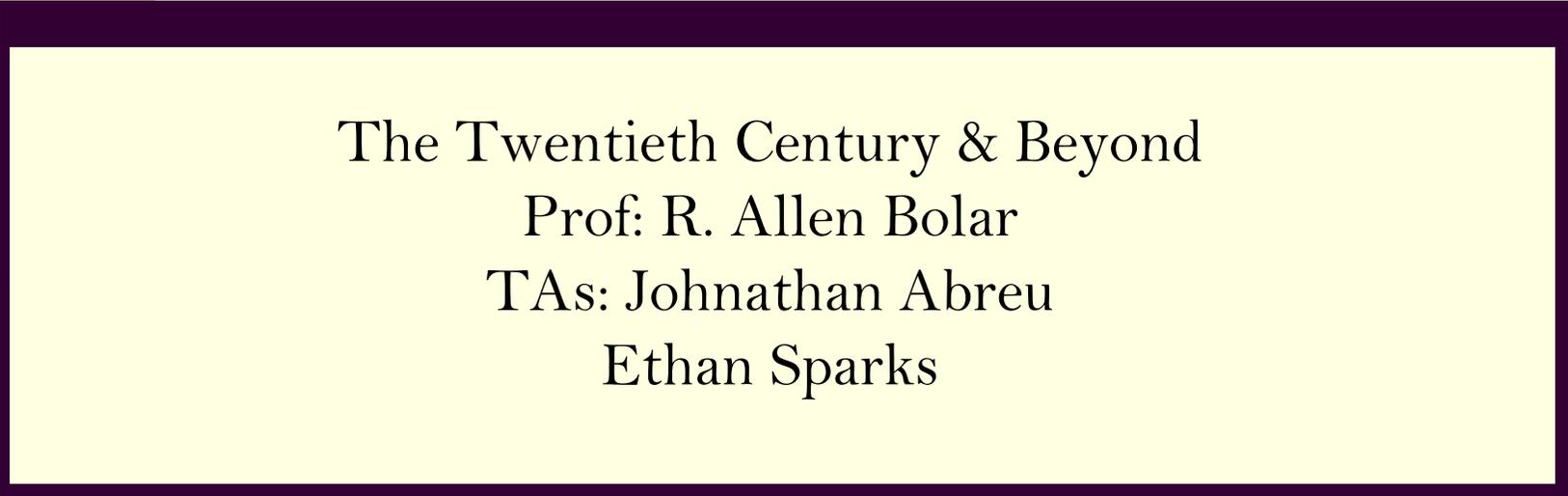




# Making of the Modern World 15



The Twentieth Century & Beyond  
Prof: R. Allen Bolar  
TAs: Johnathan Abreu  
Ethan Sparks



# Contact Information

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- Allen Bolar
  - [rbolar@ucsd.edu](mailto:rbolar@ucsd.edu)
  - MMW Lecturer Office, TA Suites building
  - Tuesdays and Thursdays, 3:40-5:40pm
- Johnathan Abreu
  - Johnathan.abreu@gmail.com
  - MMW TA Suites
  - Thursday, 12-2pm
- Ethan Sparks
  - [ewsparks@ucsd.edu](mailto:ewsparks@ucsd.edu)
  - MMW TA Suites
  - Wednesday, 8-10am

# Course Websites

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- My website:

<http://allenbolar.com/mmw-15-the-twentieth-century-beyond-spring-2015/>

- MMW's ERC website:

<http://roosevelt.ucsd.edu/mmw/courses/mmw15.html>

# Note to Allen

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- Go over the syllabus, duh
- Tell them about the books and how awesome they are
- Tell them about sections and their TAs
- Time to start some course material now, hell yeah!
  - Go to the next slide now, k?

# We are our History

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“History does not refer merely, or even principally, to the past. On the contrary, the great force of history comes from the fact that we carry it within us, are unconsciously controlled by it in many ways, and history is literally present in all that we do”

-James Baldwin

# Purpose of the Course

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- To understand some important aspects of the twentieth century.
- So we study some:
  - History
  - Economics
  - Political Philosophy
  - Art
  - Music

# Things I want you to be able to speak intelligently about by mid-June

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- Why is the First World War so important?
- Why is modern art so weird?
- How did Nazi Propaganda influence *Star Wars*?
- Why are some so rich and some so poor?
- Why is a street scene in Cuba so recognizable?
- What are the growth prospects for China going forward?
- Why has Botswana been so successful over the last 50 years?
- Why will it be so difficult to curb global greenhouse gas emissions?
- Why are we all so anxious?

