

Politics of Growth | PS 2543 | Week 2

Michaël Aklin

Administration

- ▶ Office hours, email
- ▶ Presentations, guest speakers
- ▶ Reminder: research presentation
- ▶ Book review

Instructions

- ▶ Overall: ~3 pages
- ▶ Context of the book (debates/papers/books to which it ties to) (~1 page)
- ▶ Chapter-by-chapter summary (~1 page)
- ▶ Ideas of **politics/social science** research project (~1 page)
- ▶ Due at the end of the semester

- ▶ Allen. 2009. *The British industrial revolution in global perspective*
- ▶ Brynjolfsson and McAfee. 2014. *The second machine age*
- ▶ Cowen. 2013. *Average is over*
- ▶ Goldin and Katz. 2010. *The race between education and technology*
- ▶ Gordon. 2016. *The rise and fall of American growth*
- ▶ Greif. 2006. *Institutions and the path to the modern economy*
- ▶ McCloskey. 2010. *Bourgeois dignity*
- ▶ Mokyr, J., 2016. *A culture of growth*
- ▶ Tooze, A., 2015. *The deluge*

What did we talk about last time?

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- ▶ Second part of the semester: study of markets, institutions

This week: history

- ▶ Key role played by history
- ▶ Impossible to understand growth, income, wealth w/o historical context
- ▶ Two critical periods:
 1. Neolithic (stone) age (~12,000 BCE)
 2. Industrial revolution

Context

- ▶ Living standards: no clear trend 0-1600ish
- ▶ Does **not** mean absence of innovations
 - ▶ Eg glass, paper, printing press, compass, etc.
- ▶ Does **not** mean stability
 - ▶ Eg decline after ~600, Black Death, etc.
- ▶ Thus: ups and downs
- ▶ Until...

Industrial revolution

- ▶ 1st IR: UK, 1760s until early 1800s
- ▶ Dramatic change in technology (steam engine) and society
- ▶ Dramatic impact on growth and income
- ▶ Long-term effects (cor GDP 1900, 2010: $\rho = 0.66$)

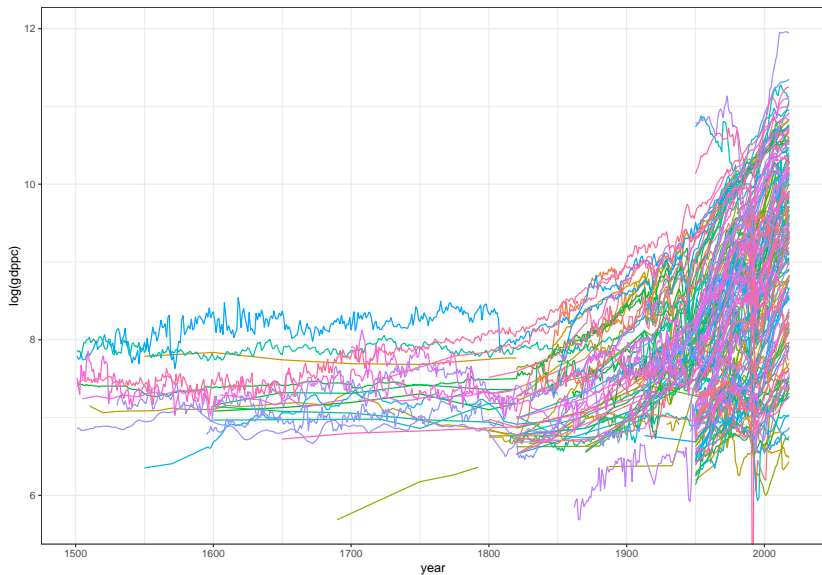


Figure 1: Log GDP/cap over time. Figure: Aklin. Data: Maddison.

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- ▶ Lot of great work: Joel Mokyr, Robert Allen, Deirdre McCloskey, etc.

- ▶ Key insight: effects are **persistent**
- ▶ Clear when looking at correlation of GDP over time
- ▶ New: could *effects* from 1700s (say) have *consequences* today?
- ▶ In polisci: path dependency (Pierson 2000)
- ▶ Literature on long-term determinants of growth
- ▶ Often criticized
 - ▶ Theory. Mechanisms?
 - ▶ Empirics (eg Kelly 2019, Guinanne 2022)

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- ▶ $Y^0, Y^1 \perp\!\!\!\perp D | \mathbf{X} \rightarrow CATE = E[Y^1 | \mathbf{X}] - E[Y^0 | \mathbf{X}]$

- ▶ Anyway...
- ▶ Problem here: can one generate a plausible counterfactual?
- ▶ Example: Fogel and railroads (1964)
- ▶ Need to think very carefully about...
 - ▶ Theory (mechanisms)
 - ▶ Source of variation in treatment
 - ▶ Alternative causal paths

Questions?

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