

The Malthusian Hypothesis

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Economic Growth and Comparative Development

Phases of Development: Standard of Living

- The Malthusian Epoch

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- The Malthusian Epoch
- The Post-Malthusian Regime

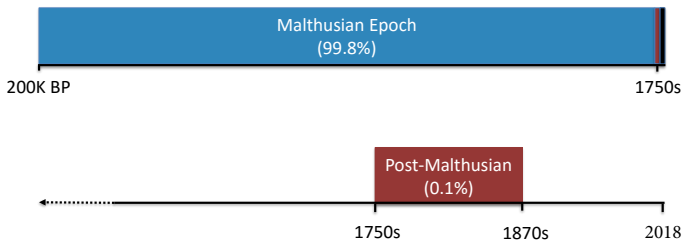
Phases of Development: Standard of Living

- The Malthusian Epoch
- The Post-Malthusian Regime
- The Modern Growth Regime

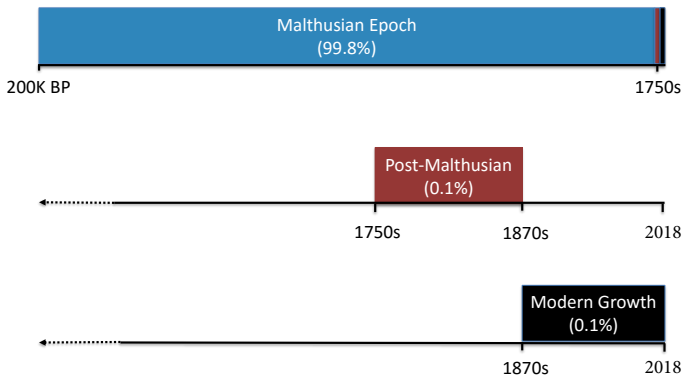
Phases of Development: Timeline of the Most Developed Economies



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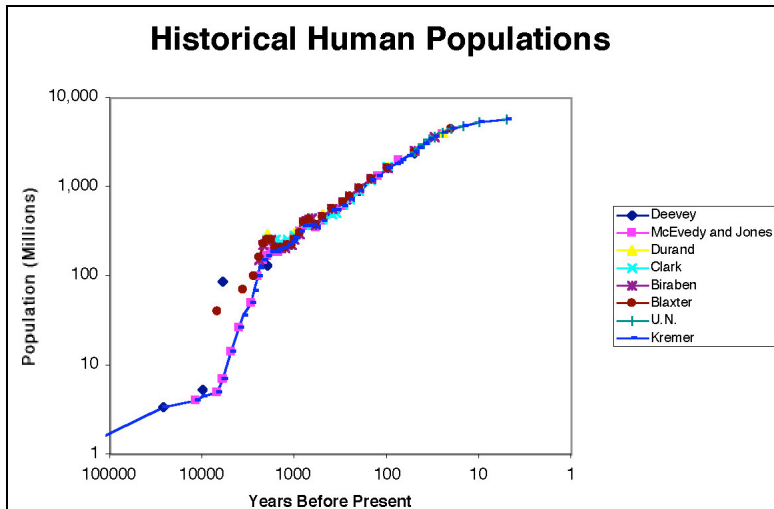
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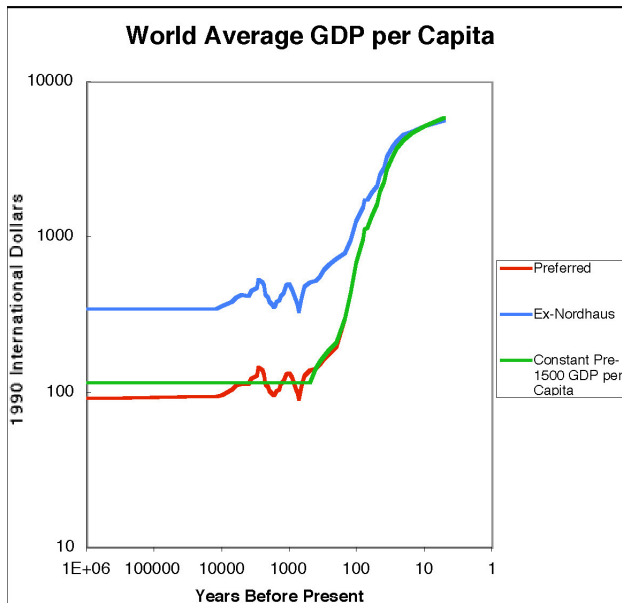
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 - Similar levels of income per-capita in the long-run

World Population 100,000 BP–1950CE



World GDP per capita 100,000 BP–1950CE

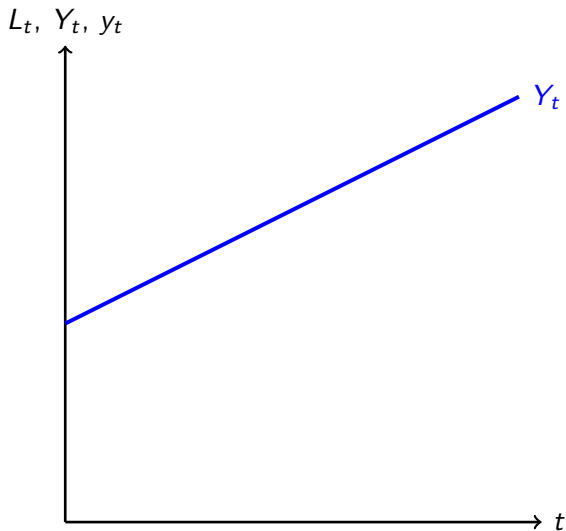


Malthus' Theory

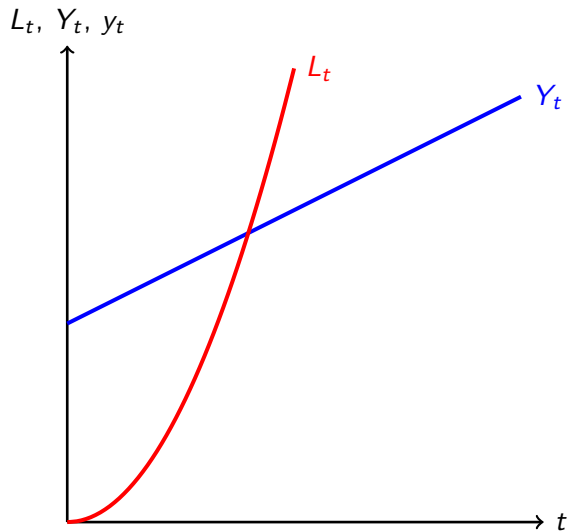
- Population and income growth

"I think I may make fairly two postulata. First, that food is necessary to the existence of man. Secondly, that the passion between the sexes is necessary and will remain nearly in its present state ... Assuming then my postulata as granted, I say, that the power of population is infinitely greater than the power in the earth to produce subsistence for man. Population, when unchecked, increases in a geometrical ratio. Subsistence increases only in an arithmetical ratio. A slight acquaintance with numbers will show the immensity of the first power in comparison of the second. By the law of our nature which makes food necessary to the life of man, the effects of these two unequal powers must be kept equal. This implies a strong and constantly operating check on population from the difficulty of subsistence. This difficulty must fall somewhere and must necessarily be severely felt by a large portion of mankind...."

