

The Journey of Humanity: The Origins of Wealth and Inequality

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Comments by
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Introduction

- Fascinating book by leading economist and intellectual on growth
- Hard not to compare the book with other well-known best sellers
 - Guns, Germs, and Steel, Jarred Diamond, on why Eurasia conquered other regions, based on geography, agriculture, and technology
 - Sapiens, Yuval Noah Harari, on the rise and domination of humans, who can cooperate in large numbers, organized by beliefs
 - The Elusive Quest for Growth, Bill Easterly, on incentives
 - Journey of Humanity, on the main factors that have produced a large rise in both wealth and inequality since 1800, after 300,000 years
- Highly recommend Journey of Humanity to think about long-run economic history, where we stand as humans, and where we are going
- Very useful for people working on growth and development
- Leaves many questions open for debate

Main structure

- Two distinct parts
 1. Malthusian world, between 300,000 years ago to 1800s
 - Take off driven by wheels of change
 - Technological progress, population size, population composition
 2. GDP per capita differential across countries in post-Malthusian world
 - Deep rooted factors
 - Geography
 - Diversity caused by migration out of Africa
 - Cultural
 - Institutions
- Unified growth theory

Comments

1. Past vs. future
2. Elements (partly) missing, at least not emphasized
3. Policy prescriptions

Past vs. future

- Mathematical thinking in the background
 - Main driving factors
 - Endogenous forces
 - Randomness in the development process
 - Forces dominate in the long run, event with non-linearities
- Very interesting explanation, account, and framework about history of humanity, plausible ex post analysis
- Much more difficult to forecast the future
- Optimistic projections, even under large uncertainty

Past vs. future

- i. Human capital, fertility, and wealth
 - Human capital needs reduce population, perhaps productive years
 - Innovations in productivity would need to overcome these forces
- ii. Evolution of humanity and catastrophes
 - Forces pushing toward development, but also tools for enormous destruction (wars, nuclear events, biochemical weapons)
- iii. Climate change
 - Innovations and actions can buy us decades to find solutions
 - But higher income can induce more strains on the climate
 - In the process, irreversible changes might destroy biodiversity, populations, cultures, and territories
 - Projections are conjectures, wide uncertainty for particular populations
 - Even under optimistic scenario, could entail large costs along the way

Elements (partly) missing

- i. Breath and depth of nuanced analysis might come at a cost: punch line
 - First part of book: no particular factor determinant for take off
 - Second part: no particular emphasis on one factor for disparity
 - To me, first part is more memorable
- ii. Variance vs. level of wealth
 - Post-Malthusian world: wide dispersion in wealth
 - Almost inevitable given subsistence level before
 - Despite disparity emphasis, most countries much better than before
- iii. Cross country vs. within country analysis
 - Skill-biased technological change can explain part of within effect
 - But same institutions, diversity, geography, and other factors
 - Thus, different forces might operate within and across countries

Elements (partly) missing

- iv. Large takes off and reversals in GDP per capita in past 50-100 years
 - Deep rooted conditions that were somehow reverted or ignored
 - E.g., Argentina, China, Israel, Singapore, South Korea
 - Dynamic world
- v. Closed economy type of analysis
 - Transfer of technology, knowledge, even institutions across borders
 - Migration
 - Diversity through international cooperation (e.g., Covid-19)
 - How much could these help overcome countries' initial conditions?
- vi. Savings and population growth
 - Saving for retirement during Neolithic revolution: more children
 - Given surplus, could instruments for retirement have led to less population and higher GDP per capita?

Policy prescriptions

- From general to specific recommendations
 - Washington consensus is not current manual for IFIs
 - Specific recommendations being implemented, country diagnoses
- Education to shape optimal diversity and prepare for the future
 - Well-rounded education is costly and hard for many to achieve
 - Investment might not be affordable for developing countries
 - More specialized education, more tools, more intermediate goals
 - In which level of education to invest the most given constraints?
- But policy making is hard, general recommendations difficult in practice
 - Picking winners ex ante in the presence of large uncertainty
 - Breaking vicious cycles that hamper growth (e.g., corruption)
 - Setting priorities and explaining tradeoffs given limited resources
 - Long-term returns to reforms, short-term political cycles, incentives

Thank you!