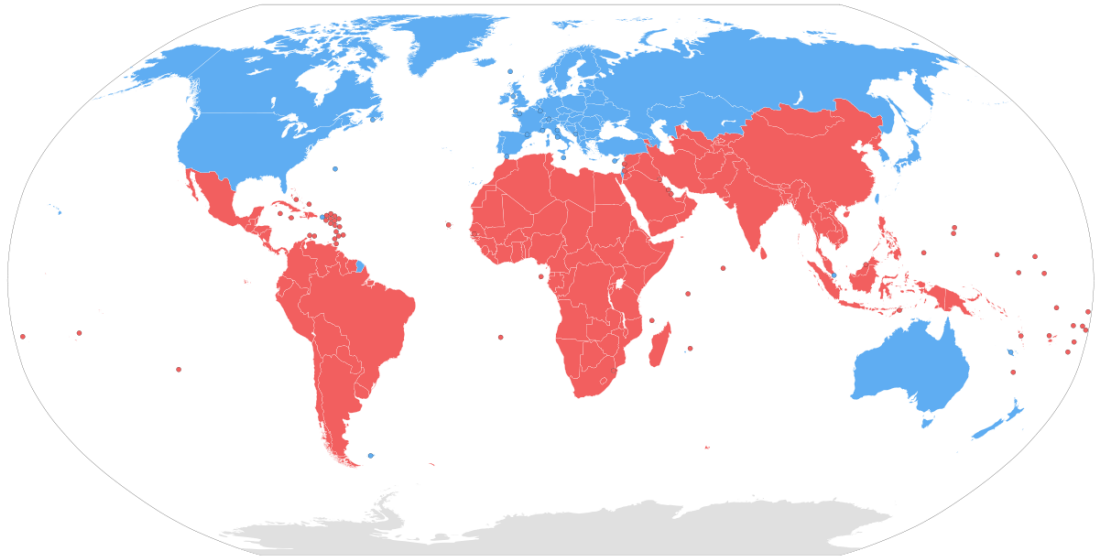
The Great Divergence

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Today's Plan

- The state of underdevelopment today
- The historical divergence between the west and the rest
- When did the divergence start and what caused it

LDCs Today

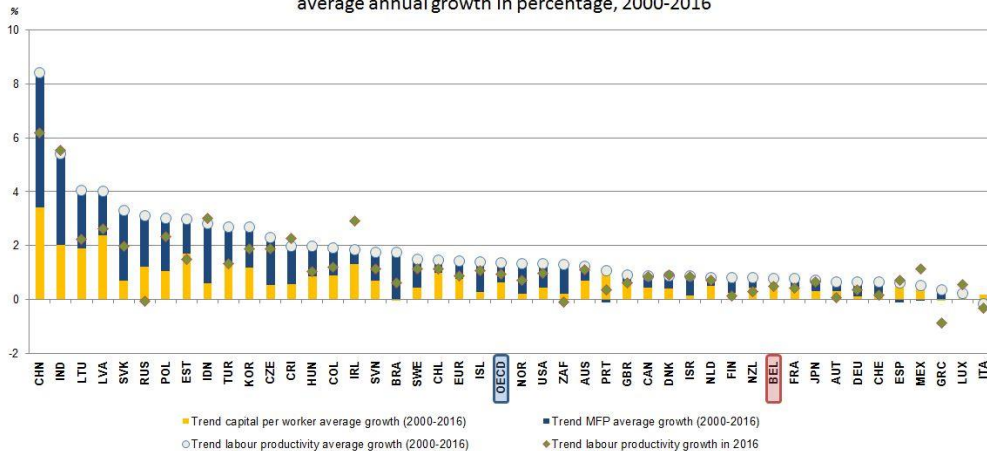


LDCs Today

- “ [...] a typical person in the developing world produces fewer goods and services of value than does an average person in the developed world” (Baker, 2014)
- LDCs generate less output, because they are less productive
- “ [...] in describing people in the developing world as less productive, they are not being characterized as inherently lazy or deficient. It is not personal ability or effort but people’s surroundings – the general characteristics of the economies in which they live – that largely determine how productive and thus how wealthy they are” (Baker, 2014)

