

## The Wealth of Humans Ryan Avent

Economists reduce the human animal to a data point in an econometric model. Philosophers tend to reduce him to an idealization. It doesn't work.

Avent scatters clues throughout the book that he knows some of the truth about humanity, but he relentlessly omits it from his analysis and his projections. Let me cite some of the truths that he observes.

People support their own. "It is no wonder that experimental, generous welfare policy has tended to emerge in Nordic countries, where ethnic and communal ties are strong (but where openness to immigration has begun to tear at the social consensus)."

Work is important to mental well-being: "if we can't offer our children, meaning, and identity and work, how do we channel their energies toward healthy alternatives, rather than ideological extremism, or social nihilism?"

The rich countries are in a demographic trap: more old people than young to pay their pensions

Central banks continue to print money in an attempt to escape stagnation.

But there are several truths about people that he does not want to acknowledge.

Today's populations are the survivors of a long process of evolution, which constantly pitted peoples against each other. It is in our nature to strive for supremacy.

Evolution made populations different in every measure, including those that lead to success in rich world society. Avent writes (with no footnote): "but migrants also contribute in myriad ways to American wealth. They commit fewer crimes than natives and are disproportionately represented among entrepreneurs." I doubt this is true. Moreover, crime and welfare dependency among Chinese immigrants and Indians on H1B visas is vastly lower than among Somalis and Syrians.

### The Wealth of Humans notes

In a very low-wage world, more people will opt out of work. That will inevitably strain the social-safety net; societies will be ever more clearly divided into those who work and pay for social programmes and those who live off them. Societies will face a reckoning: either they will decide that this dynamic is unavoidable and should be made to work as effectively as possible, or the haves will reduce aid to the have-nots, leading to intense political conflict between those two groups. That conflict will be shaped and determined by which groups most effectively wield power.

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 1273-1274). St. Martin's Press. Kindle Edition.

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 1270-1273). St. Martin's Press. Kindle Edition.

From location 107 below the institution of work – apart from family, our most important piece of social infrastructure – can no longer be counted on to fulfill its many crucial roles – from ordering of our days to the allocation of purchasing power, to the strengthening of the social ties that are nurtured when individuals feel as though they are contributing positively to the community." He quotes Saiz law, from the 19th from the 18th century economist Jean Baptiste say. "Supply creates its own demand."

Quote "as the years have passed in the global economy has continued to grow and become clear that the hardest part in finding utopia is not figuring out how to produce more. We manage that. The hard part is the redistribution."

"The poor may also not be content with an economy in which they are effectively unnecessary, That piece by a handout from the state."

I note that we go back to evolution, red in tooth and claw. We have a fundamental drive to evolve, for the better to displace the worse. Unless we acknowledge it, we can't solve the problem.

When we do solve it, it will be messy and perhaps disagreeable, so disagreeable, we will not undertake it.

Another good quote "if we can't offer our children, meaning, and identity and work, how do we channel their energies toward healthy alternatives, rather than ideological extremism, or social nihilism?"

Quote America remains relatively open by rich standards in 2012 accepted and that the 5 million migrants from abroad. A good thing to; immigration dramatically boost incomes of the migrants themselves, but migrants also contribute in myriad ways to American wealth. They commit fewer crimes the natives and are disproportionately represented among entrepreneurs."

Another one quote to take full advantage of its promise, countries must become better at sharing social wealth. Yet the better countries become at sharing social wealth among members, the greater the pressure to shrink the circle of social membership."

It talks about the pay premiums for completing high school, college, and getting an advanced degree. These have plateaued. As more and more people get the advanced degrees. What he doesn't mention he does mention that the cognitive demands of university puts the completion rate at about 50%. He doesn't mention the decreasing cognitive ability of the population and the lower level of competence of recent university graduates.

There is no discussion whatsoever of the fact that education does not give people on skills in actual work. We need to look at Dale Steffens and Charles Hugh Smith. What people need is real experience doing real work – something that the universities do not generally provide.

What we see, then the strata cognitive stratification. It's not a question of the degree, it's a question of the intelligence. The degree makes a difference within a social setting. I certainly was the same person with and without one. But when everybody has a credential, the credentials are not that important. Talk to the field of programming – it's what you can do, not what you have in paper.

