

REVIEW ARTICLE

Simply a better class of people? The Clark thesis assessed*

by Jan Luiten van Zanden

It is not easy to review Gregory Clark's book. Let's begin with the good news. It is a very good read, it addresses the big issues in economics and economic history in a challenging way, it is based on new research, offers fascinating insights, and has attracted a lot of attention from outside the profession. As the cover claims (citing the *New York Times*), it is 'the next blockbuster in economics'. What more can we wish, as a profession, than that our members draw so much attention to our kind of research?

The book is based on two basic ideas. The first one is that living standards (of the majority of the population) did not change substantially (or perhaps not at all) in the centuries and even millennia before the Industrial Revolution, because population growth tended to compensate for any technological change that might occur. Clark is a Malthusian 'fundamentalist', who even goes so far as to state

the economic laws we have derived ... for the pre-industrial economy are precisely those that apply to all animal, and indeed plant, populations. Before 1800 there was no fundamental distinction between the economies of humans and those of other animal and plant species (pp. 32-3).

In short, modern man did not exist before 1800.

This brings me to the second hypothesis. Clark's book can be read as a new creation myth, which explains how 'modern man' emerged in the early modern period in England. Due to the stability of society, differential reproduction – the rich had more surviving children than the poor – led to the emergence of a species with bourgeois features: thrifty, hard working, disciplined, literate and numerate. This new species then breaks through the Malthusian constraints and creates industrial society. This explanation also implies that continued underdevelopment – even in the twentieth century – can be explained by the lack of the right values and attitudes. The simple message of the last chapters of the book is that poor people are poor because they are not working hard.

A lot has already been said and written about these ideas by other reviewers, many of whom have not found them entirely convincing. (See, for example, the reviews by McCloskey, Voth and Grantham in the August 2008 issue of *European Review of Economic*

History, or by Bob Allen in the December issue of the *Journal of Economic Literature*).¹ Here I only add a few additional doubts.

First, I am a bit concerned about the link between the historical statistical underpinnings of the book and its grand ideas. In the preface Clark refers readers who wish to know more about the underlying estimates and statistical sources to a working paper (cited as ‘Clark 2007b’), which, when I asked for it in early 2008, simply did not exist (and checking his website again in early 2009, I was still unable to find). So we cannot discover, for example, the basis of Figure 1.1, which gives estimates of income per person between 1000 BC and the present, a figure used to ‘prove’ that some kind of Malthusian trap did indeed exist during this extended period. This is just one example; many figures and tables in the book are without sources, and are therefore supposedly in ‘Clark 2007b’. It is an interesting procedure first to tell the grand story and then to start worrying about the underlying data, but I would not recommend it to my students. It is also typical that somebody who presents a time series of world income per capita covering three millennia without caring to inform us about the underlying data should refer to Angus Maddison as the ‘much-quoted creator of pre-industrial economic data’.²

Another concern is the rhetorical strategy of the book. Clark is a brilliant and witty critic, who excels in showing the weaknesses and inconsistencies of theories developed by others. His strategy is basically to destroy the explanations offered by other scholars, for whatever phenomenon he deals with (i.e. the decline of interest rates in the late Middle Ages, the Industrial Revolution, why the rest of the world remains underdeveloped etc.). His desire to be novel and to shock the reader with his brilliance leads him to come up with a new and daring explanation of the phenomenon involved. Often the argument to support this new interpretation is basically negative: all other theories cannot explain what happened, so it must be the outrageous explanation offered by Greg Clark. If he were to apply only a tiny fraction of his ability to be critical to his own explanations of these phenomena, they would probably all end up in the waste basket too. But he does not do so. Perhaps he is not really interested in explaining what happened, and instead wants to play with new ideas and surprise the reader with his audacity. The result is a good read, but one which is unconvincing. The paradox of the book is therefore the direct outcome of Clark’s rhetoric.