LDCs Today

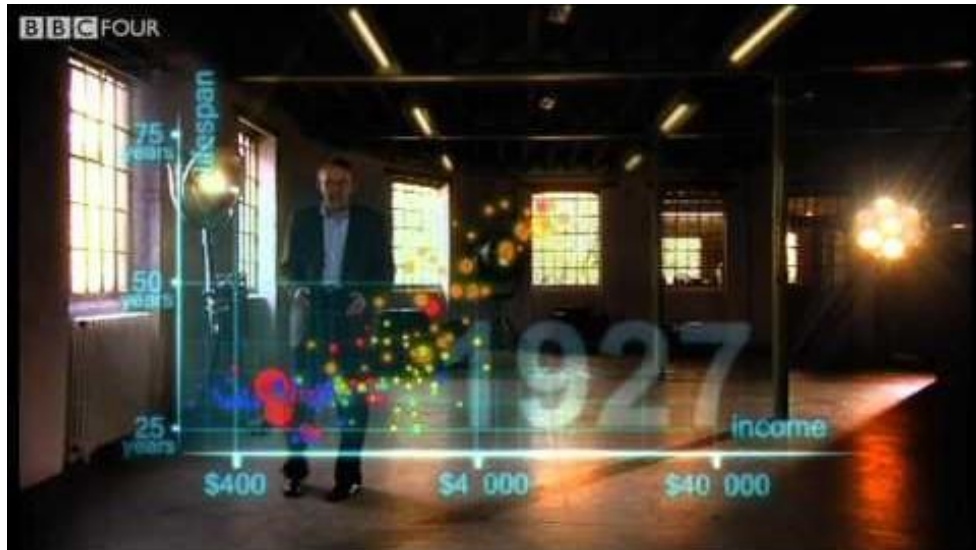
Trend labour productivity and its components
average annual growth in percentage, 2000-2016



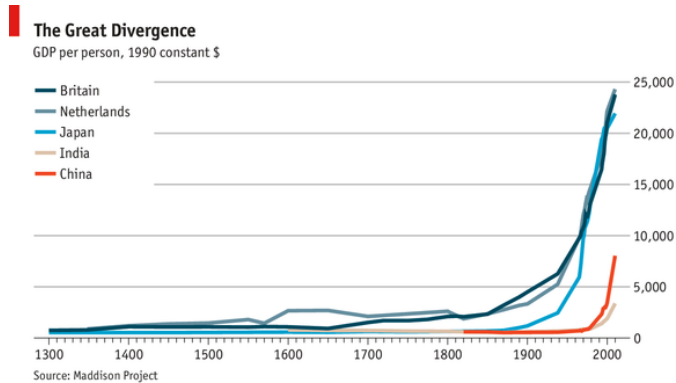
Pre-Industrial Revolution

- All regions were underdeveloped by today's standards
- Agricultural Revolution
- “The domestication of plants and animals enabled humans to exert greater control over the production of food. This increased food yields dramatically and freed up a minority of individuals in each society to take up profession – such as priest, merchant, engineer, inventor, soldier, politician, or artist – that did not directly involve food production.”
(Baker, 2014)
- The next revolutionary change in the level of productivity did not happen until late 18th century

The Great Divergence



The Great Divergence



<https://www.economist.com/free-exchange/2013/09/02/what-was-the-great-divergence>

The Great Divergence

Table 1. *Silver wages of unskilled and skilled building workers in Europe, 1500–1849 (grams of silver per day)*