# You (and I) are weird

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- We are at one of the finest public universities in the world (not to mention we can read!)
- We spend a small portion of our income on food, which comes from all over the world.
- We have credit cards
- We have culture available, nonstop, for free
- We are some of the richest people in the history of mankind.
  - (I agree that it doesn't always feel like it)

# Markets and States

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- No Man is an Island
  - We live together
  - We depend on each other
  - How shall we coordinate our efforts?
- Two ways we coordinate:
  - Markets
  - States
- A gigantic amount of your life is determined by these two entities.

# Markets and States

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- Markets determine who gets what in a condition of scarcity.
- States are organized political units living under a government.
  
- As humans we *must* decide:
  - Who deserves what?
  - What rules shall we live under?
- To answer these questions together is politics.

# Political Animals

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- Aristotle said that humans are *zoon politikon*.
  - We are political animals
- Politics is the defining trait of humanity.
  - We reason
  - We discuss
  - We plan

# Economic Animals

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- We also trade
- “THIS division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another.”

-Adam Smith (1776)

# Liberalism

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- The dominant mode of political and economic organization in the world today is liberal democracy.
  - Individual rights
  - Liberty
  - Equality
  - Universalism
  
- But this is not the only mode.
- And life has not always been like this.

# The Black Death

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- In the middle of the 14<sup>th</sup> century, ~40% of the people in Europe died from the bubonic plague.
  - *Yersinia pestis* is a bitch.
- What were the social implications of plague?
- What happened to the standard of living of those left behind?
  - Any guesses?
  - Why do you think that?

# The Black Death

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- Wages and living standards increased!
- Across Europe wages and living standards increased to a level that would not be matched again until the 19<sup>th</sup> century.
- But why?
- 14<sup>th</sup> century Europeans, like most humans in history, lived in a Malthusian world.