There is no discussion of the suitability for the workplace. They talk about wages falling in England during the recession of 2008, more than they did in the United States, and therefore employment rates remaining high. In both England and the United States. There, people are simply unemployable at any price. That number is increasing.

The author assumes a certain standardization, a fungibility of people. This is a common mistake among economists. The supposition is that somebody can quit one job and retraining go into another job. This ignores cultural differences among people. It ignores the differences in education. Some people – the minorities in particular – are simply not able. From a cultural perspective to enter into a cognitively demanding job, whether or not they have the wit. A model has to look at how large a percentage of today's jobs are make work – papering over the demographic problems. Affirmative action, equal opportunity, all of the therapeutic jobs that are dealing with problems that simply cannot be mended. They had a great deal to the expense and they had no value.

As we moved to massive online open courses in education, remote delivery of healthcare, and other such economies. We will also do away with platoons of such people who are devoted to services delivered through traditional means.

The book assumes a backdrop of liberal democracy. Liberal democracy reaches Apogee perhaps 20 years ago and seems to be sliding. It is in trouble because the voters are doing as Paul teardrop suggested – two foxes and a lamb, two wolves and a lamb voting on what they have for dinner. It is simply unsustainable. We have seen the emergence of the new form in Russia, China, and even Japan and Korea in which there is the form of a democracy, the semblance of a democracy, but in reality it's an autocracy.

The chapter on scarcity talks about labor unions – making labor scarce – also land, the functional scarce land. The theory of scarce farmland by Ricardo and Thomas Malthus.

Question for us now is what will be the scarce commodity in times coming? Urban land?

A good insight – the what is the value of a company? Why do you have employees? The notes that 80% of the value on today's stock market is represented by not bricks and mortar, but by the secret sauce, the dark value of the organization itself. The essence of a company is the internal communication within the company. The way in which the employees communicate with one another. He says, however, that in today's world. Although the employees are essentially the value, the profits tend to go to the entrepreneurs at the top. The employees who come to value are not realizing a great deal of it.

It is a long chapter on corporate cultures. Corporate cultures discussed – Goldman Sachs, Apple, IBM – all seem to be in high-paying, high-tech sorts of firms. There also cultures in places such as Walmart. Question is, how does culture affect marginal employees, such as McDDevitt burger flippers at McDonald's. It can't be as important because they come and go. The term for the hidden value a company is dark matter. In the talk about the corporate culture.

Chapter 6 – social capital

European-Americans were initially in short supply relative to the land and resources of the vast continent; Native Americans represented a tiny share of the available labour force (a result both of the hostile relations

between colonists and indigenous tribes and the massive loss of life among the tribes resulting from initial contact with European explorers).

Wrong! Indians don't make good workers.

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 1421-1424). St. Martin's Press. Kindle Edition.

One hesitates to compare miseries, but one could argue that the most historically egregious of discriminatory tendencies has been that against women. Rules and norms that kept women from full participation in the economy were not simply about dumb bias. They were also about economic power, and the protection of an exclusivity of economic status for men.

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 1446-1448). St. Martin's Press. Kindle Edition.

To be very clear, immigration does not tend to make workers in destination countries worse off. <sup>11</sup> Over the long run, large immigration flows are a source of economic dynamism: the people who arrive look for and find jobs, but they also spend and invest, create new firms, pay taxes, generate ideas, and contribute to the resiliency and flexibility of the economy – labour markets which repeatedly absorb waves of new arrivals tend to become better at finding economic niches for those same workers.

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 1458-1463). St. Martin's Press. Kindle Edition.

Talking about social capital. Note that social capital in society is the extent to which people get along with one another. A high level of social capital was responsible for the initial growth in Silicon Valley. A bunch of smart people, hung around Silicon Valley Stanford University to be particular and they were a similar sort of people and they trusted one another. Business was in a very famous way done on a handshake back in the 1960s and 70s.

Increasing diversity decreases that social capital, as Robert Putnam has written. It is visible in Europe today. This is the cause of the one of the causes of the nationalist parties rising in Europe. The immigrants are simply not like the natives.

