

Review of "IQ and the Wealth of Nations" by Richard Lynn and Tatu Vanhanen

IQ and the Wealth of Nations
Richard Lynn and Tatu Vanhanen

The authors' greatest contribution may simply be in gathering a large amount of statistical data. They have intelligence and economic statistics for 81 countries. Their economic data goes back to 1820, about as early as one might imagine such statistics would be available, and their intelligence statistics go back to the origins of intelligence testing.

Needless to say the data from the West, and in particular England, France and the United States, pioneers in intelligence testing, are far more extensive than for the rest of the world. The authors use the wealth of data from these countries to validate the consistency of IQ test methodologies. Though the test data from other parts of the world is much less extensive, the authors demonstrate that that which exists is internally consistent within countries and consistent within regions. In other words, while the validity of data for an individual country in South America might be subject to question, the consistency of data among all countries on the continent gives credence to the individual contributions.

Linear regression, the easiest technique for drawing a line through a scattering of dots, has some deficiencies. Most notable is that it predicts negative per capita incomes for countries with average IQs of less than 69... an obvious impossibility. That drawback does not outweigh the advantage of simplicity. Playing around with the figures, I find that an exponential curve fits the data better than a straight line, but not sufficiently dramatically to justify their use. IQ itself does not represent a linear function. A guy with an IQ of 150 may be able to type twice as fast as somebody at 75, but the point is that the first guy can conceive a vast number of ideas -- what to write about, for instance -- that are way beyond the second.

Analysis of the linear regression figures presented in the book and shown in the first figure here would indicate that each point of IQ was worth \$519 in average annual income. The exponential fit would indicate that each point of IQ was worth an additional 8.57% in annual income. Either way the figures are quite dramatic.

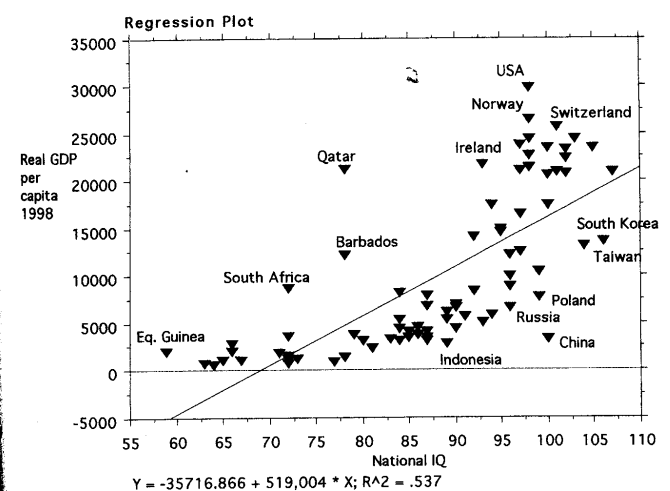
The authors do a good job of discussing other factors that affect the wealth of nations. They spend a lot of time analyzing "outliers" .. data points that diverge enough from the rule to beg for investigation.

Many in their sample sit on top of large pools of natural resources: oil, diamonds and manganese. Some small countries such as the Bahamas depend largely on a tourism industry run by outsiders. These are the easiest to explain.

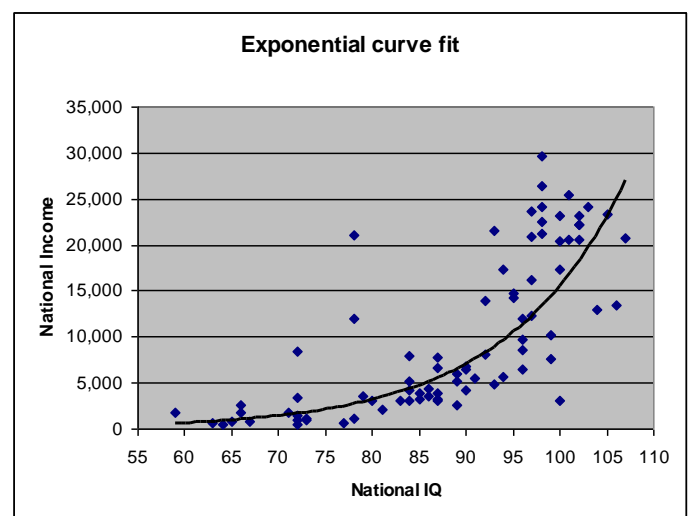
Democratic government plays a major and measurable role in economic progress. The peoples of North and South Korea, of East and West Germany, and of China, Hong Kong, Taiwan and Singapore are very similar in IQ

Author's graph of the results

Figure 7.3
The Results of the Regression Analysis of Real GDP Per Capita 1998 on National IQ for 81 Countries in the Group of 81 Countries



Exponential curve fit, for comparison



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because they are ethnically very close. Economic freedom is fairly closely linked to democracy, though there are significant exceptions such as Hong Kong (economically free but not democratic) and India (democratic but not very free economically). The authors find strikingly high correlations when they do multi-variant analyses to predict national income as a factor of IQ, economic freedom and political freedom. As an aside, it would become impossibly complex to do such multi-variant analyses using anything other than linear regression. The authors' decision to stick with simple techniques serves them well.

Intelligence in a society generally means smart leaders in business and politics. Dumb economic decisions such as nationalizing industries and letting cronies of the government handle all business can cripple an economy. The effect of having a relatively more intelligent foreign elite manage the economy can be seen in many countries: South Africa, Singapore, Malaya, Indonesia, Caribbean tourist destinations. Conversely, when these minorities are kicked out, as has happened to the Jews inquisitions and pogroms, Chinese throughout tropical Asia, whites in Africa and so on, the economic situation has generally gone downhill.

The authors don't address moral issues beyond mentioning that wealthy countries tend to feel a moral responsibility for helping the rest. They note that financial aid has not yielded long lasting benefits in any of the lower-IQ countries. In fact they give a cut-off figure of 90. Not much, besides sitting atop a large pot of oil, has resulted in much long term improvement in the situation of less intelligent populations.

I'll reraise the question of morality. It would be cruel and simplistic to abandon these nations simply because the prospects of their competing successfully in the world community are nil. On the other hand, the historical approach of ignoring obvious differences in intelligence has not helped us find solutions. Whatever the moral course of action must be, it should take the facts into consideration. Any book on intelligence invites rebuttal. It is significant that the works of Shockley, Jensen, Murray, Herrnstein, Pinker, Rushton and others are met with torrents of abuse but no real rebuttals. "IQ and the Wealth of Nations" is being met with silence. Who has heard of it? Yet it appears to me to be as well crafted, written and researched as "The Bell Curve."

This is an issue that will not go away. The founders of the nation, Alexis DeToqueville, Lincoln, Roosevelt, Johnson and Nixon all dealt with it. For a few decades now liberal orthodoxy has shamed inquisitive minds into silence, especially on campus. Theirs will not be the final word. The gradual eclipse of Jesse Jackson and his ilk, and the emergence of somewhat coherent and intellectually respectable conservative opinion, means that this discussion, however painful, will once again find its way into the national debate.

Why Are Some, Countries So Rich and Others So Poor?

