



Seminar

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Estimating Swedish GDP Back to the Middle Ages

Thursday, 9 October, 4:15 p.m.

In the Thunberg Lecture Hall
SCAS, Linneanum, Thunbergsvägen 2, Uppsala
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ABOUT RODNEY EDVINSSON

In 2005, Rodney Edvinsson received his Ph.D. in Economic History from Stockholm University for the thesis *Growth, Accumulation, Crisis: With New Macroeconomic Data for Sweden, 1800–2000*. The results from the thesis have been extensively used by researchers in Sweden and internationally. Since 2005, he has been the editor of *Historia.se* – a portal for historical statistics. In 2010, he became Associate Professor (docent) of Economic History. In 2011, he became Senior Lecturer in International Relations at the Department of Economic History, Stockholm University, and in 2013, Senior Lecturer in Economic History at the same department. He has previously also worked as a teacher and researcher at Södertörn University. In 2013, he was admitted to *Pro Futura Scientia VIII*.

Edvinsson's research interest is in historical national accounts, very long-term economic growth, radical economics and monetary history – which will also be his focus at SCAS. He has written articles in leading international journals, for example, *The Economic History Review*, *European Review of Economic History*, *Cliometrica*, *Review of Income and Wealth*, *Review of Radical Political Economics* and *Explorations in Economic History*. His article 'Ekonomisk tillväxt, genusarbetsdelning och obetalt hemarbete i historisk belysning' (Economic Growth, Gendered Division of Labour and Unpaid Domestic Services in Historical Perspective'), published in *Historisk Tidskrift* (2009), has received the Emil Hildebrand Prize from Svenska Historiska Föreningen.

Edvinsson is the coordinator of the project 'Historical Monetary and Financial Statistics for Sweden', based at Sveriges Riksbank (Sweden's central bank), on whose home page the project has published a large database. The series of the Consumer Price Index, constructed by Edvinsson and Johan Söderberg, goes back to 1290. The project has also resulted in two books, of which Edvinsson is one of the editors (together with Tor Jacobson and Daniel Waldenström).

ABSTRACT

Did Europe overtake China already in the 15th century, or was China still more advanced economically than most of Europe in the early 19th century? If there was substantial economic progress in Early Modern Europe, as claimed by some researchers, why was the real wage at almost half the level in early 19th century compared to the Middle Ages? Was there a Malthusian mechanism in the agrarian society, i.e. did population growth undercut itself by causing living standards to decline? Is the high economic growth rate since the late 19th century sustainable in a very long-term perspective? To answer these questions, the construction of historical national accounts for all of the countries and regions in the world is needed back to the Middle Ages, and even to earlier periods. In the last ten years major progress in this direction has been made.

Despite the progress made there are a number of problems with various estimates. The pioneering work conducted by Angus Maddison (2010), where he extends his database for all countries back to AD 1 has been criticized, not least his assumption that GDP per capita trebled in Western Europe between 1000 AD and 1820. Gregory Clark (2009) remarks that: "All the numbers Maddison estimates for the years before 1820 are fictions, as real as the relics peddled around Europe in the Middle Ages. Many of the numbers for the years 1820, 1870 and 1913 are equally fictive." At the present there exist GDP estimates for England in the Middle Ages that put the level at very different levels.

The main concern of national accounts is how to measure different aspects of the production and distribution process. GDP is not a measure of utility per se, but the production of utilities. In the general debate, the impression is often given that the value of aggregate production, often taken as synonymous with GDP, is something unequivocal once you have reliable sources. Sometimes the data

is taken for granted even if it is not based on reliable sources at all. Aggregate production can, however, be calculated using different methods and definitions, which can lead to quite divergent interpretations of the economic development.

One issue concerns which activities to include in aggregate production – i.e. where to put the “production boundaries”. According to modern international national accounts guidelines, a distinction is made between activities that are “productive in an economic sense” and those that are not. There are many inconsistencies and peculiarities. Professional murders and thieves are not considered to produce any value added, while war expenses, prostitution and illegal drug trade are included in the official GDP estimates. Many economic activities, mostly outside the market economy, are not included in GDP – most importantly, unpaid domestic or voluntary work – while all goods produced for own use are to be included. Since most production was not for the market in the pre-industrial society, the international recommendation to construct satellite national account where unpaid domestic services are included should be considered by researchers within the field of historical national accounts as well.

Even if Sweden is a small country, it offers an interesting historical example of an area in the periphery of Europe, but with high-quality statistical data. Swedish historical national accounts are among the most detailed in the world. Detailed annual estimates of various types of activities exist back to 1800 (Edvinsson, 2013a), and at a more aggregated level different series back to 1620 (Edvinsson, 2013b) and 1560 (Schön and Krantz, 2012), respectively. The annual Swedish official agricultural statistics goes back to 1802, and annual population data has been gathered since 1749, which is unique in an international perspective.

References

Clark, G (2009) ‘Contours of the World Economy, 1-2030 AD: Essays in Macro-Economic History, By Angus Maddison’, *Journal of Economic History*, 69: 1156-1161.

Edvinsson, R (2013a), ‘Swedish GDP 1620-1800: Stagnation or Growth?’, *Cliometrica*, 7: 37-60.

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Maddison, A., 2010, Historical Statistics of the World Economy: 1-2008 AD’, http://www.ggdc.net/maddison/Historical_Statistics/horizontal-file_02-2010.xls

Schön, L, and O Krantz (2012), ‘Swedish historical national accounts 1560–2010’, *Lund Papers in Economic History*, No. 123.