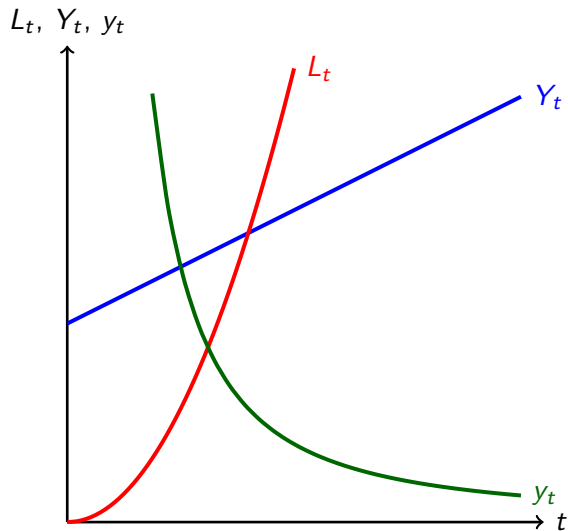
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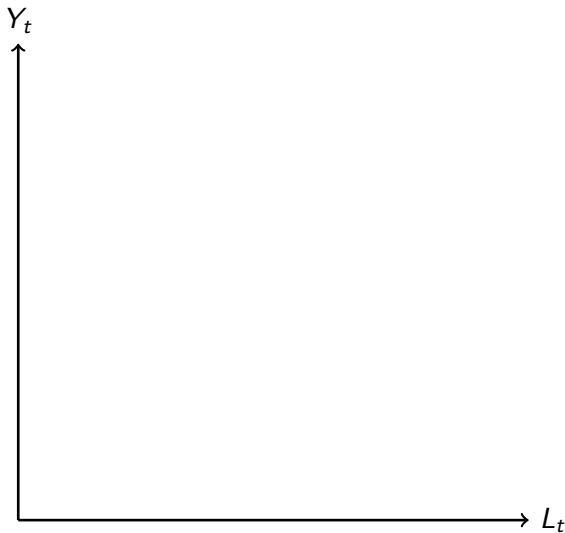


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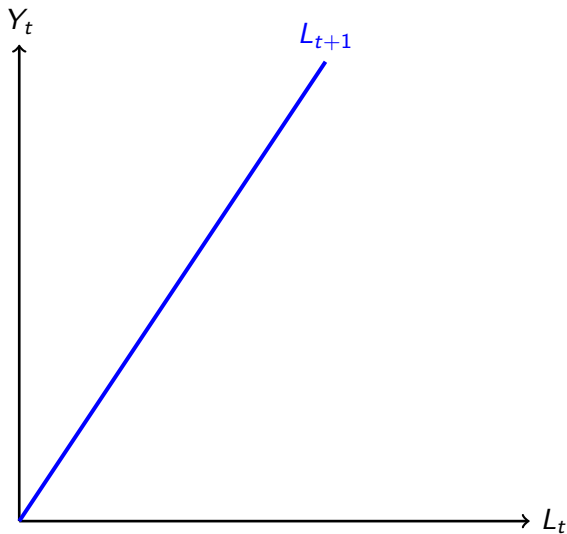
- Population size constrained by resources

"This natural inequality of the two powers, of population, and of production in the earth, and that great law of our nature which must constantly keep their efforts equal, form the great difficulty that appears to me insurmountable in the way to the perfectibility of society... The checks which repress the superior power of population, and keep its effects on a level with the means of subsistence, are all resolvable into moral restraint, vice and misery.... this constantly subsisting cause of periodical misery has existed ever since we have had any histories of mankind, does exist at present, and will for ever continue to exist, unless some decided change takes place in the physical constitution of our nature."