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In this chapter the major theories that have attempted to explain the causes of the inequalities in income and wealth between nations are reviewed. These comprise the following theories. First is the climate theory, which was originally advanced by Charles de Montesquieu, who proposed that temperate climates are more favorable to economic development than tropical and semi-tropical climates. Second are the geographical theories, which attempt to explain economic development in terms of geographical location. Third are the modernization theories, which regard economic development as a process of modernization through which all nations will eventually pass. Fourth are the psychological theories of M. Weber and D. C. McClelland, which propose that the psychological values and motivations of a population are the principal factors responsible for national differences in incomes and wealth. Fifth are the theories that posit "culture" as the crucial factor. Sixth are the dependency theories, which claim that the poverty of the Third World is caused by the international capitalist system. Seventh is the neoclassical or market economy theory, which holds that free markets are the key to economic development. And finally there are the multi-causal theories, which posit that a number of these and other factors are involved.

CLIMATE THEORIES

It has long been recognized that climate is related to economic development. This was observed in the mid-eighteenth century by Montesquieu (1748) who noted that affluent nations typically lie in temperate regions and poor nations typically lie in the tropics or sub-tropics. In addition, he

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suggested that the climate of temperate regions is more favorable for economic development. In the twentieth century, many economists and social scientists have made the same observation and drawn the same conclusion. For instance, J. K. Galbraith (1951) has written that "If one marks off a belt a couple of thousand miles in width encircling the earth at the equator one finds within it no developing countries" (p. 693). P. Streeten (1971) has written that "Perhaps the most striking fact is that most underdeveloped countries lie in the tropical and semi-tropical zones between the Tropic of Cancer and the Tropic of Capricorn" (p. 78). In his book *The Tropics and Economic Development*, A. M. Kamarck (1976) argued that tropical environments are disadvantageous for economic development because a hot and humid climate reduces human work efficiency, tends to impair the land's productivity, and provides a favorable environment for debilitating or lethal tropical diseases. He also contends that these adverse climatic conditions provide some explanation for the poverty of tropical countries and in particular that of sub-Saharan Africa. Furthermore, he believes that research may help to overcome the obstacles to economic development posed by the tropics, and "when eventually the tropical constraints are mastered, the same characteristics that now hinder the Tropics may then give them advantages over the Temperate Zones" (p. xiii, 90; Streeten, 1976).

More recently, the climate theory of economic development has again been stated by D. S. Landes (1998). In his book *The Wealth and Poverty of Nations*, he writes that "On a map of the world in terms of product or income per head, the rich countries lie in the temperate zones, particularly in the northern hemisphere; the poor countries, in the tropics and semi-tropics" (p. 5). He attributes this difference to three factors—the enervating effects of hot climates, the prevalence of diseases, especially malaria, bilharzias, and lymphatic filariasis, which spread more quickly in hot climates, and the irregular supplies of water caused by dry and wet seasons. However, although there is undoubtedly a broad association between temperate regions and affluence and tropical and semi-tropical regions and poverty, there are some notable exceptions such as rich Singapore and poor South Africa that call into question the conclusion that there is a direct causal connection.

GEOGRAPHY

A recent exponent of geography as the major determinant of economic development is J. Diamond (1998). In his book *Guns, Germs and Steel*, Diamond begins by describing how when he was working in New Guinea a tribesman named Yali asked him, "Why is it that you white people developed so much cargo and brought it to New Guinea, but we black people had little cargo of our own?" (p. 14). "Cargo" in the lingo of New Guinea means manufactured artifacts. Diamond says that he wrote his book to answer this question. The problem he seeks to explain is why over the last 10,000 years

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or so civilizations developed in Europe and Asia (Eurasia) and, to some degree, in the Americas, but not in sub-Saharan Africa or Australia. He rejects biological explanations based on the assumption that there are significant differences in the innate abilities of the peoples of these different regions. He asserts that there are no significant differences in average mental abilities of peoples, although he says that his subjective impression is that New Guineans are on the average smarter than Eurasians (pp. 19-20,408).

Diamond does not propose that climatic factors have played any part in the different levels of civilization attained by different peoples. He argues that four geographical factors have been responsible. The first consists of the continental differences in the wild plant and animal species that are available as starting materials for domestication. He asserts that nearly all useful plants that could be grown as crops, particularly wheat and barley, and also nearly all potentially domesticable animals (cow, sheep, goats, pigs, and horses) happened to be in Eurasia. All these animals were easy to domesticate. They could be used to provide agricultural surpluses, which made it possible to maintain an increasing population, and for the support of towns and complex social systems, which supported scholars who developed writing, arithmetic, and other advances of the early civilizations. The second factor favoring Eurasia has been "its east-west major axis and its relatively modest ecological and geographical barriers. . . . Diffusion was slower in Africa and especially in the Americas, because of those continents' north-south major axes and geographic and ecological barriers" (p. 407). The inventions that lead to technological, economic, and cultural growth, according to Diamond, are able to spread more rapidly along an east-west axis than along a north-south axis. So once again, Eurasia was lucky because it lies on an east-west axis.

The third geographic factor has been the ease of the diffusion of inventions between continents. Intercontinental diffusion was easiest between Europe and Asia. Diffusion was difficult between Eurasia and sub-Saharan Africa because of the barrier of the Sahara desert, and was impossible from Eurasia to the Americas, Australia, and the Pacific islands because of the oceans. The fourth factor involves continental differences in area and consequently in population size. These factors were again most favorable in Eurasia, whose large area and developed food production were able to support the largest populations. Diamond argues that a larger area and population means more potential inventors, more inventions and innovations, and more competing societies (pp. 406--408). His final answer to Yali's question is, "the striking differences between the long-term histories of peoples of the different continents have been due not to innate differences in the peoples themselves but to differences in their environments" (p. 405).

Diamond's theory has a number of obvious weaknesses. First, in sub-Saharan Africa there are wild plants that could have been domesticated such as sorghum, millet, yams and rice, and wild animals that could have been

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domesticated such as guinea fowl, zebras, giraffes, buffalo, and wildebeests. The reason these animals were not domesticated is because people did not put the effort into domesticating them. Second, the assertion that inventions could not spread in sub-Saharan Africa or in the Americas because of their north-south axes but could easily spread in Eurasia throughout along the east-west axis is obviously wrong. There was no easy transmission of inventions between China and the rest of Eurasia because of the barriers of the Himalayas and the Gobi desert. These barriers cut off these two regions from one another as effectively as the Atlantic ocean cut off Eurasia from the Americas, and it is the reason why civilizations developed independently in them. For instance, as Diamond himself acknowledges, writing was invented independently somewhere around 3,900 to 1,000 B.C. in Sumeria (contemporary Iraq) and in China. Later, printing was invented in China in the eighth century A.D., but it did not pass by diffusion throughout the rest of Eurasia. It was invented independently by Johannes Gutenberg in Germany in the fifteenth century.

