



Thoughts from Linda:

The Journey of Humanity
The Origins of Wealth and Inequality

Oded Galor
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The Cambridge dictionary defines *tour de force* as "an achievement or performance that shows great skill and attracts admiration." This book surely deserves that description! As the title indicates, describing the 'journey of humanity' with a subtitle of 'the origins of wealth and inequality' is no small feat. Like other books of this nature, *Guns, Germs, and Steel* by Jared Diamond and Thomas Piketty's *Capital in the Twenty-First Century*, this book examines sources of wealth and inequalities on the planet today. They ask the key questions that confound and confuse and are sometimes referred to as 'the black box of inequality of our societies.'

The author, Oded Galor, is an Israeli-American economist and professor at Brown University. He is the founder of 'the unified growth theory.' He completed his BA and MA at the University of Jerusalem, and his Ph.D. at Columbia focused on macroeconomic studies, having led research teams globally. He is a Sackler Fellow at Tel-Aviv University and editor in chief of the *Journal of Economic Growth* and the *Journal of Population Economics*. He participates as an 'Elected Fellow' in Academia Europea and the Econometric Society. He was recently named among five candidates for the Nobel award for *Frankfurter Allgemeine*, a leading German newspaper.

The topic is a significant one and one that should concern all citizens on the planet.

Just today, in the United States, the nonpartisan Congressional Budget Office (CBO) published a document entitled *Trends in the Distribution of Family Wealth, 1989 to 2019*. The report notes that while the total real wealth of American families has tripled over those 30 years, the growth was dramatically unequal. The report said, "Families in the top 10%, and the top 1% of the distribution, in particular, saw their share of total wealth rise over the period. In 2019, families in the top 10% held 72% of total wealth,

and families in the top 1% held more than 1/3rd. Families in the bottom half of the distribution held only 2% of total wealth."

Globally, similar trends emerge today. The recent World Inequality Lab Report of 2022 notes that "contemporary income and wealth inequalities (on the planet) are very large." They note that the wealthiest 10% of the global population currently takes 52% of the global income while the poorest 50% earns only 8.5%. To make matters worse, global wealth is even more unevenly distributed than global income. The poorest 50% of the global population barely owns any wealth at all, possessing just 2% of the total. In contrast, the wealthiest 10% of the global population owns 76% of all wealth.

The book itself is about the root causes of wealth and income inequality. It goes back to the very beginning of homo sapiens. It provides a systems view of the development of man, cultures, and economies, including examining societal, institutional, and geographical factors over the long arc of human inhabitation of the planet. Oded Galor used system dynamics as a strategic approach to developing his theory. My friends in System Dynamics would surely appreciate the entire systems approach. In this case, it yielded a broad understanding of our situation on the planet today regarding the vast gaps in both income and wealth, as well as an understanding of the root causes. He explains driving and restraining forces over the history of our species on the planet, well supported by empirical data. He shows us where to intervene on ourselves to address these huge wealth and income gaps that all experts agree are unsustainable.

He has authored several other books before this one, including *Discrete Dynamical Systems* and *Unified Growth Theory*, which feed strongly into this work.

He is a big thinker with significant objectives. His objective in devising a unified growth theory was inspired by the work of physicists in recent decades who attempted to reveal a "Theory of Everything" that would provide, as he notes, "a coherent explanation for all the physical aspects of the universe, reconciling quantum mechanics with Einstein's theory of general relativity while integrating the interaction between the four fundamental forces of nature: gravitational, electromagnetic, weak nuclear and strong nuclear." Galor goes on to explain further, "their efforts have been driven by the conviction that a systematic and more accurate understanding of the physical aspects of the universe must be rooted in a unified framework capable of explaining all known physical phenomena; any theory that is consistent with some but not all known physical phenomena must be partial and therefore, inherently, incomplete."

So, his leadership in developing the unified growth theory was driven by similar beliefs. He contends that any understanding of what has driven global economic development would be incomplete without understanding the root causes and driving forces at work to see the entire development process rather than merely over isolated periods. He also found that earlier analyses and theories were inadequate because they had viewed different eras as disconnected rather than realizing their interconnectedness and wholeness. By this disconnected approach, theorists had limited their visibility into many root causes, including the most critical role of historical forces that led to the current wealth of nations.

In a beautifully written paragraph, he describes the unified growth theory as one which "captures the journey of humanity over the entire course of history, since the emergence of homo sapiens in Africa nearly 300,000 years ago. It identifies and traces the forces that governed the process of development during the Malthusian epoch, eventually triggering the phase transition in which the human species escaped from this poverty trap into an era of sustained economic growth. These insights are essential for understanding the growth process in its entirety, the hurdles faced by poorer economies today in their transition from stagnation to growth, the origins of the great divergence in the wealth of nations in the past centuries, and the fingerprints of the ancient past in the fate of nations."

The book is structured in two sections: *The Human Odyssey* and *The Origins of Wealth and Inequality*. There are 12 Chapters with titles such as *First Steps*, *Lost in Stagnation*, *The Storm Beneath the Surface*, *The Promised Land*, *The Fingerprints of Institutions*, *The Shadow of Geography*, and *The Legacy of the Agricultural Revolution*.

A book with this landscape is filled with innumerable interesting stories and revelatory facts. Much empirical evidence is presented and clearly explains driving forces and systemic responses to events. In something rich with content, it is handy that he provides two Codas for the reader, meaning a concluding section that summarizes the previous work. If you want to get a fast summary prior to reading the book, I recommend reviewing these two Codas: *Resolving the Mystery of Growth* and *Unravelling the Mystery of Inequality*.

I especially enjoyed the final section of the book, *Out of Africa*, as it deals with the origins of human diversity in a most astute manner. The chapters include *Origins of Human Diversity*, *Measuring Diversity*, *Diversity and Prosperity*, and *The Grip of the Past*. One of the most interesting revelations that help explain the differences in living standards, income, and wealth today goes back to where it all began, as he notes, "the

initial steps of the human species out of Africa, tens of thousands of years ago." He explains that the degree of diversity within each society as determined partly by the course of that exodus (who left, when they left, and where they went) has had a long-lasting effect on the economic prosperity over the entire course of human history—with those who enjoyed the sweet spot of innovation-inducing cross-fertilization and social cohesiveness benefiting most." The power of harnessing diversity as a positive strength as opposed to a divisive element turns out to be a major predictor of economic innovation and success.

His summarized goals, offered in the Preface, remind me of the vision I heard from Mohammed Yunus (Nobel Laureate) years ago about his dream for Bangladesh. He said, "I dream of poverty museums in the future, where people will need to go to understand what poverty was all about," implying that we can wipe out poverty on the planet.

Gaylor is clear that our fate is not inevitable and that good policies of nations are needed. But he continues to point out they should be based on a clear-headed understanding of root causes and the complete understanding of dynamics, as provided by this work.

He is an optimist and lays out his hopes for the future. He describes himself as "fundamentally hopeful, in terms of the over-arching trajectory of societies across the globe." He notes, "In focusing on the grand arc of the journey of humanity, I do not intend to diminish the importance of the vast inequality within and across societies, but rather to empower us all with an understanding of the actions that could alleviate poverty and injustice and contribute to the prosperity of our species as a whole.

As will be established (in this book), while the great forces underlying humanity's journey continue to operate relentlessly, education, tolerance, and greater gender equality hold the key to our species flourishing in the decades and centuries to come."

This is an important book, and I highly recommend it.