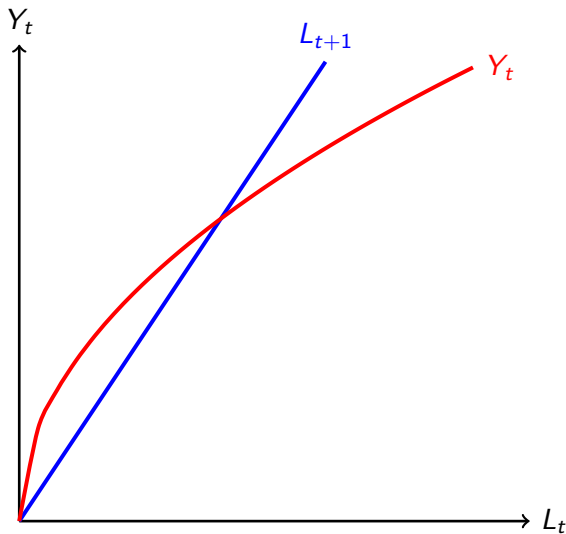
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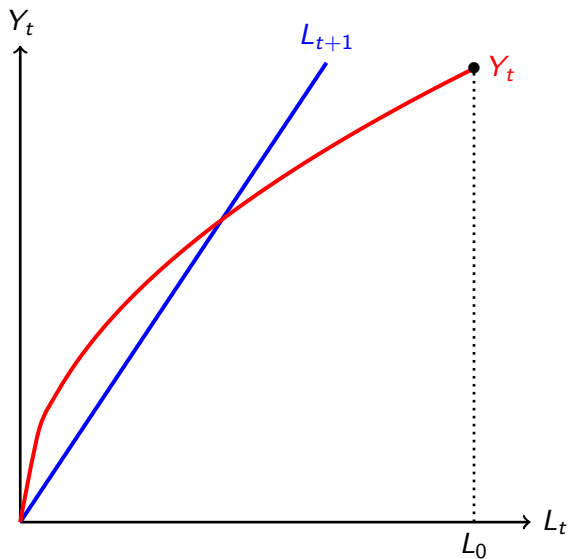
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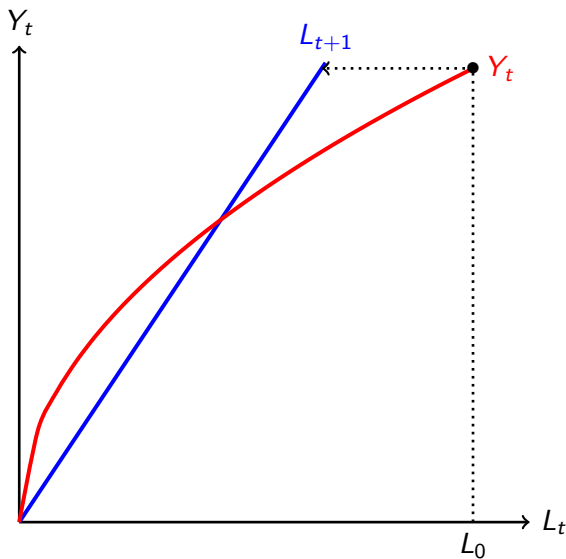
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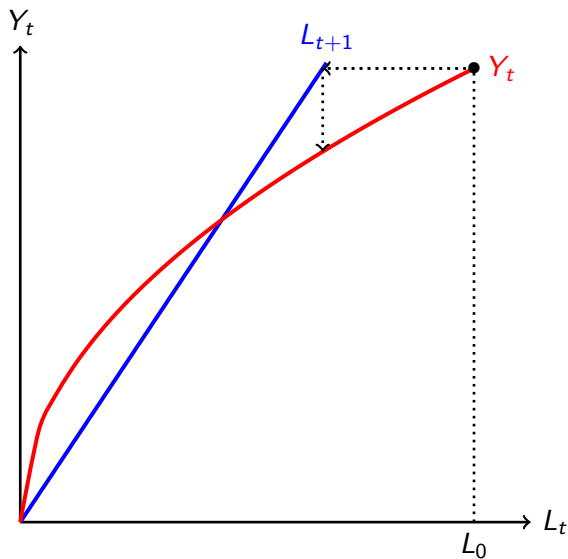
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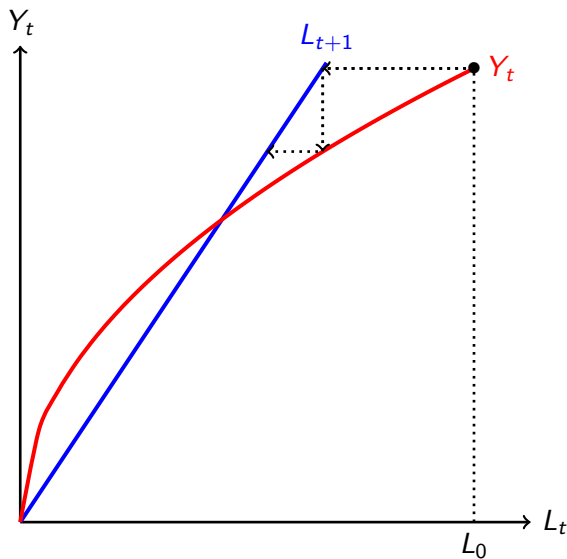
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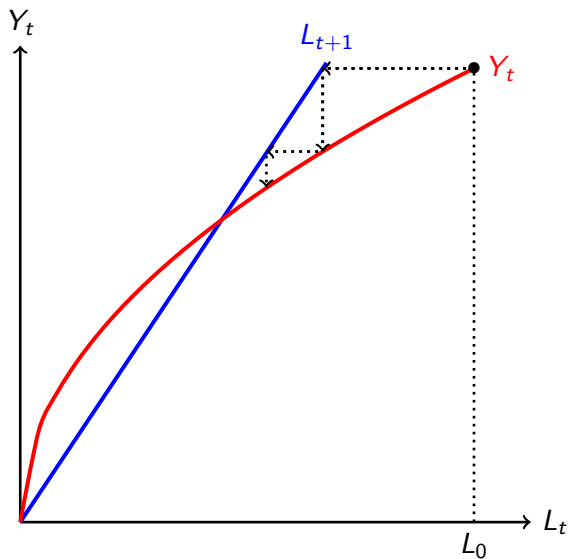
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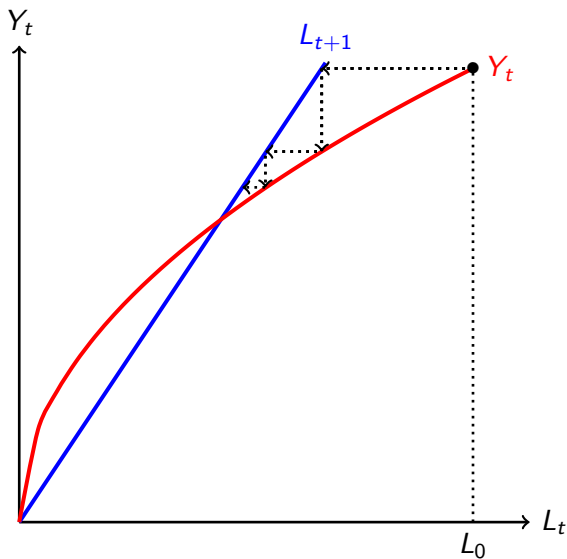
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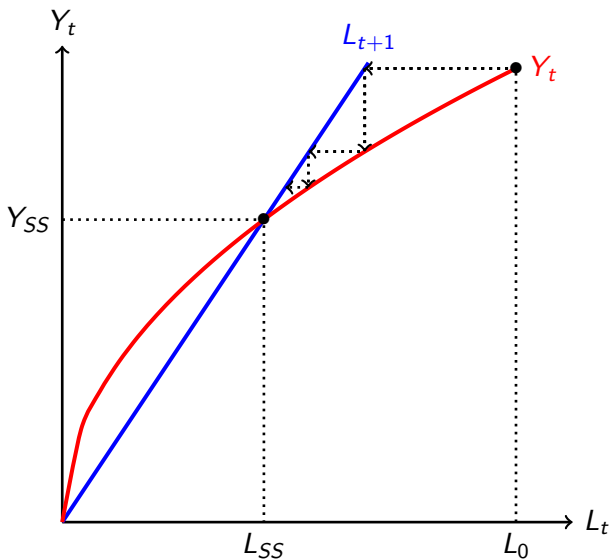
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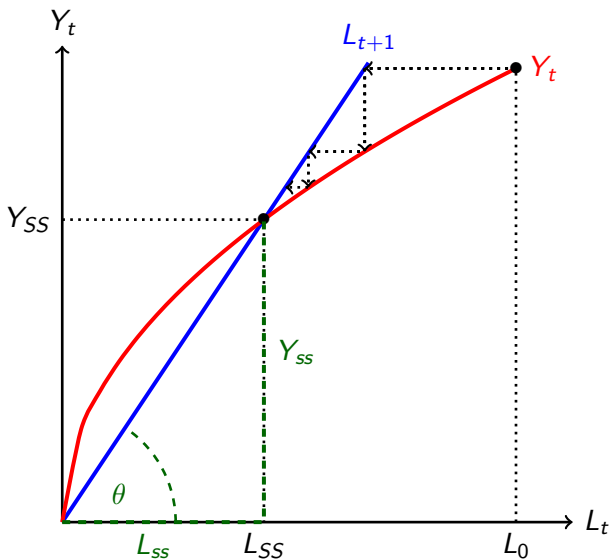
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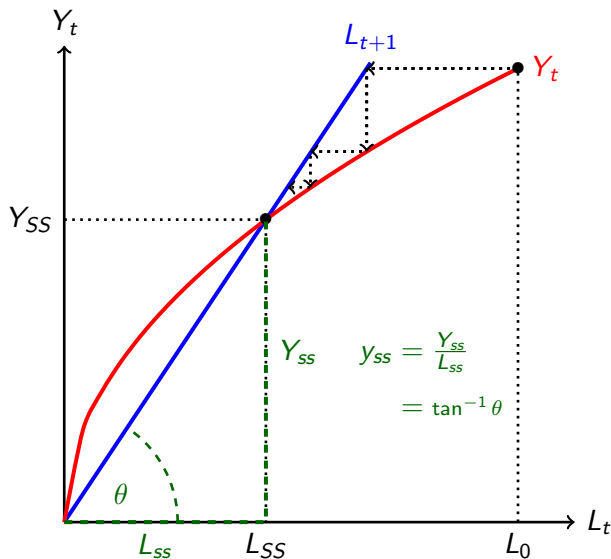
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Malthus' Theory

- Dynamics for Living Creatures

“Among plants and animals the view of the subject is simple. They are all impelled by a powerful instinct to the increase of their species; and this instinct is interrupted by no reasoning, or doubts about providing for their offspring. Where ever therefore there is liberty, the power of increase is exerted; and the superabundant effects are repressed afterwards by want of room and nourishment, which is common to animals and plants; and among animals, by becoming prey of others”.

Example – Rat Attack!

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 - abundance of seeds (> 10 tons per hectare)
 - rat population explosion

Rat Attack!

Let's see this phenomenon unfold

- Matuam
- How it spreads
- Bamboo explosion
- Reproductive behavior
- Rat explosion

Malthus' Theory

- Positive checks on population size

“are extremely various, and include every cause ... which in any degree contributes to shorten the natural duration of human life. Under this head, therefore, may be enumerated all unwholesome occupations, severe labour and exposure to the seasons, extreme poverty, bad nursing of children, great towns, excesses of all kinds, the whole train of common diseases and epidemics, wars, plague, and famine.”