Third, Diamond's theory encounters further difficulties because of the three civilizations that arose in Central and South America. The Aztecs and Maya located in contemporary Mexico developed on an east-west axis of about 500 miles, and the Incas of Peru developed on an east-west axis of about three hundred miles. In sub-Saharan Africa, there is an east-west axis of approximately 4,000 miles from Senegal and Guinea to Ethiopia and Somalia, yet no indigenous civilizations comparable to those of the Americas or Eurasia developed along this extensive east-west axis. Finally, Diamond's theory cannot explain the slow economic growth of much of the economically developing world in the twentieth century, during which plants and animals domesticated in Europe and Asia were introduced, and when advanced technologies became available that people in the developing world could copy. Nor does Diamond's theory explain why some peoples, such as East Asians and Europeans in Australia and North America, adopted these technologies while others, such as those in Africa, south Asia, the Pacific islands and much of Latin America failed to do so.

Diamond was awarded the Rhone- Poulenc Science Book Prize, and his book carries endorsements by several eminent scholars including Paul Ehrlich who wrote that Diamond "provides a convincing explanation for the differing developments of human societies on different continents." We take a different view and suggest that a few minutes' glance at an atlas is sufficient to show the obvious flaws in Diamond's theories.

MODERNIZATION THEORIES

Research on economic underdevelopment accelerated after the World War II when former colonies in Asia and Africa began to win independence and when it became increasingly obvious that they remained much less

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developed and poorer than the industrialized European and North American countries. Many social scientists believed that the poverty of underdeveloped countries was only short-term and that ultimately all countries would become rich. These theories envisioned economic development as a historical process, which occurred first in Europe and the United States, that would be followed in the remainder of the world through the process of "modernization."

In the 1950s, the most influential modernization theorists were W A. Lewis and W W Rostow. According to the Lewis model, the underdeveloped economy consists of two sectors—a traditional rural subsistence sector characterized by zero marginal labor productivity and a high-productivity, modern urban industrial sector. Economic development involves the transfer of workers from subsistence agriculture to the modern urban sector. Urban wages should be at least 30 percent higher than the average rural income to induce workers to migrate from their home areas. The speed of modernization is determined by the rate of industrial investment and capital accumulation in the modern sector. M. P. Todaro (2000, p. 84) says that Lewis's "two-sector model became the general theory of the development process in surplus-labor Third World nations during most of the 1960s and the early 1970s" (see Lewis, 1954 and 1955; Fei and Ranis, 1964; Nafziger, 1997, pp. 99-103; Martinussen, 1999, pp. 61-63).

A more elaborate theory of modernization was advanced by W W Rostow (1961). Like Lewis, he distinguished between the traditional agricultural sector and the modern capitalist sector. He formulated a theory of five stages of economic development. According to this theory, it is possible "to identify all societies, in their economic dimensions, as lying within one of five categories: the traditional society, the preconditions for take-off, the take-off, the drive to maturity, and the age of high mass consumption" (p. 4). Traditional societies are characterized by pre-Newtonian science and technology, and by pre-Newtonian attitudes towards the physical world. They are also largely agricultural societies with a hierarchical social structure. The second stage of growth occurs in societies that are in the process of transition. The preconditions for take-off are developed either endogenously or as a consequence of external intrusion by more advanced societies. The emergence of an effective centralized national state is an important feature of these societies. The third stage of "take-off" occurs when impediments and resistance to economic growth are overcome. The proximate stimulus for take-off has usually been technological. New techniques are adopted in agriculture and industry. Rostow assumes that a long interval of a sustained and fluctuating progress follows after the take-off and leads to the fourth stage of maturity. This is the stage in which "an economy demonstrates the capacity to move beyond the original industries which powered the take-off and to absorb and to apply efficiently over a very wide range of its resources—if not the whole range the most advanced fruits of (then) modern technology" (p. 4). The fifth and

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final stage of economic growth is the age of "high mass-consumption" in which economic affluence comes to be enjoyed by a majority of the population. The United States entered this stage in the 1920s and, more fully, in 1946-56. Western Europe and Japan entered this final stage in the 1950s (Rostow, 1961, pp. 4-11; see also Rostow 1971, 1998, and 2000). Rostow envisioned that all countries would go through these five stages of growth and would eventually reach the last stage of high mass-consumption. The gap between rich and poor countries is expected to disappear as the developing countries progress into the later stages of growth. Rostow assumes that all populations have similar potential for economic development because there are no significant differences in the mental abilities of the different populations. He envisioned a world in which "all can share the choices open in the stage of high mass-consumption and beyond. . . ." and "billions of human beings must live in the world, if we preserve it, over the century or so until the age of high mass-consumption becomes universal" (Rostow 1961, pp. 166-67).

Modernization theories emphasize, the necessity of structural changes. Modernization presupposes the shift from agricultural to industrial production, higher standards of living, the accumulation of physical and human capital, increasing education and literacy, greater consumer demands, the growth of cities and urban industries, and the decline of family size. Modernization is seen as a process that includes social, psychological, economic, cultural, and political changes. The process of modernization is assumed to lead from the poverty of traditional agricultural subsistence societies to economic growth and modern affluence in all societies (see also Nafziger, 1997, pp. 91-93; Gardner, 1998, pp. 130-31; Martinussen, 1999, pp. 63-65; Roberts and Hite, 2000, p. 9; Todaro, 2000, pp. 79-90).

PSYCHOLOGICAL THEORIES

Psychological theories of economic development propose that psychological beliefs, values, and attitudes are a major factor responsible for economic growth. The two leading exponents of this approach have been Max Weber and D. C. McClelland. Weber argued in his book *The Protestant Ethic and the Spirit of Capitalism* (1904) that the emergence of Protestantism in Northern Europe in the sixteenth century was responsible for the rapid economic development of Protestant countries, particularly the Netherlands and England. Weber contended that the predominant values of Catholicism were the virtues of poverty and withdrawal from the world into the life of prayer in the monastery and that these virtues were unfriendly to the development of capitalism. On some issues, Catholicism was actively hostile to capitalism, particularly in its failure to understand the importance of capital for capitalist enterprises and its condemnation of the lending of money with interest as the sin of usury. In contrast to these Catholic beliefs, Protestantism stressed

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the religious and moral value of worldly work and maintained that the accumulation of wealth as a fruit of labor in a calling was a sign of God's blessing. Weber cited Luther's teaching that we should value "the fulfilment of duty in worldly affairs as the highest form which the moral activity of the individual could assume" and that the "only way of living acceptably to God was not to surpass worldly morality in monastic asceticism, but solely through the fulfilment of the obligations imposed upon the individual by his position in the world. That was his calling" (p. 80). Thus, Protestantism gave moral and religious sanction to organized worldly labor and acquisition of wealth. Calvinism taught that "God helps those who help themselves" (p. 115) and that it was religiously virtuous to dedicate one's life to continual profitable work. Protestantism also taught that waste of time is "the first and in principle the deadliest of sins" (p. 157). A Puritan, Richard Baxter, preached that even "the wealthy shall not eat without working, for even though they do not need to labour to support their own needs, there is God's commandment which they, like the poor, must obey" (pp. 159-60). Weber concluded: "the religious valuation of restless, continuous, systematic work in a worldly calling, as the highest means to asceticism, and at the same time the surest and most evident proof of rebirth and genuine faith, must have been the most powerful conceivable lever for the expansion of that attitude toward life which we have here called the spirit of capitalism." He continued that when "the limitation of consumption is combined with this release of acquisitive activity, the inevitable practical result is obvious: accumulation of capital through ascetic compulsion to save" (p. 172).