Referring to another part of the book, the author says that immigrants raise incomes. Whether or not that is true, it is definitely true that different kinds of immigrants have different effects. In

America the Indian Americans and Chinese-Americans have incomes above those of the white Americans. This is in the case of the Chinese. This is due to innate intelligence, in the case of Indians is largely due to the highly selective nature by which Indians have been brought to the United States. India is a very large country. It is an English-speaking country. Taking the smartest of a bunch of English-speaking people – the computer nerds – and giving them good opportunities has indeed been beneficial to the Indians and it has enabled a lot of success in Silicon Valley. The downside is that it has hurt the wages of the nativeborn workers such as myself.

Contrast that with the Syrians in Germany. For all that there are a million or so immigrants in Germany, Angela Merkel had to scrounge to find 100 who are actually employed – example she could point to. The statistic I hear is that there is 99% unemployment among the recent refugees, the economic refugees are calling themselves asylum-seekers – in Germany.

Just a comment on social capital. Every terrorist bombing destroys tens of million dollars worth of social capital. It has very real economic costs in the increased security and the avoidance of purchases and and whatnot. It also exacerbates social conflict between Muslims and others.

A vent says that the cities have recovered since the 1970s. It is true that the cities did recover. Part of it was political. New York elected mayors who enforced the law and brought crime down. Crime fell as well. In Washington DC, Baltimore, Chicago, and most of the other big American cities. And it is true that the yuppies did move into the cities. Commuting became impossible, and there was a larger and larger cohort of young unmarried people and gay people and never married people. So it was a demographic change that contributed to the social capital.

What would it mean if a firm sold off at social capital? In a way, they are doing that. IBM is monetizing its reputation. Reputation mining – that's a process described in one of the books that I review.

Specifically, fishing for fools.

IBM monetized its reputation by overcharging customers for quality that wasn't there and by suckering employees who had faith in promises that would not be kept.

In his discussion of social capital. He talks about two new media companies, buzz feed and box. I had never looked at these. The reason why is evident. They are quite partisan, slanting to the left. Wish them luck.

Location 2263. Go to the question of why people make more in rich economies than poor economies? Quote "international trade agreements and institutions such as the WTO are another way in which states actively seek to nurture social capital deepening in poorer countries." Or, the multinationals use it to exploit their advantage.

Quote from me. You can't solve a problem without including all of the variables in the equation.

Refusing to acknowledge differences in ability and temperament is doing exactly that.

Does briefly cite Robert Putnam at location 48% in connection with labor unions.

Ending this chapter, one notes that we are talking about the distribution of wealth among labor and capital. The key question is elsewhere – what you do when people are producing nothing?

To escape the world of chronically weak demand, and of recurring crises, purchasing power has to find its way into the hands of those keen to spend and invest. There are a few ways in which this transfer might occur. Governments could pick up the slack through direct spending. Increased transfers to cash-strapped households would be the simplest way to channel money to spenders, but massive programmes of public investment would also do the job. Government spending on highway repairs or construction of new railway lines or airports steers money towards construction workers and equipment manufacturers and steel-makers, and so on.

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 3050-3055). St. Martin's Press. Kindle Edition.

Savers around the world are happy to hold safe government debt at low or negative yields: that is how disinclined they are to spend. Were the government to borrow from those savers and use the proceeds to fund spending, that would help improve the circulation of money in the economy.

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 3057-3059). St. Martin's Press. Kindle Edition.

It talks about the turnaround of the cities. Once again, the amazing pressure to get to the very center of where it's happening, in New York City. The Park Avenue condominium for billionaires. Second-highest building in New York City.

This may be a function of the new lifestyles as well as human desire to be close to one another. He gives full credit to the power of the digital age to allow people to work from wherever they want.

I note that several chapters here – social capital, talking about the cities – are addressing the achievers, the people in the upper 5% of the ability distribution. They're not the ones who are going to be affected by changes in the workplace. It's everybody else.

This title is the playgrounds of the 1%. It's about right, but that percent

Let's revisit the title work, power and status in the 21st century. These chapters talk about power and status.

Chapter 8 hyper globalization and the never developing world.