A. Unskilled labourers	1500–49	1550–99	1600–49	1650–99	1700–49	1750–99	1800–49
<i>North-western Europe</i>							
London	3.2	4.6	7.1	9.7	10.5	11.5	17.7
Southern England	2.5	3.4	4.1	5.6	7.0	8.3	14.6
Amsterdam	3.1	4.7	7.2	8.5	8.9	9.2	9.2
Antwerp	3.0	5.9	7.6	7.1	6.9	6.9	7.7
Paris	2.8	5.5	6.6	6.9	5.1	5.2	9.9
<i>Southern Europe</i>							
Valencia	4.2	6.6	8.8	6.9	5.7	5.1	—
Madrid	—	6.3	8.0	—	5.1	5.3	8.0
Milan	—	—	5.9	4.1	3.2	2.9	3.1
Florence	2.9	3.8	4.7	—	—	—	—
Naples	3.3	3.5	5.3	4.8	4.8	3.8	3.8
<i>Central & eastern Europe</i>							
Gdansk	2.1	2.1	3.8	4.3	3.8	3.7	4.8
Warsaw	—	2.5	3.2	2.7	1.9	3.4	4.9
Krakow	1.9	2.9	3.4	2.9	2.2	2.9	2.4
Vienna	2.7	2.6	4.4	3.5	3.2	3.0	2.1
Leipzig	—	1.9	3.5	3.9	3.7	3.1	4.4
Augsburg	2.1	3.1	4.0	4.7	4.2	4.3	—
B. Skilled craftsmen	1500–49	1550–99	1600–49	1650–99	1700–49	1750–99	1800–49
<i>North-western Europe</i>							
London	5.0	6.9	11.3	14.5	14.7	17.8	28.9
Southern England	4.2	5.1	6.1	8.4	10.4	12.6	22.0
Amsterdam	4.5	7.0	10.4	11.9	11.7	11.9	12.1
Antwerp	5.2	10.3	12.6	11.8	11.5	11.5	12.8
Paris	4.4	9.0	10.6	11.0	8.2	9.3	16.4
<i>Southern Europe</i>							
Valencia	6.5	8.5	10.5	10.3	8.6	7.6	—
Madrid	6.2	12.5	20.1	15.1	11.6	10.7	16.5
Milan	—	—	10.5	8.0	6.1	5.4	6.2
Florence	5.3	7.5	10.6	—	—	—	—
Naples	6.8	5.5	7.8	—	5.9	5.7	6.6
<i>Central & eastern Europe</i>							
Gdansk	2.8	4.7	6.4	7.7	6.7	5.2	8.0
Warsaw	—	3.6	5.6	4.3	5.3	7.4	10.9
Krakow	3.8	5.2	4.2	4.1	3.3	3.8	5.2
Vienna	4.0	3.9	5.5	5.2	4.8	4.8	3.2
Leipzig	2.9	3.3	6.8	7.0	6.2	5.0	6.7
Augsburg	3.5	4.2	5.4	6.5	6.0	5.4	5.8

Source: Allen, 'Great divergence', p. 416.

The Great Divergence

Table 6. *An Anglo-Indian comparison of the daily wages of unskilled labourers, 1550–1849*

<i>A. Silver wages (grams of silver per day)</i>			
<i>Date</i>	<i>Southern England</i>	<i>India</i>	<i>Indian wage as % of English wage</i>
1550–99	3.4	0.7	21
1600–49	4.1	1.1	27
1650–99	5.6	1.4	25
1700–49	7.0	1.5	21
1750–99	8.3	1.2	14
1800–49	14.6	1.8	12
<i>B. Grain wages (kilograms of grain per day)</i>			
<i>Date</i>	<i>England (wheat)</i>	<i>India</i>	
		<i>(wheat)</i>	<i>Indian wage as % of English wage</i>
1550–99	6.3	5.2	83
1600–49	4.0	3.8	95
1650–99	5.4	4.3	80
1700–49	8.0	3.2	40
1750–99	7.0	2.3	33
1800–49	8.6	2.5	29

Note: Wheat equivalence of rice obtained on calorific basis, multiplying rice grain wage by 1.5, as in Parthasarathi, 'Rethinking wages', p. 83.

Sources: Tables 1, 2, 5.

Causes of Underdevelopment

What caused the great divergence?

- Culture ?
- Geography and Climate ?
- Colonialism ?
- Quality of Institutions ?

Group Discussion

Is the ongoing revolution in artificial intelligence and automation going to cause another leap in the productivity of human beings? Is this process going to be another milestone event in the history of economic growth?