Weber's theory has won widespread acceptance as a partial explanation for the economic development of the West from the sixteenth century onward. The theory has been regarded as persuasive for two main reasons. First, the countries of Protestant Northern Europe, particularly the Netherlands, England, northern Germany, and Switzerland, began to pull ahead of the Catholic countries of southern Europe, particularly Italy, Spain, and Portugal. Only Catholic France and Belgium remained as partial exceptions to the generally more rapid economic development of the Protestant nations. This pattern was repeated in the Americas, where the mainly Protestant United States and Canada showed greater economic progress than Catholic South and Central America. Second, in Catholic countries, the most enterprising tended to be the Protestants. In France, many of these were Huguenots, of whom the historian H. A. L. Fisher (1936) wrote that "in commerce and maritime adventure, as well as in all branches of industry such as the weaving of silk, which in that age demanded a high measure of technical skill, these Protestant Frenchmen out-distanced their Catholic fellow citizens" (p. 442). Many of the rulers of the Catholic countries relied on Protestant bankers to finance them. In seventeenth-century France, Cardinal Richelieu borrowed from the Calvinist bankers, the Rambouilletts and the Tallemants; in Austria, the Catholic Habsburgs were financed by the

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Calvinist de Witte bankers of Antwerp; and in Spain, Philip IV was financed by Francois Grenus, a Calvinist based in Berne. The historian H. Trevor Roper (1967) has reviewed this evidence and concluded that "there is a solid. . . core of truth in Weber's thesis" (p. 35). The limitation of Weber's theory is that it is local to Europe and cannot explain, for instance, the rapid economic development of the Pacific Rim in the second half of the twentieth century.

In the second major theory of psychological values as a significant factor in national differences in economic growth, D. C. McClelland (1963) has formulated the concept of "achievement motivation." This is essentially the motivation to achieve excellence, particularly by success in entrepreneurship. He contends that the strength of this motive has varied among different societies at different historical periods, which has contributed to their economic growth and decline. He devised methods for measuring the strength of the motive and claimed to show that this motive was a major determinant of economic growth. However, it has been shown that during the second half of the twentieth century, the strength of achievement motivation has not predicted subsequent economic growth (Finison, 1986) and the validity of the theory remains in doubt.

CULTURE

A number of social scientists have concluded that "culture" is a significant or even a decisive factor in economic growth. "Culture" is defined as the values, attitudes, and motivations of a population. For instance, L. E. Harrison (1985) writes that "the creative capacity of human beings is at the heart of the development process" (p. 232) and that underdevelopment is, in fact, a state of mind. Harrison's thesis (2000) is that differences in cultural values and attitudes provide the best explanation for the gap between rich and poor countries. According to his interpretation, "the failure of governments and development institutions to take into account the power of culture to thwart or facilitate progress" is a principal reason for the shortfall of human progress since World War II in many parts of the world (p. xxxii). S. P. Huntington's argument (2000) is the same. He asks, how to explain the extraordinary difference in development between Ghana and South Korea, and he answers, "Undoubtedly, many factors played a role, but it seemed to me that culture had to be a large part of the explanation. South Koreans valued thrift, investment, hard work, education, organization, and discipline. Ghanaians had different values" (p. xiii).

A. Inkeles and D. H. Smith (1974) contend that modern attitudes produce modern behaviors, which are essential to development. They "are convinced that mental barriers and psychic factors are key obstacles to more effective economic and social development in many countries" (p. 214). To achieve economic development, the traditional man of poor countries needs

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to be transformed into the modern man. Herman Kahn (1979) has argued that much of the rapid economic growth of Japan, South Korea, and Taiwan can be attributed to their Confucian cultures, which "may in many ways be superior to the West in the pursuit of industrialization, affluence, and modernization" (p. 219).

Another economist who has argued that psychological characteristics are important factors in economic growth and development is P. T. Bauer (1981). He writes that some "people are gifted, hard-working, ambitious and enterprising, or had far-sighted parents, and are therefore more likely to become well-off. . . . People differ in economic aptitudes as they do in artistic, intellectual, musical and athletic abilities" (p. 8, 10) and "economic differences are largely the result of people's capacities and motivations" (p.19). The same is true of the economic differences between western and third world countries. Nations may also differ in economic aptitudes and motivations. Bauer does not refer to differences in mental abilities and intelligence explicitly, but he comes near to this concept when he emphasizes the significance of people's economic capacities and motivations and when, in the case of Africa, he says that the relative lack of able and effective people is crucial (p. 195).

A recent restatement of the culture theory of economic growth comes from David Landes (1998) in his book *The Wealth and Poverty of Nations: Why Some are So Rich and Some So Poor*. His answer to this problem is "culture makes all the difference. . . witness the enterprise of expatriate minorities—the Chinese in East and Southeast Asia, Indians in East Africa, Lebanese in West Africa, Jews and Calvinists throughout much of Europe, and so on and on" (p. 516). Landes defines culture as "the inner values and attitudes that guide a population" and he endorses Weber's theory that Protestantism was an example of a set of such values that are favorable to economic growth. He argues that differences in culture explain why in recent decades Japan, Germany, South Korea, and Indonesia have succeeded economically while Turkey and Nigeria have failed. He writes that the concept of culture "frightens scholars" because it "has a sulfurous odor of race and inheritance, an air of immutability" (p. 516), but that we need not be frightened of the concept because culture can be changed. The principal weakness of culture as an explanation of national differences in economic development is that it is hard or even impossible to measure and subject to rigorous testing.

DEPENDENCY AND WORLD SYSTEM THEORIES

The dependency theories formulated by A. G. Frank and others became popular in the 1970s. A number of social scientists have argued that the capitalist world system is responsible for the poverty of underdeveloped countries. One of the leading exponents of this approach is R Prebisch (1950), who has proposed a center-periphery model to explain the gap between rich

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and poor countries. The center countries are the rich, industrialized nations that have been able to use their economic strength to gain advantages from international trade and to exploit the periphery countries in Latin America, Asia, and Africa. H. w: Singer (1950) proposes a similar theory. According to Prebisch and Singer, the deteriorating terms of trade for Latin American and other less developed countries resulted in a long-term transfer of income from poor to rich countries. Their conclusion is that this decline could be combated only by efforts to protect the domestic manufacturing industries by policies of import substitution (cf. Chilcote, 1984, pp. 23-27; Nafziger, 1997, pp. 502-505; Martinussen, 1999, p. 75-76; Todaro, 2000, pp. 466-67).

