

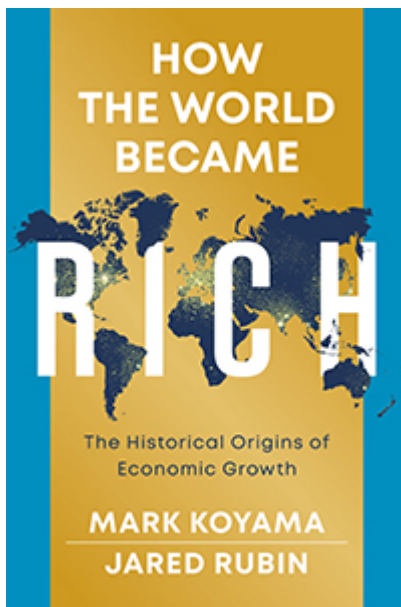
A book on economic growth for everyone

by Matthew Woolf

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How did the world become rich? It took a long time for me to fully internalise the gravity of this question. If you asked me when I was an economics undergraduate student, I probably would have acknowledged its salience but only because my professors told me it was important.

Fresh off of learning the Solow model, it's likely I would have said that the causes of growth are capital accumulation, population growth and technology, missing the point that proximate causes have to come from somewhere. It wouldn't be until a couple years later when I was introduced to economic history that I began to realise that, for most of human history, sustained growth simply didn't exist.

So where do these proximate causes of growth come from? The determinants of growth have been debated by economists for many decades but, as it stands, the main contenders are geography, institutions, culture, fertility, and colonisation. Connected with these are many follow-up inquiries difficult enough to sustain an entire research career. Determining what types of geography or institution are critical for growth, for example, is no easy task. These complex and multidisciplinary questions have led to many classic books written for a popular audience that typically argue why one contender is more probable than the rest.

Koyama and Rubin, however, take a different approach in their book *How the World Became Rich*. First, the book departs from the others by providing an even-handed

literature review for each determinant. While the authors admit they have opinions about each theory, they assure the reader that they're going to put those aside and treat each one, no matter how flawed, with respect. Each review covers classic papers but also, because the book is relatively new, recent research that has thrown stodgy thinking into question. In taking this approach, the book fills a big hole — strangely, a book covering all sides of the most fundamental question in economics didn't really exist before this.

The authors' even-handedness also makes the book more interesting. The reader who is encountering growth theory for the first time can be sure they're getting an honest overview that will allow them to arrive at their own conclusions based on the evidence. The reader who is more steeped in the literature is likely to be more open to learning something new. As someone who has studied growth for some time now, I found that I had grown somewhat dismissive of geographical determinants of growth. After reading the second chapter which covers these, I wasn't so sure.

The second way in which the book departs from others is that the authors devote many pages to asking why growth occurred in Europe first, why other countries followed, and why some have lagged behind. Though they are confident that the determinants outlined in the first half of their book remain relevant, they argue that there is no "one size fits all" solution to poverty. This breaks from a tendency in books written on the topic to take growth determinants as universal — typically extrapolated from the British growth experience. As Britain was the first country to experience sustained growth, understanding its experience is critical, yet many decades of growth around the world have shown that countries have gotten from A to B very differently.

The authors provide many case studies to highlight these different paths to prosperity. In Britain, the availability of natural resources — specifically coal — is thought to have enabled the Industrial Revolution. Yet being resource poor seems to not have hindered the ability of some East Asian Tigers to grow. Similarly, democratic institutions helped move the growth process along in Britain, yet, in China and Singapore, strong authoritarian leadership allowed for the stability and state-industry partnerships that enabled economic take-off. Finally, whereas industrialisation in England was key to its growth experience, Denmark, Australia, and the Netherlands all developed largely without it.

To summarise, *How the World Became Rich* is a book whose time is long overdue. Though a truly comprehensive book on growth is impossible, Koyama and Rubin come close in just 259 pages. Not only will the book inform, it will also force you to reflect on how incredible it is that humanity went from living on \$1 or \$2 a day, with literacy rates close to zero and lifespans of 20 to 30 years, to a world with immense

wealth and prosperity for so many. As I reflect on my own experience learning about growth over the last decade, I just wish this book had been published when I was still in my first year of university.

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Link: <https://devpolicy.org/a-book-on-economic-growth-for-everyone/>