A vent goes into the social capital notion again. He says that the rich countries developed social capital which allows them fairly steady, predictable growth. China and India circumvented. They were allowed to participate in the increasing wealth of the West, without developing the social capital needed to make it work. They are free riders. A vent doesn't think that this will continue.

He says "transferring social capital to poor countries is hard – nearly impossible, history suggests, despite the concentrated efforts of rich countries, international organizations, and charities of all sorts." He follows, "but transferring it to individuals is easy enough; it takes little more than allowing people to move into social capital rich societies, to participate fully in rich world, social and economic life." "A compelling explanation for long-term gaps in growth rates is the holy grail of macroeconomics." Factors that he doesn't consider number one demographics. The falling birth rate – the that in the rich countries.

Second rising debt. The fact that the governments all over the world have not been balancing their budgets and the central banks have been making taking up the slack by printing money as a result, number three, that money goes to the rich. The Federal Reserve buys T-bills and arm. Actually, the other central banks are even buying stocks result is propping up the stock markets and the show of strength that is false, but the money flows to the rich. The money made by printing money, and number four, the absolutely unmentionable is that the rich countries tend to be the smarter ones and those are also the countries that are not having



babies. So the world is getting dumber the prospect for future generations is not that good. We are eating up our seed corn. We are paying pensions beyond what can be supported, pensions were promised in the good years, and we are not raising the subsequent generations that will pay for the mast debts.

I just as I see this he does mention aging.

Home location 3043 to get out of the to escape the world chronically weak demand – appear socialist solution. I'm copying it.

63% location 3068. He's prescribing a solution to the worlds problems telling central banks what to do. This is rather presumptuous.

Solution is big government spending projects.

He gives credit to Mrs. the world kicked itself out of the secular stagnation trap in the 1930s through unilateral devaluations and through massive military spending. That was in the late 30s, after having flailed for a decade. It says the purchasing power is concentrated in the hands of particular organizations and individuals this time. That's true – the central banks put the money there. He says that printing money to buy up government debt doesn't lead inexorably to hyperinflation. So far not.

He says direct transfers are the least dangerous way to fix the problem. But aggressive redistribution of resources – however it occurs – is a radical policy. Governments do not accept radical policies unless forced to do so, by crisis. Event equates home success with monetary success to achieve a better, more do it just society. Incomes must rise. No. This is a fundamental quote philosophical question of what constitutes the good life. The answer is not money. He's right about one thing, hire minimum wages don't work higher pay leads to less employment. He says that the minimum or basic income would be more promising. There's a big question here. What strings would be attached? You can't let the people breed. You and I will eat you out of house and home.

He suggests that some of them might find creative things to do. Precious few – somehow working and having a lack of spare time seems to be the impetus that leads people to be creative.

Radical factions and parties battling for supremacy each have at their heart a particular conception of the 'good life'. Writers and thinkers, like me, try to imagine these post-work utopias, in which, for example, sensibly structured social safety nets could free people of the constraints of the typical job.

## HOW ABOUT HAVING A FAMILY? UTOPIA, MY ASS

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 3513-3515). St. Martin's Press. Kindle Edition.

Could there be a constituency for a more benign set of policy innovations: for generous basic incomes tied to sensible work requirements, designed to encourage public-spirited labour contributions but leaving room for the individual's freedom to live the way he or she wants to live? That might be a lot to ask. But we might expect generous welfare policy to emerge in places where the solidarity that appear is community-based, rather than class-based. Unfortunately, that will tend to occur within ethnically or nationally coherent political units. It is no wonder that experimental, generous welfare policy has tended to emerge in Nordic countries, where ethnic and communal ties are strong (but where openness to immigration has begun to tear at the social consensus).

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 3597-3598). St. Martin's Press. Kindle Edition.

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 3593-3597). St. Martin's Press. Kindle Edition.

Those places can then either allow migrants in, undermining the ethno-nationalist coherence that enables redistribution, or shut them out, undermining the economic integration that enables prosperity.

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 3614-3615). St. Martin's Press. Kindle Edition.