The dependency theory has its historic!oots in Lenin's theory of imperialist capitalism's exploitation of economically underdeveloped countries. P. A. Baran (1952, 1957, 1975) was a leading exponent of the Marxist approach in the 1950s and used Lenin's concepts of imperialism and international class conflict to explain economic growth and stagnation. According to his explanation, backward societies remained underde'loped because their propertied and economically dominant classes h~ no interest in promoting industrialization and the transformation of the peripheral economies, and because the foreign and national capital owners, for their own reasons, were also opposed to it. Baran emphasizes the significance of domestic class interests, but he also takes into account the international economic system by arguing that the economic development of the backward societies was inimical to the dominant interests in the capitalist countries. He recommended extensive state interventions to promote nationally controlled industrialization for backward countries (cf. Chilcote, 1984, pp. 79-86; Martinussen, 1999, pp. 86-88).

Neo-Marxist theories of development and underdevelopment led to the formulation of new dependency theories in the 1960s and 1970s. A. G. Frank is the most prominent of these theorists. He was particularly concerned with the economic underdevelopment of Latin America. In the preface to his book, *Capitalism and Underdevelopment in Latin America* (1967, p. vii), Frank states, "I believe, with Paul Baran, that it is capitalism, both world and national, which produced underdevelopment in the past and which still generates underdevelopment in the present." Frank distinguishes between what he called the economically developed "metropoles" and the economically undeveloped "satellites" He concluded that "historial research demonstrates that contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries" (Frank, 1969, p. 160). In other words, the dominant capitalist countries have impoverished the underdeveloped satellite countries and caused the increasing gap between poor and rich countries. He also argues that "these metropolis-satellite relations are not limited to the imperial or international

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level but penetrate and structure the very economic, political, and social life of the Latin American colonies and countries." The provincial capitals, which are themselves satellites of the national metropolis, "are in turn provincial centers around which their own local satellites orbit." Each of the satellites "serves as an instrument to suck capital or economic surplus out of its own satellites and to channel part of this surplus to the world metropolis of which all are satellites." Thus, the present underdevelopment of Latin America is the result of its centuries-long participation in the process of world capitalist development (Frank, 1969, pp. 161-162). Because the contacts with metro poles caused satellization and underdevelopment, Frank concludes that underdeveloped countries should dissociate themselves from the United States and the other industrialized countries. He argued that the African, Asian, and Latin American countries least integrated into the world capitalist system tend to be the most highly developed. Thus, Frank concludes that isolation from the world market would be the best development strategy for third world countries (see also Frank, 1967, 1996; Chew and Denmark, 1996).

The dependency theories fo~ulated by Frank and other dependency theorists became popular in the 1970s. T. dos Santos (1970), a Brazilian economist, defines dependence to mean "a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected" (p. 194). He emphasizes that the Marxist theory of imperialism helps us to understand the consequences of dependence, whereas its attempts "to analyze backwardness as a failure to assimilate more advanced models of production or to modernize are nothing more than ideology disguised as science" (p. 201). For poor countries, he recommends the establishment of popular revolutionary governments, which open the way to socialism.

Referring to Lenin's theory of imperialism, the Brazilian sociologist, F. H. Cardoso (1972), argues that inequality "among nations and economies resulted from imperialism's development to the extent that import of raw materials and export of manufactured goods were the bases of the imperialistcolonial relationship" (p. 171). Thus, the inequality between advanced economies and dependent economies was a by-product of the process of capitalist growth. Imperialist profit was based on unequal trade and financial exploitation. Similarly, the Egyptian economist S. Amin (1996) has argued that Europe was responsible for the underdevelopment of large parts of Africa during the colonial era. Europe produced peripheral economies that were heavily dependent on the world market. Their dependence is a result of the dominance of the center countries, which have prevented the establishment of nation-wide capital goods industries and the manufacturing of goods for mass consumption. Amin suggests that the less developed countries should break their asymmetrical relationship with the center countries and pursue a socialist development strategy. He blames not only global imperialism, but also the

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African ruling classes for their failure to further industrialization. He writes, "The collusion between the African ruling classes and the strategies of global imperialism is, therefore, the ultimate cause of the impasse" (Amin, 1996, p. 210). Thus, the central thesis of dependency theorists is that the "underdevelopment in the periphery is the direct result of development in the center, and vice versa" (Roberts and Hite, 2000, p. 12; see also Chilcote, 1984). Therefore, according to these dependency theorists, third world poverty is caused by the center nations through the process of exploitation.

I. Wallerstein's world system theory (1975, 1979) represents another version of the dependency theory, although Wallerstein prefers to regard the dependency theory as a subset of his world-system perspective. According to this perspective, the modern world comprises a single capitalist world-economy, which emerged historically in the sixteenth century and still exists today. He argues that the whole global system is evolving together and that the proper entity of comparison is the world system, not the national state. This worldwide system consists of three zones—the core, the semi-periphery, and the periphery. The core extracts wealth from the periphery and causes its poverty. According to this perspective, "the gap between rich and poor ultimately will disappear, but only when the capitalist world system that has been in place since the sixteenth century itself disappears" (Seligson and Passe-Smith, 1998, p. 277).

Although the dependency theories and Wallerstein's world-system perspective are closely related to each other, there are some differences between them. A. G. Frank points out that according to his current view, the existence and development of the world system in which we live stretches back at least five thousands years, not merely to the sixteenth century. He argues that "capital accumulation neither began nor became 'ceaseless' after 1500, but rather has been the motor force of history throughout. There was no sharp break around 1500" (Frank, 1996, pp. 42-44). However, the central thesis of both perspectives is the same: the poverty of third world countries is due to the exploitation by the core countries of the world economic system.

Most economists do not accept that the economically developed West has been responsible for the poverty of third world countries. M. Chisholm (1982) concludes that domestic factors are more important than external ones. He rejects the proposition that "the core has exploited the periphery, and that the penetration of the international economy into peripheral nations has caused their present state of underdevelopment" (p. 191). He also stresses the significance of natural resources and cultural factors and argues that "prosperity is a direct function of the liberties enjoyed by individuals" (p. 160). Bauer (1981) is another economist who rejects the dependency theory. He argues that the economically developed West has not been responsible for third world poverty and that, on the contrary, "contact with the West has been the principal agent of material progress there. The materially more advanced societies and regions of the Third World are those

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with which the West established the most numerous, diversified and extensive contacts" (p. 70). On a similar note, Weede (1998) concludes that the "dependency approach provides no reliable and valid answer to the question: why do poor people stay poor?" (p. 373).

NEOCLASSICAL THEORIES

The 1980s saw the emergence of what has become known as the neoclassical counter-revolution in economic theory. After decades of Neo-Marxist analysis, neoclassical theory once again emphasized the importance of the market economy for economic development. This has been a revival of the ideas put forward by Adam Smith (1776) in the late eighteenth century. Neoclassical theory emphasizes the importance of private initiative, deregulation of governmental controls, and the institutions of the free market for economic growth in both developed and less developed countries. The neoclassicists blame excessive state interventions for slow economic growth and argue that "promoting competitive free markets, privatizing public enterprise, supporting exports and free international trade, liberalizing trade and exchange rates, allowing exchange rates to attain a market-clearing rate, removing barriers to foreign investment, rewarding domestic savings, reducing government spending and monetary expansion, and removing regulations and price distortions in financial, resource, and commodity markets will spur increased efficiency and economic growth" (Nafziger, 1997, p. 110).