Malthus' Theory

- Preventive checks on population size

"Impelled to the increase of his species by an equally powerful instinct, reason interrupts his career, and asks him whether he may or not bring beings into the world, for whom he cannot provide the means of subsistence. . . . Will he not lower his rank in life? Will he not subject himself to greater difficulties than he at present feels? Will he not be obliged to labour harder? And if he has a large family, will his utmost exertions enable him to support them? May he not see his offspring in rags and misery, and clamoring for bread that he cannot give them?"

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4.3% population growth per year!

Human population growth without checks

Population	Crude Birth Rate
Hutterites (1948)	45.9
Algeria (Moslems) (1949)	34.1
Jamaica (1948)	30.9
Israel (1948)	26.8
United States (1948)	24.2

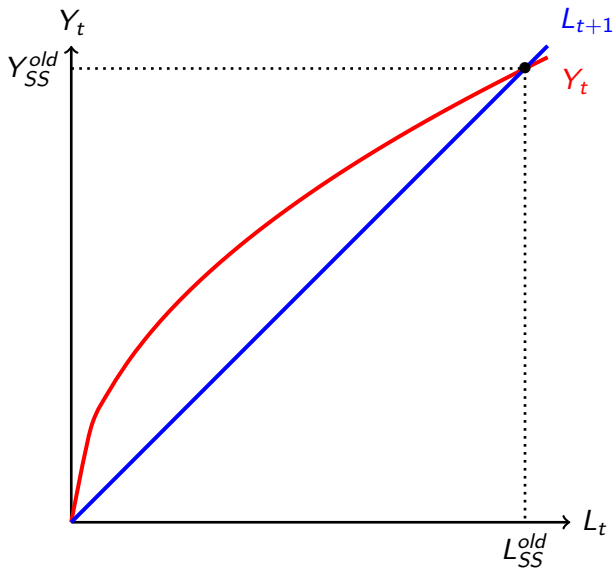
Crude Birth Rate: births/1000 people

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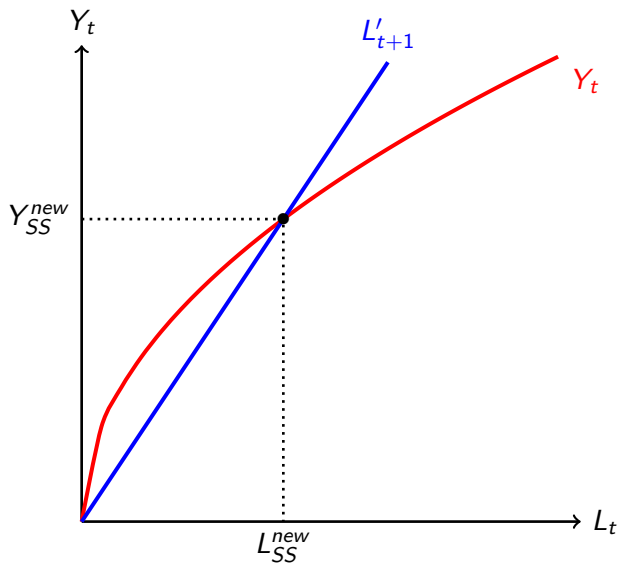
Population	Fertility Ratios
Hutterites (1948)	96.3
Algeria (Moslems) (1949)	63.
Jamaica (1948)	49.
Israel (1948)	45.8
United States (1948)	42.3

Fertility Ratio: Children under 5 years of age, per 100 females 15 to 49.

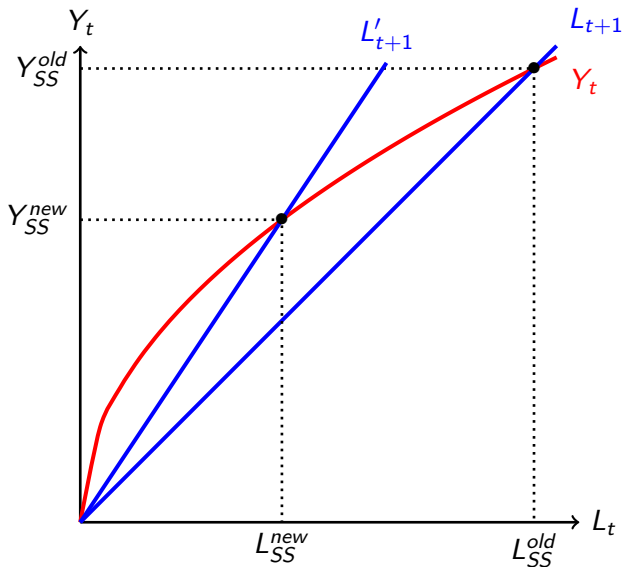
Effect of positive or preventive checks



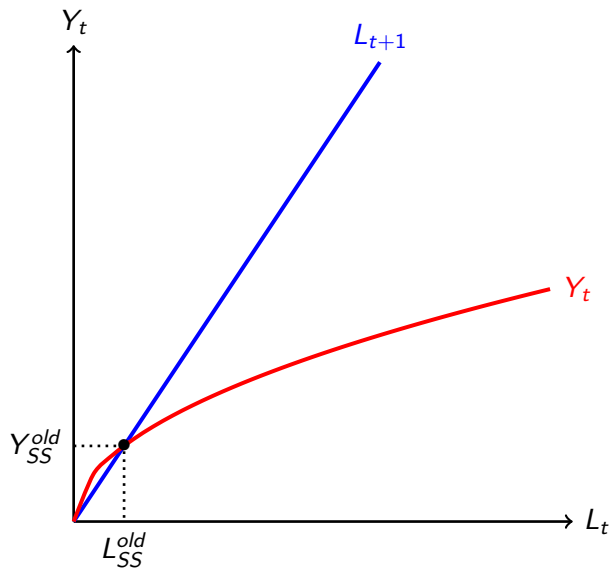
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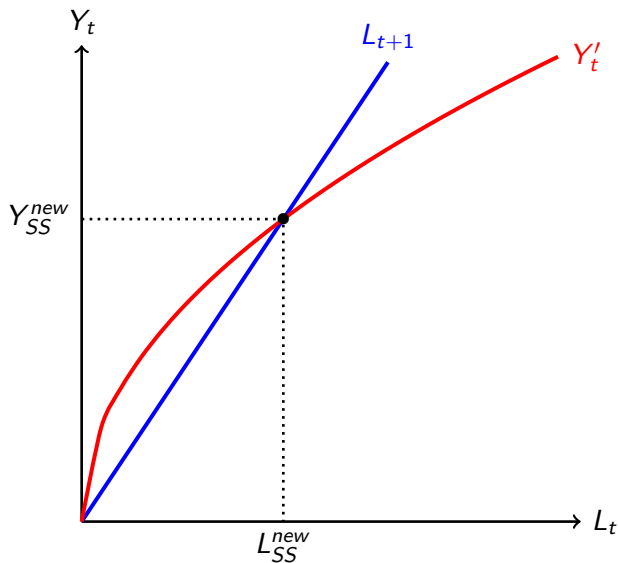
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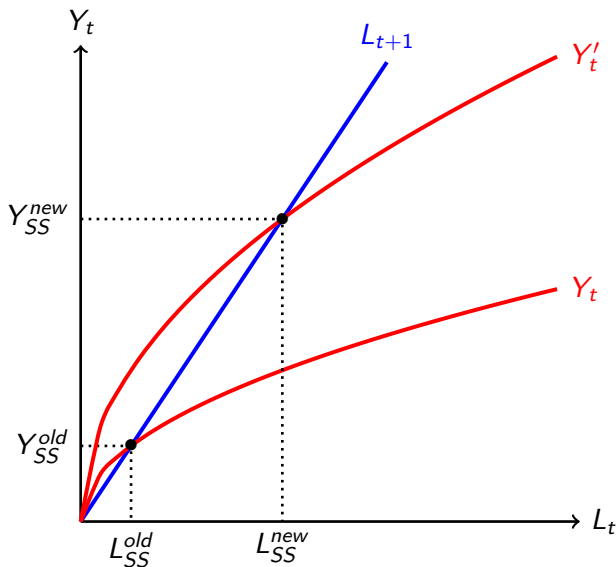
Effect of better resources



