The Malthusian Trap

The Malthusian Trap is the theory that the world’s resources cannot adequately sustain growing populations. Thomas Malthus states that the global population must be controlled through corrective measures such as famine, diseases, natural disasters, or war. Some economists, such as Brad Delong and Gregory Clark, maintain the belief that the end of the Malthusian Trap signaled the coming of modern economic growth. While Clark and Delong agree upon this notion, they differ in many aspects of their arguments, specifically regarding when the actual end of the Malthusian Trap occurred and which watershed-boundary crossing events marked its end. Delong claims that 1870, the start of “the Long 20th Century”, marks the beginning of modern economic development citing three reasons: the development of the modern corporation, the industrial research lab, and the emergence of globalization; while Clark claims that cultural changes led to the British Industrial Revolution of 1770 which catapulted the modern world economy.In this paper I will present the theories characterizing economic growth made by both economists and will then explain why Professor DeLong proposes a more convincing argument in his book.

In *A Farewell to Alms*, Gregory Clark presents an outline of world economic history in which he claims that around 1800 there was a “sudden change in the growth rate of efficiency” which allowed societies in northwestern Europe and North America to break the Malthusian curse of population increases being met with immediate decline in wages. This break was marked by the British Industrial Revolution when efficiency in the economy was steady for the first time. Though the growth rate was only about 0.5%/year from the 1780s to the 1860s, Clark maintains that “this was nevertheless a period of unprecedented sustained advance in efficiency.” Clarks credits the efficiency of this era to the increase in technological and organizational innovation which served as a model for further industrial developments. Technological changes included

railways, steamships, the telegraph, and the mechanized factory and “the organizational change was the development of specialized machine-building firms in Britain, and later the United States, whose business was the export of technology.” Clark’s expansive research and data tables indicate that he is correct in assessing that the rate of economic growth fueled by increasing production efficiency grew rapidly during this time. Figure 10.1 and 10.2 indicate that real income, after 600 years of stasis, began to grow sharply in 1800 and figure 9.4 shows that working hours rose from “the

hunter-gatherer era to modern levels by 1800.” Other indicators of economic growth at this time included lowered interest rates and increased literacy amongst British populations (figure 9.3). Though the British Industrial Revolution of 1770-1870 was a unique time in economic history, I do not believe it was the true marker of modern economic growth.

In addition to the investments in globalization, the industrial research lab, and the modern corporation, there were other factors that contributed to the end of the Malthusian Trap and the beginning of modern economic growth. One important factor was the expansion of education and the dissemination of knowledge. As more people gained access to education, they were able to contribute to the development of new technologies and innovations, which in turn fueled economic growth.

Another key factor was the development of infrastructure, such as transportation and communication networks. The construction of railroads, canals, and telegraph lines facilitated the movement of goods and people across long distances, allowing for greater economic integration and specialization. These improvements in infrastructure also helped to reduce transaction costs, making it easier for businesses to operate and for individuals to engage in economic activity.

At the same time, there were important social and political changes taking place that contributed to the shift out of poverty. For example, the emergence of labor unions and the passage of labor laws helped to improve working conditions and wages for workers. The expansion of democracy and the establishment of social welfare programs also played a role in reducing poverty and promoting economic growth.

Despite these advances, however, there were still significant challenges that needed to be overcome in order to sustain economic growth and improve living standards for all. Issues such as income inequality, environmental degradation, and political instability continued to pose significant obstacles to progress. Nevertheless, the developments that took place around 1870 marked a turning point in human history and set the stage for the unprecedented economic growth and prosperity that we enjoy today.

Escaping the Malthusian Trap was essential in achieving modern economic development. Gregory Clark believes that the end of this Trap transpired around 1800 during the British Industrial Revolution due to cultural changes in society which allowed the modern economy to flourish. Although Clark presents strong evidence for his argument, I believe that DeLong provides a more salient argument that 1870 marked the beginning of an “economic utopia” in which humanity saw unprecedented economic progress through the rationalization of organizational and technological innovation.





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