The ideas of the neoclassical counter-revolution have been adopted by the so-called Washington consensus, supported by the United States government, the World Bank, and the International Monetary Fund. These ideas recommend export promotion and market-oriented development strategy (Nafziger, 1997, pp. 110-111; Gardner, 1998, pp. 132-133). M. P. Todaro (2000) summarizes this approach: "the central argument of the neoclassical counter-revolution is that underdevelopment results from poor resource allocation due to incorrect pricing policies and too much state intervention by overly active Third World governments" (pp. 95-99). This state intervention in economic activity retarded the pace of economic growth in many third world countries. Contrary to the claims of dependency theorists, the neoclassical theorists argue that the Third World "is underdeveloped not because of the predatory activities of the First World and the international agencies that it controls but rather because of the heavy hand of the state and the corruption, inefficiency, and lack of economic incentives that permeate the economies of developing nations." Therefore, what is needed "is not a reform of international economic system, a restructuring of dualistic developing economies, an increase in foreign aid, attempts to control population growth, or a more effective central planning system" (Todaro, 2000, p. 95). What is needed is the promotion of free markets and laissez-faire economics.

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Todaro, however, notes that the reality of the institutional and political structure of many third world economies "makes the attainment of appropriate economic policies based either on markets or enlightened public intervention an exceedingly difficult endeavor" (p. 99).

The variant of neoclassical growth theory proposed by R. M. Solow (1956) and a number of others stresses the importance of savings and capital formation for economic growth. The idea is that the liberalization of national markets would draw additional domestic and foreign investment, and thus increase the rate of capital accumulation. Labor and technology are other causal factors in the Solow neoclassical growth model. It is assumed that output growth results from one or more of these factors-increases in labor quantity and quality, increases in capital, and improvements in technology. It was found, however, that this model was not able to explain the sources of long-term economic growth satisfactorily. It was especially unable to explain large differences in residuals across countries with similar technologies. To deal with this problem, a new growth theory was proposed. This theory focuses on endogenous (internal), factors of growth and attempts to explain technological change as an endogenous outcome of public and private investments in human capital and knowledge-intensive industries (Nafziger, 1997, pp. 113-117; Todaro, 2000, pp. 97-102).

Neoclassical theory attributes the poverty of third world countries largely to various errors of state policy, which consist of excessive government interference in the economy, corruption, and the failure to develop free markets (Seligson and Passe-Smith, 1998, p. 7). Weede (1996) argues that the economic development of many third world nations has been retarded by the excessive "rent-seeking" of the politically powerful. Rents are profits obtained by distortions of the market above opportunity costs, and rent-seeking societies suffer from a serious distortion of incentives. Because of distortions, there are strong incentives to engage in distributional struggles but comparatively weak incentives to engage in productive and growth-promoting activities. Rent-seeking entails monopolization, cartels, corruption, barriers to

entry, and conflicts of interest between urban and rural populations. Because..

it is easier for urban people to organize themselves for distributional struggles ..

than it is for scattered rural agrarian people, urban groups gain benefits. Thus, there is both the incentive and opportunity for urban exploitation of

the rural population. Governments support better organized urban interests and "prefer starvation in remote villages to an urban riot in front of the presidential palace" (p. 375). There is a protracted distributional struggle in which the poorest rural groups are the losers. This urban bias, price distortion, and income disparities significantly reduce growth rates. M. Lipton (1976) also identifies an urban bias in poor countries and argues that it provides the primary explanation for the internal gap between rich and poor. His thesis is that the "most important class conflict in the poor countries of the world today is not between labour and capital. Nor is it

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and national interests. It is between the rural classes and the urban classes" (p. 13). This urban bias has hampered economic development in poor countries (see also Lipton, 1998).

Another neoliberal economist is M. Olson (1996). He notes the experiences of the divided nations of Germany, Korea, and China, and that the economic performances have been incomparably better in the market economies of western Germany, South Korea, Hong Kong, and Taiwan than in the command economies of eastern Germany, North Korea, and China. He concludes that "the great differences in the wealth of nations are mainly due to differences in the quality of their institutions and economic policies" (Olson, 1996, p. 19; see also Olson, 2000).

A number of economists have identified the policies pursued by political leaders of many African countries as prime examples of the adverse effects of rent seeking and corruption on economic development. For instance, G. B. N. Ayittey (1999) writes that nationalist leaders in many African countries soon after independence "turned out to be crocodile liberators, Swiss bank socialists, quack revolutionaries, and grasping kleptocrats" (p. 7). The second generation of military rulers, who assumed control in the 1970s, "were more corrupt, incompetent, and brutal than the civilian administrators they replaced. They ruined one African economy after another with brutal efficiency and looted African treasuries with military discipline" (pp. 7-8). According to this interpretation, the causes of African crisis are the failures and mistakes of political and economic leadership. He writes that "the basic problem is the mafia state-government hijacked by kleptocrats and brutal despots. Their overarching ethic is self-aggrandizement and self-perpetuation in office. All power, both political and economic, has been concentrated in their hands, which they use to extract resources from the productive masses and spend them in conspicuous consumption" (p. 301).

Thus, neoclassicists contend that the flawed policies of governments and the failure to introduce market economies are largely responsible for slow growth and domestic inequality. The neoclassical model predicts that if the governments of third world countries would introduce market economies, the per capita incomes between rich and poor countries would converge (Nafziger, 1997, p. 114). This is known as the "convergence theory," which envisions that the gap between rich and poor countries will ultimately disappear.

MULTI-CAUSAL THEORIES

Many social scientists have advanced multi-causal theories of economic development, which propose the operation of a number of factors that determine economic growth and development. A recent exponent of this approach is Landes (1998). At one point he writes that "If we learn anything from the history of economic development, it is that culture makes all the difference" (p. 516). However, elsewhere he writes that "everything depends

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on the quality of enterprise and the technological capability of the society" (p. 493). In other places he offers a number of further explanations for national differences in economic development including climate and institutions. He compares the recovery of Germany and Japan from the devastation of World War II and the economic successes of other east Asian nations to the lower economic growth in Latin American and Middle Eastern countries and particularly in sub-Saharan Africa. He explains these differences in terms of cultural and a variety of institutional differences: "All the ills that have hurt Latin America and the Middle East are exponentially compounded in sub-Saharan Africa: bad government, backward technology, inadequate education, bad climate, incompetent if not dishonest advice, poverty, hunger, disease, overpopulation-a plague of plagues" (p. 499). Landes fails to offer a coherent or consistent theory of economic development but from the previously quoted passage, he appears to be a multicausal theorist.

Another recent multicausal theorist of economic development is H. S. Gardner (1998). He lists a variety of environmental and cultural factors that explain poverty, especially the effects of tropical climate and institutional factors. He notes, as have many others, that most of the economically undeveloped world is located in tropical and sub-tropical regions. These regions are unfavorable for agriculture, and the tropical climate and poor sanitation foster the reproduction of insects, parasites, and pests that attack people, plants, and animals. These are formidable obstacles for development. Of the institutional factors, he cites land tenure systems, market structures and political instability. In sub-Saharan Africa, an individual family has little incentive to improve the land because the land is generally held in common with no identifiable owner or it is controlled by a village, tribe, or extended family. In Latin America, the land is held privately, but mostly it is owned by a small number of very rich people, and poor tenants have no incentive to improve it. In many poor countries, there are poor transportation and communication systems that raise the costs of trade and retard economic growth. In addition, in many developing countries price controls and state monopolies cripple the operation of markets. Political instability discourages foreign investments and economic development and encourages rulers to undertake short-sighted economic policies, such as the inflationary creation of money.