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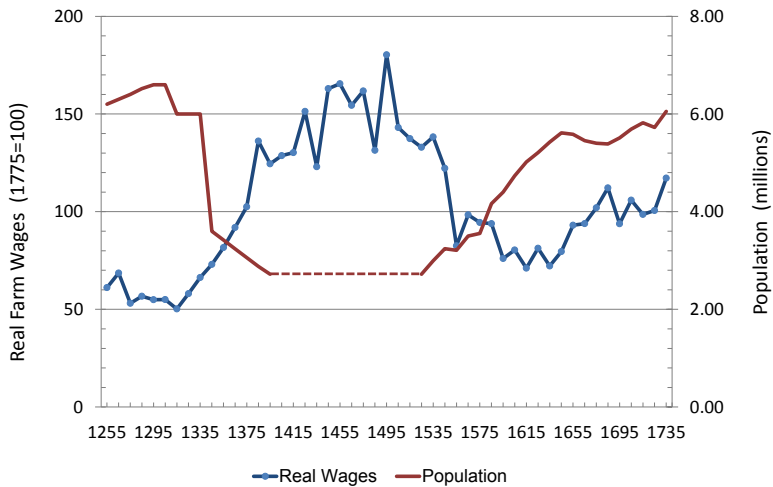
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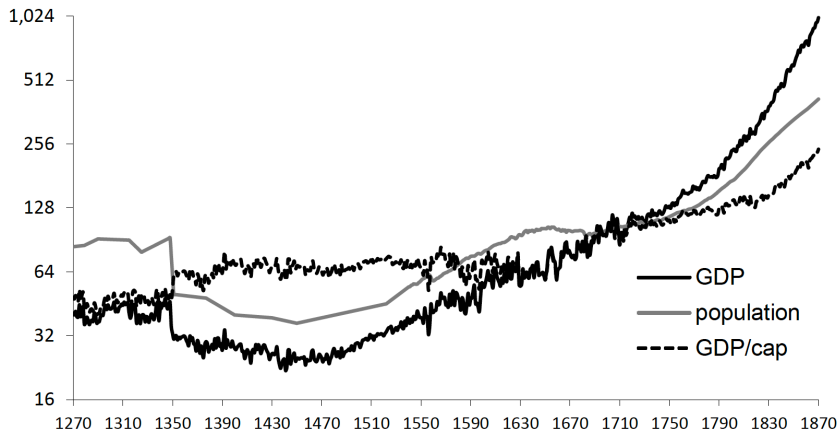
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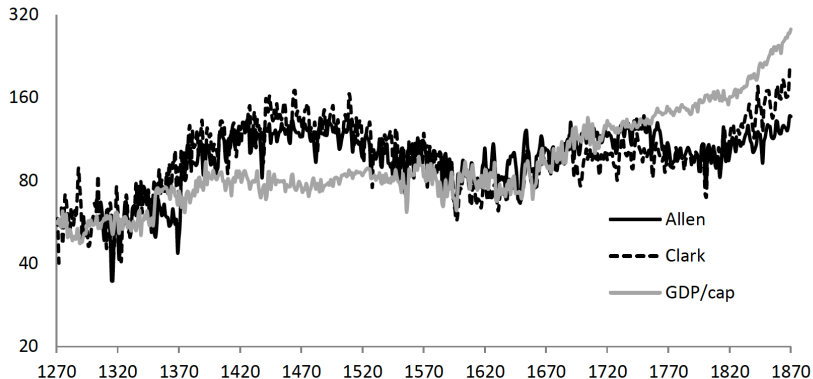
Malthusian Adjustments to the Black Death: England, 1348–1750CE



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- Population size affects technological progress, specialization and economies of scale

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- Main prediction is income per capita constant

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- New models that incorporate optimal choice and Q-Q trade-offs
⇒ importance of skill premia in Malthusian era?
- Malthusian model predicts population to be $I(1)$ and income per capita $I(0)$ if technology is $I(1)$. Seems to hold in data.
⇒ still more data and analysis required...regional, non-European, pre-1000CE
- Main prediction is income per capita constant
⇒ level not really important (of course “subsistence” is lower bound)

Central Elements

- Positive effect of income on population

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 - $y \uparrow$

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Central Elements

- Positive effect of income on population

- $y \uparrow \implies L \uparrow$

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- $L \uparrow \implies AP_L \downarrow \implies y \downarrow$

The Basic Structure of the Model

- Overlapping-generations economy

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- $t = 0, 1, 2, 3 \dots$

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- The output produced in period t

$$Y_t =$$

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 - Determined by households' fertility rate

Individuals

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 - Childhood: (1st Period):

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Individuals

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 - Allocate income between consumption and children

Preferences and Budget Constraint

- Preferences of an adult at time t

$$u_t =$$

Preferences and Budget Constraint

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- $\rho \equiv$ cost of raising a child

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- Since $y_t = (AX/L_t)^\alpha$

Population Dynamics

- The evolution of the size of the working population

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Population Dynamics

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Population Dynamics

The Steady-State Level of Population

- The evolution of the size of the working population

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- The steady-state level of the size of the working population

$$\bar{L} = \left(\frac{\gamma}{\rho}\right)^{1/\alpha} (AX)$$

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$$L_{t+1} = \frac{\gamma}{\rho}(AX)^{\alpha} L_t^{1-\alpha} \equiv \phi(L_t; A)$$

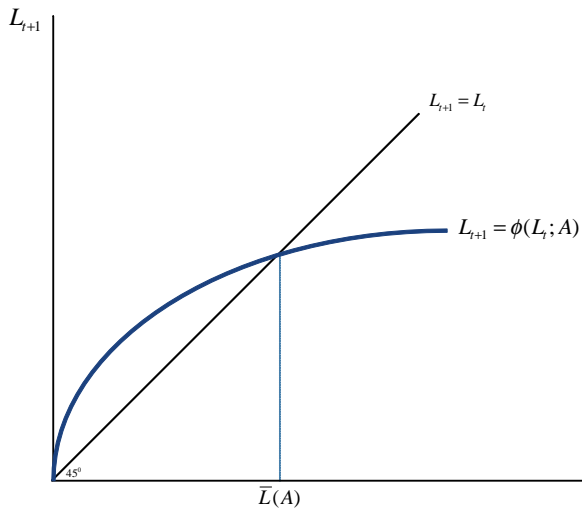
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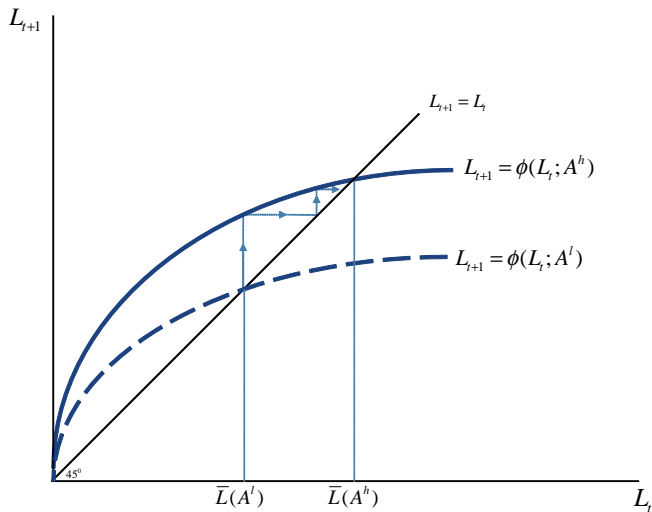
- The steady-state level of the size of the working population

$$\bar{L} = \left(\frac{\gamma}{\rho}\right)^{1/\alpha}(AX) \equiv \bar{L}(A)$$

Population Dynamics



Adjustment of Population to Advancements in Technology



The Evolution of Income per Worker

- The time path of income per worker

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The Evolution of Income per Worker