# Living Standards

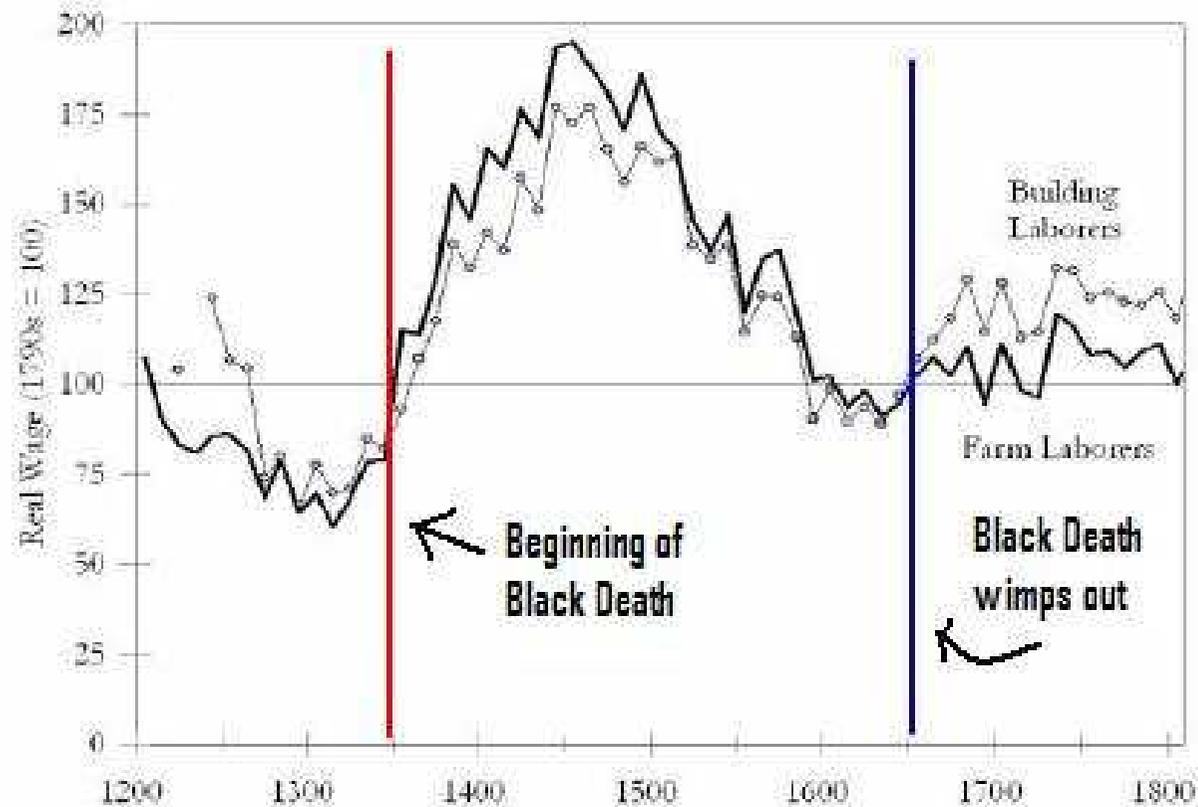


Figure 3.1 English Laborer's Real Wages 1209-1809.

# Malthusian Economy

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- Most humans who have ever lived have done so in a Malthusian Economy.
  - Almost all humans until 1800
  - A large portion of us still today.
- What is the Malthusian Economy?
  - An economy where David Ricardo's "Iron Law of Wages" holds:
    - Real wages always tend towards the subsistence level.

# Thomas Robert Malthus

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- 1766-1834
- Anglican Parson
- *An Essay on the Principle of Population* (1798)
- Implication of his book:  
Sumerian peasants in the 30<sup>th</sup> c. BCE lived on the edge of subsistence; so did French peasants in 1800 CE.

# Thomas Robert Malthus

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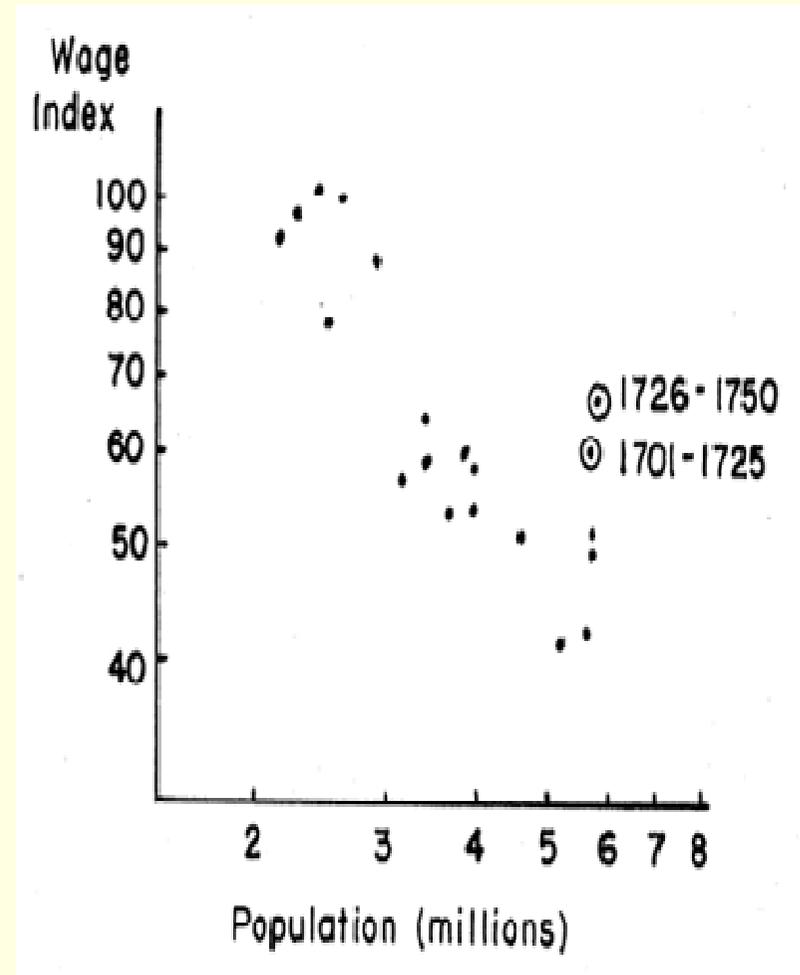
- "This natural inequality of the two powers, of population, and of production of the earth, and that great law of our nature which must constantly keep their effects equal, form the great difficulty that appears to me insurmountable in the way to the perfectibility of society."

-Thomas Malthus (1798)

- Nature places limits on living standards

# Malthusian Economy

- Until 1800 there was no increase in the living standards of the average person.
  - Life was poor, nasty, brutish, and short.