In another recent multi-causal analysis, F. Doorman (1998) begins by rejecting two explanations. He asserts that poverty does not have a cultural cause, and that it cannot be explained by the lack of resources. He then argues that poverty is "a question of distribution rather than production. Resources and wealth are distributed unequally, both between and within countries" (pp. 37-38). An important factor responsible for national differences in the wealth and poverty of nations is the great differences in technical and managerial skills. Protectionism by rich nations is another factor that perpetuates poverty. So also is the high level of debt of many third world countries, which Doorman regards as the single biggest cause of continuing

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poverty in the developing countries. Furthermore, he believes that the rich countries are to a considerable extent responsible for the poverty in the poor countries, but he also finds domestic causes of poverty. He blames bad governments: "The ruling cliques of most poor countries have been singularly successful in increasing their own wealth at the cost of their fellow citizens. Favored means are graft, kickback, abuse of monopolies, and many other forms of corruption, including the downright plundering of national treasuries. Some of the gathered wealth is consumed or invested locally; much is transferred to Swiss bank accounts or other safe havens in the rich nations" (p. 42). Doorman estimates that the damage done by political leaders plundering their countries' treasuries and national resources runs into the hundreds of billions of dollars.

Although the gap between rich and poor countries is statistically described in each issue of the *World Development Report*, and the problems of economic development and poverty have been discussed extensively, it is generally difficult to find any theoretical explanation for the gap between rich and poor countries from these reports. However, the 1999/2000 issue of the report includes a review of development thinking and experience of fifty years. It concludes that there are four critical lessons-macroeconomic stability is an essential prerequisite for achieving the growth needed for development; growth does not trickle down automatically; no one policy will trigger development, a comprehensive approach is needed; and institutions matter (World Development Report 1999/2000, p. 1). These lessons do not include any reference to the possible role of group differences in mental abilities.

Several multi-causal social scientists have argued that the quality of political leaders has been a significant determinant of economic development. For example, L. Doe (1997) compares economic growth in francophone Africa and in the Republic of Korea. In 1960, Korea was nearly as underdeveloped as the African countries, but in 1993 the average income of Koreans had increased from 150 dollars to 7,660 dollars, whereas in most African countries it had only increased to around 500 dollars. Doe explains the emergence of this income gap by political factors, especially by differences in political will and leadership. He argues that the Korean leadership was much more competent than the leadership of the francophone African countries. He concludes that "economic development is, first and foremost, a matter of political will, that is essentially the determination of the executive power to change the course of history of the population." He thinks that sub-Saharan Africa "can duplicate the Korean success if its leaders so choose" (p. 115).

Other multi-causal social scientists have argued that "human capital" is a significant factor in economic development. Human capital means the quality of the population and includes its education, literacy, skills, and health. R. Jolly (1999) notes that the gap between rich and poor nations is now at its highest level ever, but he thinks that it is possible to reduce global inequality. He argues that international transfers have a role "but the primary long-run

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solution must be accelerated rates of growth by developing countries themselves." Large-scale investment in primary education and basic health care would be especially important. J. Temple (1999) also emphasizes the positive effect of human capital investment on growth. So also do P. Hess and C. Ross (1997), who argue that human capital formation is both a cause and a consequence of economic development. They say that human capital formation "reflected in improvements in nutrition and health and gains in knowledge and skills, not only translates into increased productivity, but directly enhances the quality of life" (p. 219).

In recent textbooks, Nafziger (1997), Gardner (1998), Martinussen (1999), Roberts and Hite (2000) and Todaro (2000) discuss the various theories of economic development, the problem of world poverty, and the gap between rich and poor countries. The list of explanatory factors includes culture, historical factors, psychological factors, attitudes, motivations, values, dependence, world-system, terms of trade, imperialist capitalism, colonialism, external factors, geographical and climatic conditions, savings and capital formation, the role of the state, differences in economic systems, institutional factors, errors of state policy, population growth, urban bias, technological factors, technical and managerial skills, human capital, and political will. It is possible that all of the factors mentioned in these studies are relevant, at least in some contexts, but we believe that they are not sufficient to explain the problem of the disparities in economic development between nations.

SUMMARY

The problem of why countries differ in economic development and why some countries are rich while others are poor has been discussed for the last two and a half centuries. The major theories that have been advanced to explain this problem have been reviewed in this chapter. These theories propose that climate, geography, modernization processes, psychological attitudes, culture, dependency of poor nations in the capitalist world system, and market economies are the significant or decisive determinants of economic development. We believe that while some of these theories may provide partial explanations for the disparities between countries in economic development, there is another factor that has not been considered hitherto. This is the intelligence of the populations.

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Country	IQ	Income	Predicted Income	Delta
Equatorial Guinea	59	1,817	-5,096	6,913
Ethiopia	63	574	-3,020	3,594
Sierra Leone	64	458	-2,501	2,959
Congo (Zaire)	65	822	-1,982	2,804
Guinea	66	1,782	-1,463	3,245
Zimbabwe	66	2,669	-1,463	4,132
Nigeria	67	795	-944	1,739
Ghana	71	1,735	1,132	603
Jamaica	72	3,389	1,651	1,738
Kenya	72	980	1,651	-671
SouthA&ica	72	8,488	1,651	6,837
Sudan	72	1,394	1,651	-257
Tanzania	72	480	1,651	-1,171
Congo (Brazzaville)	73	995	2,170	-1,175
Uganda	73	1,074	2,170	-1,096
Zambia	77	719	4,246	-3,527
Barbados	78	12,001	4,765	7,236
Nepal	78	1,157	4,765	-3,608
Qatar	78	20,987	4,765	16,222
Guatemala	79	3,505	5,284	-1,779
Ecuador	80	3,003	5,803	-2,800
India	81	2,077	6,322	-4,245
Egypt	83	3,041	7,360	-4,319
Fiji	84	4,231	7,879	-3,648
Iran	84	5,121	7,879	-2,758
Marshall Islands	84	3,000	7,879	-4,879
Puerto Rico	84	8,000	7,879	121
Cuba	85	3,967	8,398	-4,431
Morocco	85	3,305	8,398	-5,093
Lebanon	86	4,326	8,917	-4,591
Philippines	86	3,555	8,917	-5,362
Brazil	87	6,625	9,436	-2,811
Iraq	87	3,197	9,436	-6,239
Mexico	87	7,704	9,436	-1,732
Samoa (Western)	87	3,832	9,436	-5,604
Tonga	87	3,000	9,436	-6,436
Colombia	89	6,006	10,474	-4,468
Indonesia	89	2,651	10,474	-7,823
Suriname	89	5,161	10,474	-5,313
Croatia	90	6,749	10,993	-4,244
Peru	90	4,282	10,993	-6,711
Turkey	90	6,422	10,993	-4,571
Thailand	91	5,456	11,512	-6,056
Greece	92	13,943	12,031	1,912
Malaysia	92	8,137	12,031	-3,894
Bulgaria	93	4,809	12,550	-7,741
Ireland	93	21,482	12,550	8,932
Israel	94	17,301	13,069	4,232
Romania	94	5,648	13,069	-7,421
Portugal	95	14,701	13,589	1,113