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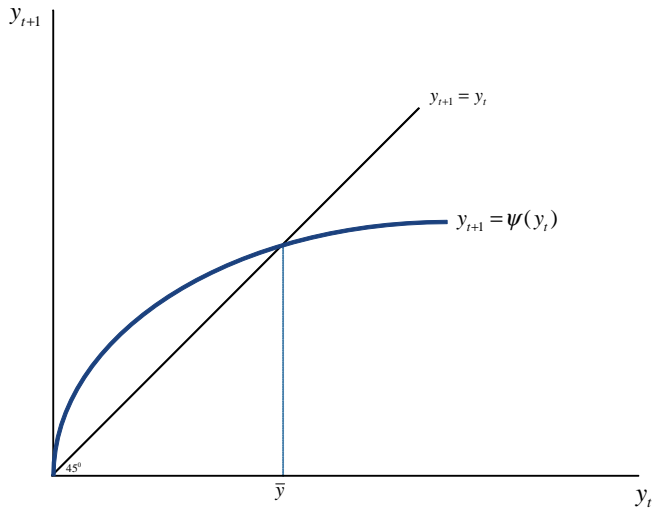
$$n_t = \frac{\gamma}{\rho} y_t$$

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$$y_{t+1} = \left[\frac{\rho}{\gamma} \right]^\alpha y_t^{1-\alpha} \equiv \psi(y_t)$$

The Evolution of Income per Worker



The Steady-State Level of Income per Worker

- The time path of income per worker

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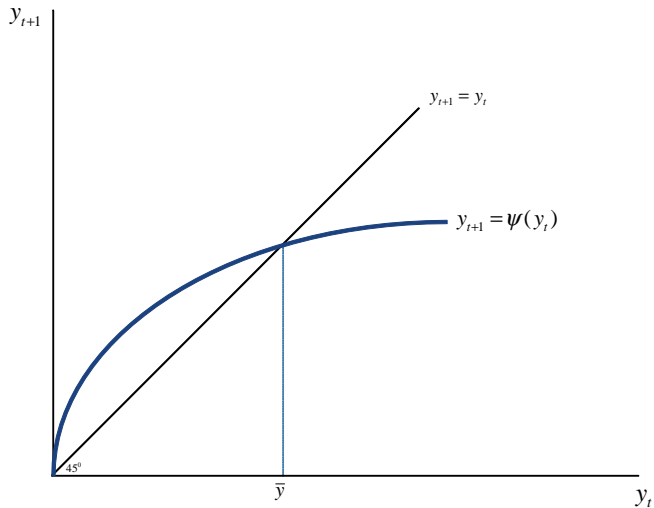
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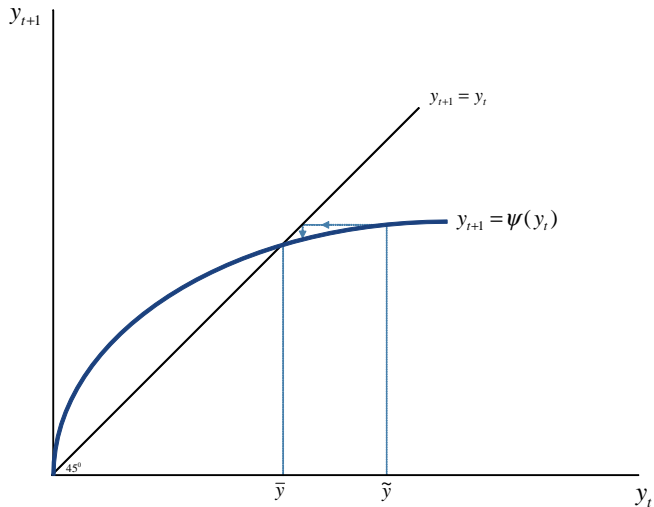
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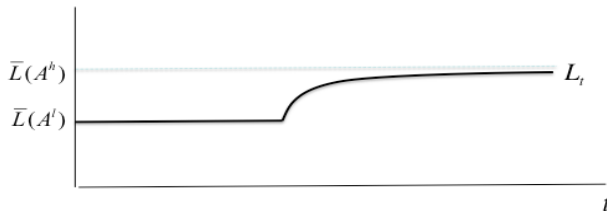
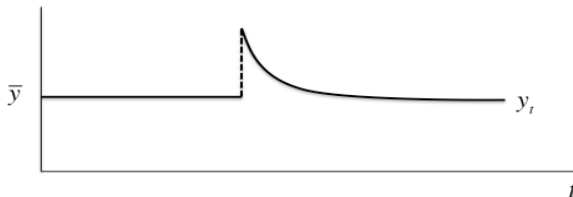
The Evolution of Income per Worker



The Effect of Technological Advancement on income per Worker



The Effect of Technological Advancement on the Time Path of Population and Income per Worker



The Effect of Advancement in Technology or Land Productivity

- Increases the short-run and the steady-state level of the working population

$$\frac{\partial L_t}{\partial A} > 0 \quad \text{and} \quad \frac{\partial \bar{L}}{\partial A} > 0$$

- Increases the level of income per capita in the short-run but does not affect the steady-state levels of income per worker

$$\frac{\partial y_t}{\partial A} > 0 \quad \text{and} \quad \frac{\partial \bar{y}}{\partial A} = 0$$

Testable Implications

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 - Technological superiority will result primarily in higher population density without any sizable effect on income per-capita in the long-run

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- Variations in technology and land quality across countries will be reflected primarily in variation in population density:
 - Technological superiority will result primarily in higher population density without any sizable effect on income per-capita in the long-run
 - Superior land quality will result primarily in higher population density without any sizable effect on income per-capita in the long-run

Empirical Hurdles

- Objective:

Empirical Hurdles

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 - Establish the causal effect of