# The Malthusian Trap

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- But how could this be true?
  - Think of the progress of humankind!
  - Neolithic Agricultural Revolution!
  - Irrigation!
  - Indoor Plumbing!
  - Clocks!
  - The Renaissance!
  - The invention of exclamation points!
- Certainly the accumulated wisdom and technology of humankind had raised living standards, right? Uh, no.

# The Malthusian Trap

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- Why didn't new technologies raise living standards?
  - Because we were in the Malthusian Trap
- Any increase in living standards was translated into more children.

Good harvest = Good times = More Kids

New tech = Good times = More Kids

Better medicine = Good times = More Kids

# The Malthusian Trap

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- An increase in living standards tends to increase the population, which means less food/person. This pushes down living standards, which tends to reduce the population. This mean more food/person. Rinse and repeat.
- Some years are good, some bad, but in general the rhythms of human life return to a relatively stable equilibrium.
- Note: this does not mean that living standards are uniform or that cultures don't change or that new technologies don't arise.

# The Malthusian Economy

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- Things that are consistent with the Malthusian Economy:
  - Inequality
  - Regional Variation in population
  - Regional Variation in living standards
  - Cultural Change
  - New Technology

# The Malthusian Economy

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- Some Implications:
  - Charity doesn't help the poor.
    - Malthus thought that moral reprobation was better
  - Being dirty makes us richer.
  - Institutions that encourage fewer children raise living standards
  - Violence, famine, and pestilence raise living standards

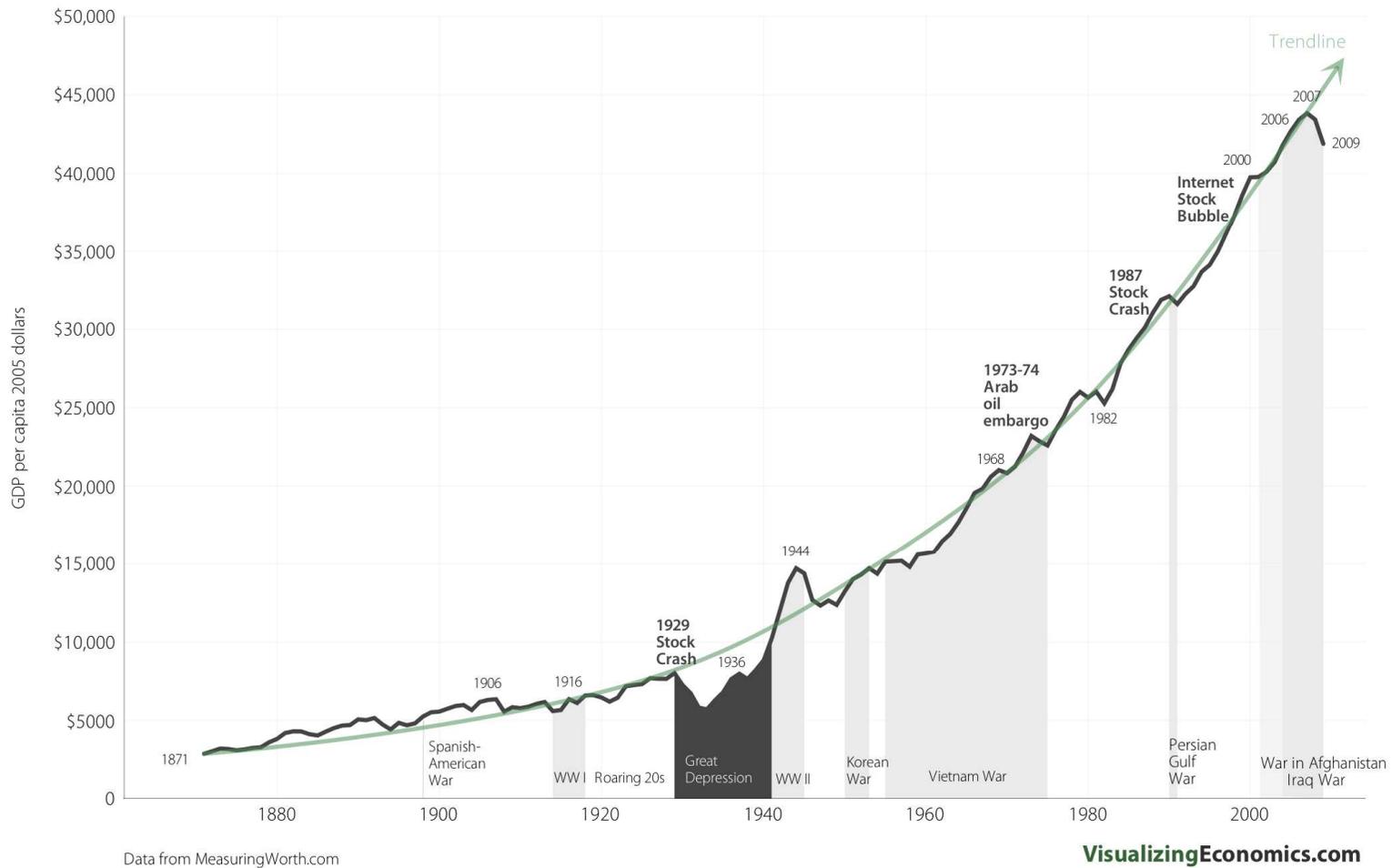
# Our Best Friends?



