

MINITEST - Topics and Marking

## E12

Galor's model of economic growth holds that growth occurs when population size and population composition (the 'wheels of change') reach a threshold in which useful technology emerges and spreads, encouraging further improvements in these two dimensions. In this model, culture has an important place for culture. First, 'population composition' includes scientific knowledge, as well and social and human capital, whose flourishing is culture dependent. Also, cultural traits, especially the propensity to invest, determine whether some economies adopt growth-enhancing innovation. As such, culture determines the supply and demand of innovation.

By contrast, in Allen's explanation for the English Industrial Revolution we find instead that the scientific culture (i.e. the supply of inventions) is not decisive. In fact, the science behind the first labour-saving machinery of the Industrial Revolution is not English in origin. The reasons for adopting innovations are the same everywhere: relative prices of capital, labour and energy. These depend on market conditions, not on culture.

The best illustration for this is the adoption or not of the Spinning Jenny across different economies (India, France, Portugal and Great Britain). The reasons for its reject by Indian industrialists is not found in culture, but in the low returns (which in turn result from market conditions).

## Marking:

3.0 - 2.0 - texts that clearly answer the problem, correctly explain the two theories and provide example, without major flaws in reasoning

1.75-1.25 – texts that fail to give an example, a clear answer to the problem or correctly explain the relevant theories or fail to logically link the two

1.0 - 0.0 - texts that fail to give an answer, adequate explanations and provide examples