Empirical Hurdles

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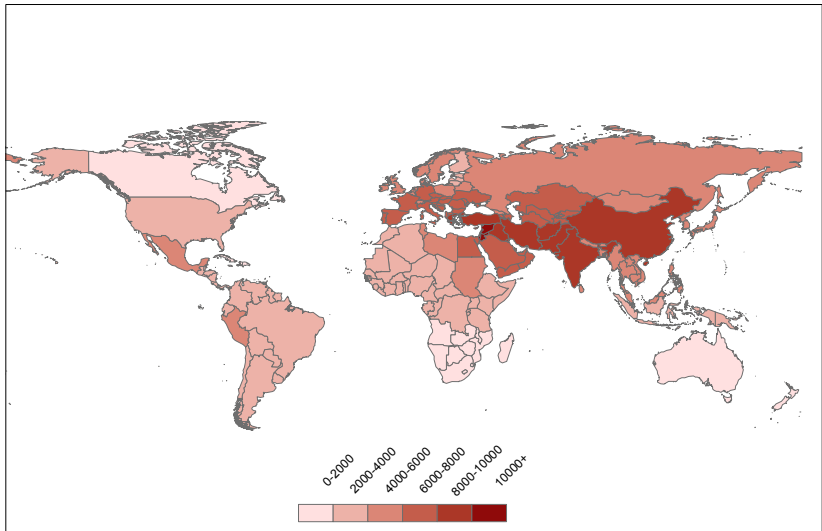
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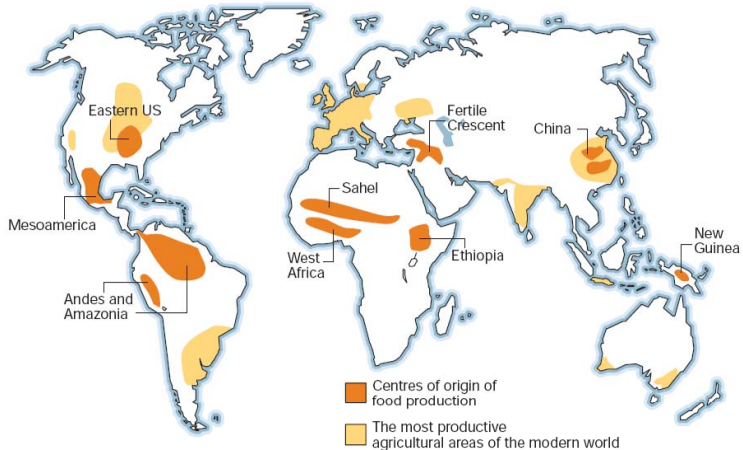
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Variation in the Onset of the Neolithic Revolution



Independent Origins



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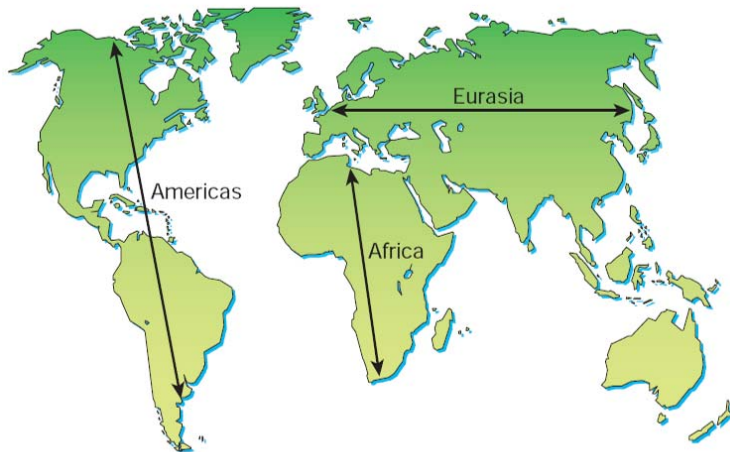
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 - \implies Diffusion of agricultural practices along similar latitudes

Orientation of Continents



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 - Variation in prehistoric domesticable species of plants and animals – IV for the timing of the NR

The Neolithic Revolution & Technological Level: 1000 BCE–1500 CE

	Technology Level 1000BCE-1500CE					
	1000BCE		1CE		1500CE	
	(1)	(2)	(3)	(4)	(5)	(6)
Years Since Neolithic Revolution	0.72*** (0.06)	0.47*** (0.12)	0.56*** (0.06)	0.28** (0.12)	0.74*** (0.06)	0.34*** (0.10)
Continental FE	No	Yes	No	Yes	No	Yes
Additional Geographical Controls	No	Yes	No	Yes	No	Yes
Adjusted- R^2	0.51	0.60	0.31	0.63	0.55	0.82
Observations	112	111	134	133	113	112

Notes: Standardized coefficients from an Ordinary Least Squares (OLS) regression. Heteroskedasticity robust standard error estimates are reported in parentheses; *** denotes statistical significance at the 1% level, ** at the 5% level, and * at the 10% level, all for two-sided hypothesis tests.

Empirical Model I

$$\ln P_{i,t} = \alpha_{0,t} + \alpha_{1,t} \ln T_{i,t} + \alpha_{2,t} \ln X_i + \alpha'_{3,t} \Gamma_i + \alpha'_{4,t} D_i + \delta_{i,t}$$

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- $D_i \equiv$ vector of continental fixed effect in country i

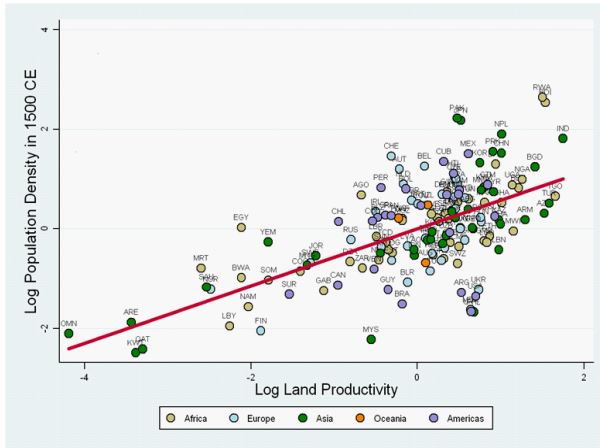
Determinants of Population Density in 1500 CE

	(1)	(2)	(3)	(4)	(5)	(6)
	OLS	OLS	OLS	OLS	OLS	IV
Dependent Variable: Log population density in 1500 CE						
Log years since Neolithic	0.833*** (0.298)		1.025*** (0.223)	1.087*** (0.184)	1.389*** (0.224)	2.077*** (0.391)
Log land productivity		0.587*** (0.071)	0.641*** (0.059)	0.576*** (0.052)	0.573*** (0.095)	0.571*** (0.082)
Log absolute latitude		-0.425*** (0.124)	-0.353*** (0.104)	-0.314*** (0.103)	-0.278** (0.131)	-0.248** (0.117)
Distance to nearest coast or river				-0.392*** (0.142)	0.220 (0.346)	0.250 (0.333)
% land within 100 km of coast or river				0.899*** (0.282)	1.185*** (0.377)	1.350*** (0.380)
Continental dummies	Yes	Yes	Yes	Yes	Yes	Yes
Observations	147	147	147	147	96	96
R ²	0.40	0.60	0.66	0.73	0.73	0.70
First-stage F-statistic						14.65
Overident. p-value						0.44
Notes: Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1						

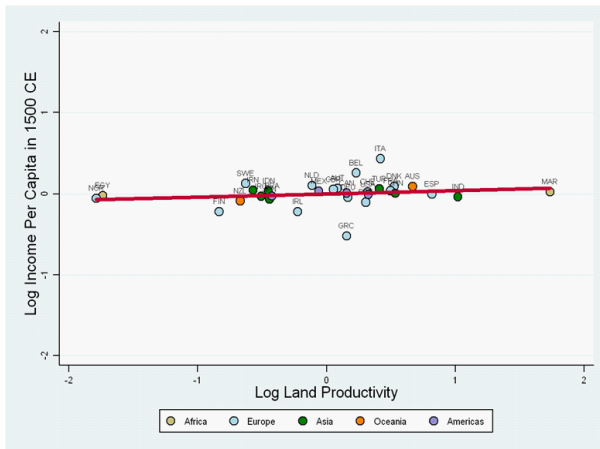
Effects on Income per Capita versus Population Density