The American experience, however, suggests that big markets with heterogeneous populations struggle to support high levels of internal redistribution. America is a big, successful melting pot. The ethno-nationalist diversity of the American population, however, has long been an obstacle to the construction of an exceptionally generous welfare state. White voters in the South are sceptical of a welfare state that promises to deliver generous support to black Americans in northern cities, or to Latin Americans in California.

Avent, Ryan. *The Wealth of Humans: Work, Power, and Status in the Twenty-first Century* (Kindle Locations 3620-3624). St. Martin's Press. Kindle Edition.

The vent overlooks the moral poverty, the spiritual poverty of not working. People who don't work because social problems. There is no way around it. Look at the fourth grade awakening, coming apart.

Those lives are meaningless and people will strive to put meaning in them. By doing destructive things. Suicide bombers are pretty good example.

So it is true, as evidence says, that it would be immoral to let the people starve to death. However, letting them breed more dependence on society is an unsustainable path.

The vent says quote "more education, especially in emerging markets, would be a good thing for lots of reasons. Individuals benefit from education, not just because it improves the set of economic opportunities they face, but also because it helps them make better personal financial decisions, or improves the odds of meeting and marrying a well-educated spouse.

One must look at the capacity to learn before prescribing education.

Some minimum education can make big differences, such as Paulo Prairie in Brazil. Note, however, that massive efforts to educate American Indians have come up with essentially nothing. And the same is largely true of Blacks in America and throughout the world.

Some are educable, and they get educated. Most do not benefit.

I vent rates that emerging market societies could more obviously use more skilled populations; they need more train professionals of all sorts: doctors and engineers, lawyers and financial professionals, and train civil servants.

In order to use these people you have to have organizations and institutions to employ them. What they really need is the social capital to support these institutions. The people will find institutions. The hypothesis would be that you need a certain level of average intelligence in order to support the kind of institutions you need.

He writes that many of the world's richest cities are choked by inadequate infrastructure.

That's also a demographic problem. Some cities such as Tokyo and Moscow in Kyiv worked just fine. The public transit is really effective. People use it. The reasons are demographic. In the reasons people do not use public transit and dispersed himself so widely are also demographic. The solution to the problem is not technical, it is social.

He says send more money. Look at what money has done with American education. Basically nothing. Reference the crisis caravan, a seal freak refute breakthroughs ala develop more by Axel couple, and the underground history of American education. Money is not the answer.

The elusive potential of immigration, he writes. He must realize that the income distribution of the world is uneven for a reason. IQ and the wealth of Nations gives those reasons. It must be required reading.

Immigration? Look at the problems that Europe now faces!

He writes, "America's increasingly virulent polarization thrives even as the American economy racks up impressive economic growth." That's Apsley untrue. The American economy is not growing much, and income for American men hasn't grown since about 1960, for women, since the since the 80s.

He wrote he writes Chapter 11 again the outcome of this negotiation will depend in part on what the typical voter – or citizen, and less democratic countries – determines he or she wants out of life." Yes, that's the question. Absent from this book is a consideration of family, and the perpetuation of the society. This is an economic book and it deals only with economics. It's pretty one-dimensional.

I vent says that people may be satisfied with what they have because they are able to get more things – more free entertainment and such via the Internet. Another point is that they have given up doing what they used to do, such as raise children.

Is this wrong? He writes, "Hungary and Poland are pushing for significant political change: to undermine existing democratic institutions into edge away from the EU." Those are not one and the same.

He writes in his final chapter, "but if the locus of redistribution can be changed in the zero-sum aspect of societal openness could be diffused. Secure in the knowledge that societal growth would not reduced redistribution." The problem is recognizing that redistribution assumes equal parties. They aren't equal. They are close. Redistribution is not Adam Smith's game of everybody benefiting, but it is soak the rich so the poor may benefit. The rich will put up with only so much. Then they leave, as they are leaving New York and even the United States. At location 3790. Seven he comes right out and says it. There is a better answer available: battery "like us" is to be human. That is that to be human is to earn the right to share in the wealth generated by the productive social institutions that have evolved in the knowledge that has been generated, to which somebody born in Islam in Dhaka is every bit rifle here errors somebody born in great wealth in Palo Alto or Belgrade via.

Black Lives Matter. Irony is – they don't. That is the existential question.