

Technology, Growth Theory, and the First Industrial Revolution

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Abstract:

Recent advances in growth theory that deal with the first Industrial Revolution have been transformative from a methodological viewpoint. Theorists have ambitiously extended the limits of what need to be understood into preindustrial times without renouncing sound microeconomic foundations, and growth theory has become irreversibly historical. This paper argues that much progress could be achieved if the frontier of growth theory is extended with a richer understanding of ideas, knowledge, and technology. After presenting a short discussion of the causes of the first Industrial Revolution, the paper defends the strong relevance of second-generation Schumpeterian models in understanding the main patterns of historical growth takeoffs. The paper concludes with a discussion of three methodological obstacles that prevent immediate progress in this trajectory of inquiry.

Keywords: Economic History, Schumpeterian Growth, Useful Knowledge, Endogenous Technology, Methodology

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