	OLS	OLS	OLS	OLS	OLS	OLS
	(1)	(2)	(3)	(4)	(5)	(6)
	Log Income Per Capita in			Log Population Density in		
	1500 CE	1000 CE	1 CE	1500 CE	1000 CE	1 CE
Log years since Neolithic	0.159 (0.136)	0.073 (0.045)	0.109 (0.072)	1.337** (0.594)	0.832** (0.363)	1.006** (0.483)
Log land productivity	0.041 (0.025)	-0.021 (0.025)	-0.001 (0.027)	0.584*** (0.159)	0.364*** (0.110)	0.681** (0.255)
Log absolute latitude	-0.041 (0.073)	0.060 (0.147)	-0.175 (0.175)	0.050 (0.463)	-2.140** (0.801)	-2.163** (0.979)
Distance to nearest coast or river	0.215 (0.198)	-0.111 (0.138)	0.043 (0.159)	-0.429 (1.237)	-0.237 (0.751)	0.118 (0.883)
% land within 100 km of coast or river	0.124 (0.145)	-0.150 (0.121)	0.042 (0.127)	1.855** (0.820)	1.326** (0.615)	0.228 (0.919)
Continental dummies	Yes	Yes	Yes	Yes	Yes	Yes
Observations	31	26	29	31	26	29
R ²	0.66	0.68	0.33	0.88	0.95	0.89
Notes: Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1						

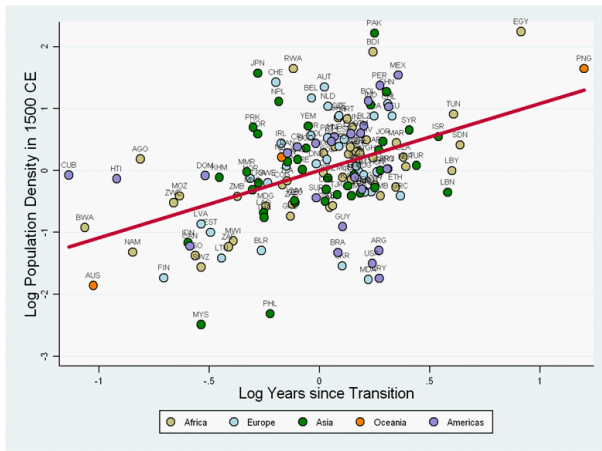
Land Productivity and Population Density in 1500



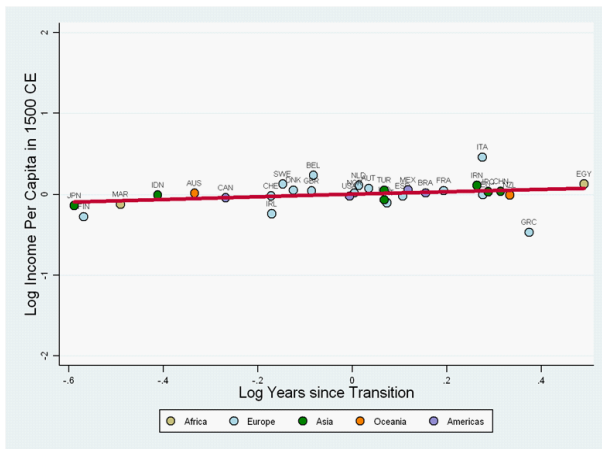
Land Productivity and Income per Capita in 1500



Technology and Population Density in 1500



Technology and Income per Capita in 1500



Robustness of Identification Strategy

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 - The effect of changes in the level of technology in 1000 BCE-1 CE on population density and income per capita in 1-1000CE

Robustness to Direct Measures of Technological Level

	OLS	OLS	OLS	OLS	OLS	OLS
	(1)	(2)	(3)	(4)	(5)	(6)
	Dependent Variable:					
	Log Population		Log Income Per		Log Population	
	Density in:		Capita in:		Density in:	
	1000 CE	1 CE	1000 CE	1 CE	1000 CE	1 CE
Log Technology Index in Relevant Period	4.315*** (0.850)	4.216*** (0.745)	0.064 (0.230)	0.678 (0.432)	12.762*** (0.918)	7.461** (3.181)
Log land productivity	0.449*** (0.056)	0.379*** (0.082)	-0.016 (0.030)	0.004 (0.033)	0.429** (0.182)	0.725** (0.303)
Log absolute latitude	-0.283** (0.120)	-0.051 (0.127)	0.036 (0.161)	-0.198 (0.176)	-1.919*** (0.576)	-2.350*** (0.784)
Distance to nearest coast or river	-0.638*** (0.188)	-0.782*** (0.198)	-0.092 (0.144)	0.114 (0.164)	0.609 (0.469)	0.886 (0.904)
% land within 100 km of coast or river	0.385 (0.313)	0.237 (0.329)	-0.156 (0.139)	0.092 (0.136)	1.265** (0.555)	0.788 (0.934)
Continental dummies	Yes	Yes	Yes	Yes	Yes	Yes
Observations	140	129	26	29	26	29
R ²	0.61	0.62	0.64	0.30	0.97	0.88
Notes: Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1						

The Causal Effect of Technological Level on Population Density

	OLS	OLS	IV	OLS	OLS	IV
	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable: Population Density in:						
	1000CE			1CE		
Log Technology Index in Relevant Period	4.315*** (0.850)	4.198*** (1.164)	14.530*** (4.437)	4.216*** (0.745)	3.947*** (0.983)	10.798*** (2.857)
Log land productivity	0.449*** (0.056)	0.498*** (0.139)	0.572*** (0.148)	0.379*** (0.082)	0.350** (0.172)	0.464** (0.182)
Log absolute latitude	-0.283** (0.120)	-0.185 (0.151)	-0.209 (0.209)	-0.051 (0.127)	0.083 (0.170)	-0.052 (0.214)
Distance to nearest coast or river	-0.638*** (0.188)	-0.363 (0.426)	-1.155* (0.640)	-0.782*** (0.198)	-0.625 (0.434)	-0.616 (0.834)
% land within 100 km of coast or river	0.385 (0.313)	0.442 (0.422)	0.153 (0.606)	0.237 (0.329)	0.146 (0.424)	-0.172 (0.642)
Continental dummies	Yes	Yes	Yes	Yes	Yes	Yes
Observations	140	92	92	129	83	83
R ²	0.61	0.55	0.13	0.62	0.58	0.32
First-stage F-statistic			12.52			12.00
Overid. p-value			0.941			0.160
Notes: Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1						

Robustness to Technology Diffusion and other Geographic Characteristics

	(1)	(2)	(3)	(4)	(5)	(6)
	Log Population		Log Income Per		Log Population	
	Density in 1500		Capita in 1500		Density in 1500	
Log Technology Index in Relevant Period	0.828*** (0.208)	0.877*** (0.214)	0.117 (0.221)	0.103 (0.214)	1.498** (0.546)	1.478** (0.556)
Log land productivity	0.559*** (0.048)	0.545*** (0.063)	0.036 (0.032)	0.047 (0.037)	0.596*** (0.123)	0.691*** (0.122)
Log Distance to Frontier	-0.186*** (0.035)	-0.191*** (0.036)	-0.005 (0.011)	-0.001 (0.013)	-0.130* (0.066)	-0.108* (0.055)
Small Island Dummy	0.067 (0.582)	0.086 (0.626)	-0.118 (0.216)	-0.046 (0.198)	1.962** (0.709)	2.720*** (0.699)
Landlocked Dummy	0.131 (0.209)	0.119 (0.203)	0.056 (0.084)	0.024 (0.101)	1.490*** (0.293)	1.269*** (0.282)
% Land in Temperate Climate Zones		-0.196 (0.513)		-0.192 (0.180)		-1.624* (0.917)
Continental dummies	Yes	Yes	Yes	Yes	Yes	Yes
Observations	147	147	31	31	31	31
R ²	0.76	0.76	0.67	0.67	0.94	0.96

Conclusions

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 - Independent of both

Conclusions

Malthusian Hypothesis

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 - Independent of both
 - Determined by preferences for children