His most innovative idea is that differential rates of reproduction may have caused the genesis of another kind of human being during the early modern period. (It is not entirely new though. A few papers in ‘unified growth theory’ have also played with the idea, and one can argue that this should have been acknowledged more firmly by Clark.) The mechanism is that

the rich raise more children than the poor. Moreover, the rich had ‘good’ values, and the poor ‘bad’ ones, as a result of which, in the long run, as parents transferred their values to their children, the ‘good’ values became dominant. The victory of good over bad is read from the developments in interest rates (which declined as a result of increased savings by thrifty people), the rise of literacy and numeracy, and the increase in working hours. Clark is never completely clear whether this is brought about by genetic changes (the genes of the rich are supposedly superior to those of the poor, and differential reproduction does the trick), or by the transfer of values between parents and children. He mentions both but seems unable to make up his mind, which is a major problem for those who wish to test his idea.

The society that almost certainly preceded England in terms of developing the ‘right’ bourgeois values was the Netherlands. Here, interest rates fell even further (and earlier) than in England, the work force was disciplined, and literacy and numeracy was much higher than on the western shores of the North Sea (see the seminal work by De Vries and Van der Woude).³ It is a pity that Clark did not investigate this case to test his ideas about differential reproduction. The Netherlands, the pioneer of bourgeois values, was very much dependent on large scale immigration of labourers and merchants from Flanders, Germany and Scandinavia, implying that its gene pool was almost constantly being renewed by the new arrivals. Yet, bourgeois values thrived. This suggests that processes other than the ones put forward by Clark may have caused the predominance of those values. A possible hypothesis would be that it is linked to socio-economic status; the processes of specialization and urbanization that occurred in Dutch and English society led to the rise of middle-class groups with, unsurprisingly, middle-class values.

Clark cannot deal with such changes, as he assumes, given his Malthusian starting point, that the social structure of society did not change before the Industrial Revolution. This is almost certainly wrong. When, for example, we compare the social table recently constructed by Bruce Campbell for medieval England with the famous social table of Gregory King, the changes become immediately apparent (see Table One. I have explored the details of this comparison elsewhere).⁴ The share of the middle classes in the population more than doubled (from 19.8 per cent in the 1290s to 42.8 per cent in 1688) in the four centuries before the Industrial Revolution, and the estimated per capita real income of this group more than doubled. Such a comparison also demonstrates how misleading it may be to only concentrate on the real incomes of wage labourers and incomes of the poor (as Clark often does). Real wages may indeed have declined in this period, but the incomes of all other social groups went up sharply, and average income about doubled.

Another, perhaps even more pertinent question, is whether or not Clark is right that the poor had the wrong values and the wealthy the right ones. The book does not offer much of an analysis of this crucial point. That the rich were investing more in human capital than the poor (and that therefore their level of literacy was higher) is not a big surprise. It does not tell me a lot about their values, or their propensities to save and invest from a given level of income. The mistake he makes reminds me of an older literature about agrarian change, where especially Marxist scholars tended to conclude that, because the big farmers produced a larger surplus than the small ones, big farmers were also more efficient. Detailed analysis at the micro level showed however that as a share of income, small peasants saved and invested more, and produced more per hectare than the large landholders. Clark makes the same mistake. He assumes that because rich people save more than poor ones, they are thriftier. But this does not tell us a lot about the underlying values of different social groups.

Let us look at savings behaviour first. We do not know a lot about the differential savings of different social groups, but there is one source that gives some estimates that are indicative of underlying structures. Gregory King in his famous social table estimates the income and the expenditure of the different social classes. It is possible to infer the savings ratio from this (see the Figure below). Obviously, savings as a share of income increases with income – very poor people have a savings deficit, but already the lower middle classes save up to 10 per cent of their income. Beyond the income level of £20 (per person) the savings curve tapers off: the very rich do not save more than 10 to 15 per cent of their income. King's data suggest that the *marginal propensity to save* is the same among the middle classes and among the labourers, explaining the increase in the savings ratio when one moves up the income ladder. However, the rich tend to save much less than would be expected on the basis of the savings behaviour of the poor and the middle class. Therefore, the rich are apparently less thrifty than the lower and middle classes.