# But we have escaped.

## Long-term real growth in US GDP per capita 1871–2009

GDP per capita adjusted for inflation using 2005 dollars



# Divergence, Big Time

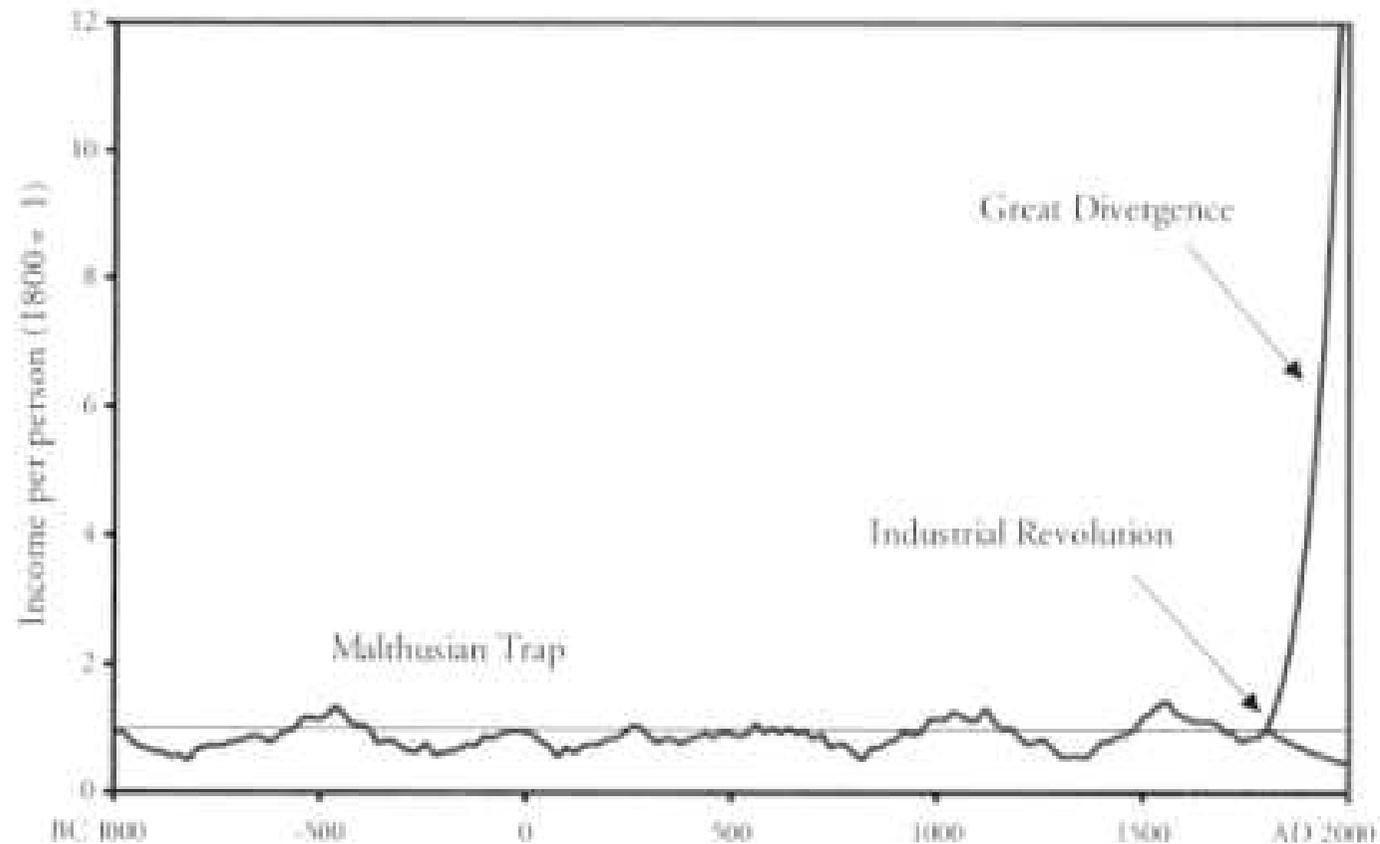
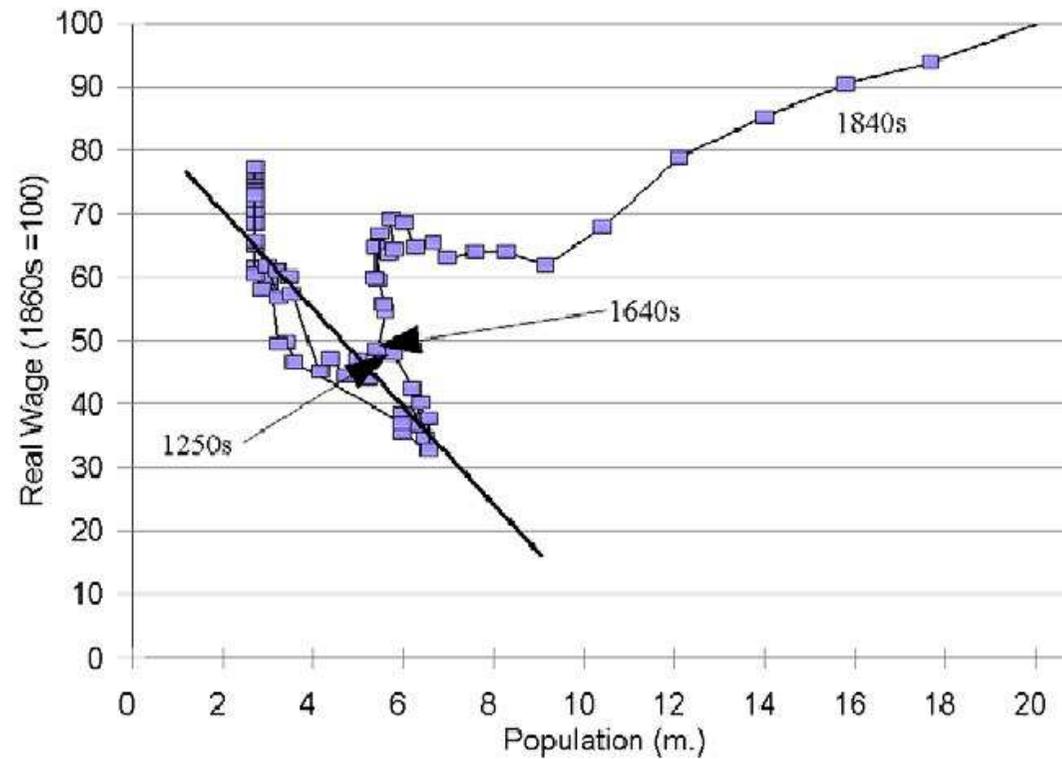


Figure 1.1 World economic history in one picture. Incomes rose sharply in many countries after 1800 but declined in others.

# Divergence, Big Time

Figure 1: Real Wages Versus Population, England, 1250-1869



# Two Puzzles

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- How have we escaped the Malthusian Trap?
- Why Western Europe first?

# So...how come?

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- 4 Traditional Explanations
  - Geography
  - Culture
  - Resource Acquisition
  - Institutions

# Geography

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- Bad land = sucks
- Isolation = sucks
- No work animals = sucks
- Endemic diseases = sucks

# Culture

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- Protestant Work Ethic = rocks
- Downward Mobility of the Bourgeoisie = rocks
- Science = rocks

# Resource Acquisition

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- Slavery
- Coal
- Colonies
  
- Q: What do these three things have in common?
- A: They lifted the resource constraints that Europeans faced.
  - This is Pomeranz's explanation to why England not China had the industrial revolution

# Institutions

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- Favorable Institutions
  - Property Rights
  - Rule of Law
  - Banking
  - Joint-stock companies
- Inclusive versus extractive institutions

# The Correct Answer is...

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- Probably all of the above.
- I smell a potential research paper.

# The End (for now)