Another way to test this idea is to try to find a historical situation in which a radical change in income distribution occurred. After the Black Death, incomes of landlords fell a lot, and real wages went up strongly. If King's ideas about the savings behaviour of different social groups is correct, this income redistribution must have led to an increase in net savings, whereas Clark's hypothesis would imply a strong decline in savings. We do not know exactly what happened to net savings in this period, but the fact that this was the period in which interest rates fell dramatically all over Europe suggests strongly that capital market became characterized by large surpluses of savings – exactly as predicted by Gregory King's data.⁵

What we know about working hours suggests something similar. Clark makes a big point about the increase in labour inputs during the (second half of the) eighteenth century, and indeed, the labourers and craftsmen whose working hours have been estimated, increase their efforts quite a bit.⁶ But do they, by doing so, emulate the rich? There is not much evidence pointing in this direction – in fact, the upper middle classes and the rich probably put in far fewer working hours than the poor as Linder suggested some years ago. The official working hours of merchants, government officials, professors and other members of the elite were very modest by modern standards – often no more than a few hours per day – and the really wealthy did not work at all.⁷ Only during the twentieth century did the negative link between income level and labour input disappear, and labour input become positively related to income level, as has been demonstrated by Costa for the United States.⁸

Another modern value, about which Clark is less clear, also develops in sharp contrast to his predictions. At one point in his argument, the European Marriage Pattern is hailed as the modern institution that stabilized population growth in early modern Europe through a low fertility regime, which in turn led to the maintenance of relatively high levels of income. But there is evidence to suggest that this marriage pattern developed out of what Barbara Hanawalt has called ‘the dubious privilege of the poor’, and gradually climbed up the social ladder.⁹ For the really rich, marriage remained dominated by family strategies, and the free choice of a marriage partner which is a characteristic of the European Marriage Pattern was accepted only much later. It demonstrates that new values, and new attitudes, may well arise among the poor as among the rich.

It is a rather suburban idea – perhaps not more than a common prejudice - to assume that the ‘right’ attitudes and values are first developed by the rich and then trickle down to the poor. Clark has produced a book based on it, which has reached a mass audience (at least by comparison, because 35,000 copies have now been sold). Apparently there is a market for an academic book – with theories, figures and tables – making the points that the poor are poor because they are lazy and undisciplined, and that a superior species, English (or British?) modern man, created the modern world. In a way Clark’s book reminds me of David Landes’ *Wealth and poverty of nations*, which also, by arguing that in an economic sense Islam was a failure, and that Catholics (or was it the French?) were backward, served an audience who preferred to read books on economics telling them what they already knew – or would like to know.¹⁰ This does not mean that I think we should reject such ideas completely or that we should be opposed to including genetic change or differential rates of reproduction into our narratives of long term economic and demographic development. It is a topic which has not

received the kind of attention it probably deserves, and Clark's book contains interesting ideas about what the importance of genetic changes may have been. But I would suggest we research these issues first, before writing an airport book.

TABLE 1. Estimates of the social structure and level of income in England, 1290 and 1688, according to Campbell and Lindert and Williamson (per cent).

	Share of households 1290s	Share of households 1688	Share of income 1290s	Share of income 1688	Real increase income per household, 1290-1688
Landowners, aristocracy, gentry, high clergy	2.3	2.9	15.8	22.0	132
Tenants, smallholders	41.8	16.4	43.6	22.4	175
Cottagers, (rural) labourers, vagrants	36.2	37.9	19.4	9.1	- 6
Non-agrarian sector (commerce, professionals, craftsmen etc.)	19.8	42.8	21.2	46.4	112
Total	100	100	100	100	110
Total population (millions)	4.3	4.9 ^a			

Notes:

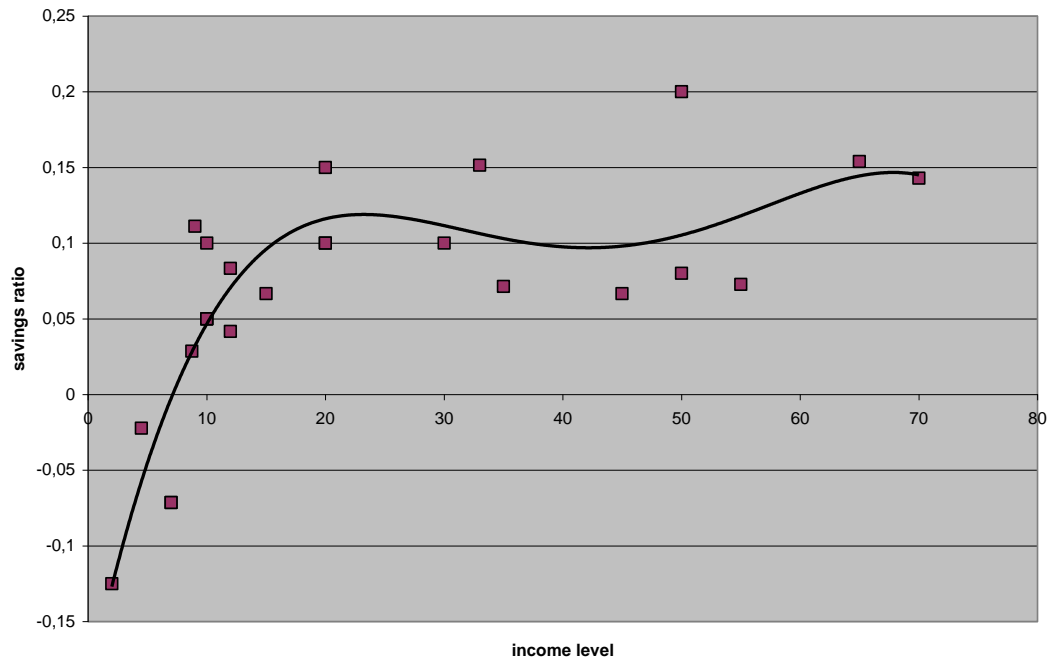
^a according to Lindert and Williamson; more recent estimates are generally slightly higher, up to 5.06 million.

Source: B. M. S. Campbell, 'Benchmarking medieval economic development: England, Wales, Scotland, and Ireland, c.1290', *Economic History Review* 61 (2008) pp. 896-945, 940; P. H. Lindert and J. G. Williamson, 'Revising England's social tables 1688-1812', *Explorations in Economic History* 19 (1982) pp. 385-409.

^b Lindert and Williamson; Maddison gives 54.04 million.

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Savings ratio and income level of different social groups according to Gregory King



Source: Gregory King, (ed. G. E. Barrett), *Two Tracts by Gregory King* (1936)

* Gregory Clark, *A Farewell to Alms. A brief economic history of the world* (Princeton University Press, 2007).

¹ Clark kindly offers a list of all the reviews on his website at http://www.econ.ucdavis.edu/faculty/gclark/a_farewell_to_alms.html).

² A. Maddison, *The world economy: a millennial perspective* (2001).

³ J. de Vries and A. van der Woude, *The first modern economy: success, failure, and perseverance of the Dutch economy, 1500-1815* (1997).

⁴ B. M. S. Campbell, 'Benchmarking medieval economic development: England, Wales, Scotland, and Ireland, c.1290', *Economic History Review* 61 (2008) pp. 896-945; Gregory King, (ed. G. E. Barrett), *Two Tracts by Gregory King* (1936); J. L. van Zanden, *The long road to the Industrial Revolution. Institutions and human capital formation in Europe in a global perspective, 1000-1800* (2009).

⁵ *ibid.*

⁶ H-J. Voth, *Time and work in England, 1750-1830* (2000).

⁷ S. B. Linder, *The harried leisure class* (1970).

⁸ Dora L. Costa, 'The wage and the length of the work day: from the 1890s to 1991', *J. Labor Economics*, 18 (2000), pp. 156-181.

⁹ B. Hanawalt, *Growing up in medieval London: the experience of childhood in history* (1993); T. de Moor and J. L. van Zanden, 'Girlpower. The European Marriage Pattern (EMP) and labour markets in the North Sea region in the late medieval and early modern period', *ECHR* (forthcoming, 2009).

¹⁰ David Landes, *The wealth and poverty of nations* (1998).