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Country	IQ	Income	Predicted Income	Delta
Slovenia	95	14,293	13,588	705
Argentina	96	12,013	14,107	-2,094
Russia	96	6,460	14,107	-7,647
Slovakia	96	9,699	14,107	-4,408
Uruguay	96	8,623	14,107	-5,484
Canada	97	23,582	14,626	8,956
Czech. Republic	97	12,362	14,626	-2,264
Finland	97	20,847	14,626	6,221
Spain	97	16,212	14,626	1,586
Australia	98	22,452	15,145	7,307
Denmark	98	24,218	15,145	9,073
France	98	21,175	15,145	6,030
Norway	98	26,342	15,145	11,197
United States	98	29,605	15,145	14,460
Hungary .-	99	10,232	15,664	-5,432
Poland	99	7,619	15,664	-8,045
Belgium	100	23,223	16,183	7,040
China	100	3,105	16,183	-13,078
New Zealand	100	17,288	16,183	1,105
United Kingdom	100	20,336	16,183	4,153
Sweden	101	20,659	16,702	3,957
Switzerland	101	25,512	16,702	8,810
Austria	102	23,166	17,221	5,945
Germany	102	22,169	17,221	4,948
Italy	102	20,585	17,221	3,364
Netherlands	102	22,176	17,221	4,955
Singapore	103	24,210	17,740	6,470
Taiwan	104	13,000	18,260	-5,260
Japan	105	23,257	18,779	4,478
Korea, South	106	13,478	19,298	-5,820
Hong Kong	107	20,763	19,817	946

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A Few Thoughts on IQ and the Wealth of Nations

By Steve Sailer

I want to contribute some observations about the landmark book IQ and the Wealth of Nations by Richard Lynn of the U. of Ulster and Tatu Vanhanen of the U. of Helsinki. It was the subject of an extremely informative Feb. 27th VDARE.COM review by J. Philippe Rushton, which this is intended to complement.

The book's content is irresistible - at its heart is a table of the average IQ scores of 81 different countries, most drawn from studies published in peer-reviewed scientific journals. The national average IQs range from 107 for Hong Kong to 59 for Equatorial Guinea.

Lynn and Vanhanen benchmarked their IQ results so that Britain is 100. America scores 98 on this scale, and the world average is 90. IQ's are assumed to form a normal probability distribution ("bell curve") with the standard deviation set at 15. Here are a few examples:

		Percentage of	GDP Per Cap
	National	Avg. Person	Purchasing
Nation	Avg. IQ	Relative to UK	Power Parity
Eq. Guinea	59	0.3%	1,817
Nigeria	67	1%	795
Barbados	78	7%	12,001
Guatemala	79	8%	3,505
India	81	10%	2,077
Iraq	87	19%	3,197
Mexico	87	19%	7,704
Argentina	96	39%	12,013
US	98	45%	29,605
China	100	50%	3,105
UK	100	50%	20,336
Italy	102	55%	20,585
Japan	105	63%	23,257
Hong Kong	107	68%	20,763

Admit it, you want to know what the rest of the table says! Beyond satisfying sheer curiosity, though, the strong correlation between IQ and the wealth of nations is of world-historical importance. From now on, no public intellectual can seriously claim to be attempting to understand how the world works unless he takes IQ into account.

How much can we trust these IQ results?

As soon as I received the book, I turned to Appendix 1, where Lynn and Vanhanen describe all 168 national IQ studies they've found - an average of just over two per country.

Are the results internally consistent? In other words, when there are multiple studies for a single country, do they tend to give roughly the same answer?

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I expected a sizable amount of internal divergence. I spent 18 years in the marketing research industry, so I know how expensive it is to come up with a nationally representative sample. Further, Lynn and Vanhanen use results from quite different IQ tests. They rely most on the non-verbal Raven's Progressive Matrices, which were designed to be used across cultures, even by illiterates. Yet, they also have a lot of results from the Wechsler exams, which are more culture dependent - the Wechsler include a vocabulary subtest, for example. And they report results from other IQ tests, including a few from the oddball Goodenough-Harris Draw-A-Man test. Also, sample sizes vary dramatically, from a few dozen in some obscure countries to 64,000 for one American study. Finally, some studies were of children, others of adults.

This doesn't sound promising. Nevertheless, the results show a high degree of internal consistency. Here are the first eight countries for which they have multiple scores:

Argentina: 93 and 98
Australia: 97, 98, and 99
Austria: 101, 103
Belgium: 99, 103, 98
Brazil: 88, 84, 90, and 85
Bulgaria: 94, 91
China: 100, 92.5, 103.4
Democratic Republic of Congo: 73, 72

That's not bad at all. In fact, leaving aside China, the results are remarkably consistent. There are, of course, a few countries for which different studies came up with quite divergent results, especially Poland, where the two scores Lynn and Vanhanen found were 92 and 106. Still, the correlation among results when there are two or more studies for a country is a striking 0.94.

You shouldn't take every score on faith. The reported IQ for Israel (only 94?????!!) has elicited much criticism. Lynn has replied that he wanted to publish the data as he found it, even if some of it looked implausible. His hope is to encourage further research to resolve seeming anomalies.

The IQ structures of the two giga-countries, China and India, demand more intense study, in part because the future history of the world will hinge in no small part on their endowments of human capital. The demography of India is especially complex due to its caste system, which resembles Jim Crow on steroids and acid. By discouraging intermarriage, caste has subdivided the Indian people into an incredible number of micro-races. In India, according to the dean of population genetics, L.L. Cavalli-Sforza, "The total number of endogamous communities today is around 43,000..." We know that some of those communities - such as the Zoroastrian Parsees of Bombay - are exceptionally intelligent.

But we can't say with any confidence what is the long run IQ potential of Indians overall. Their current IQ score (81) is low, especially compared to China (100), the other country with hundreds of millions of poor peasants. Yet, keep in mind just how narrow life in rural India was for so long. In 1952, on the fifth anniversary of independence, the Indian government commissioned a survey to find out if the average Indian villager had heard yet that the British had gone. The study was quietly cancelled when early results showed that the average villager had never heard that the British had ever arrived!

It appears likely that some combination of malnutrition, disease, inbreeding, lack of education, lack of mental stimulation, lack of familiarity with abstract reasoning and so forth can keep people from reaching their genetic potential for IQ. Lynn himself did early studies demonstrating that malnutrition drives down IQ. The co-authors conclude their book by recommending that

"The rich countries' economic aid programs for the poor countries should be continued and some of these should be directed at attempting to increase the intelligence levels of the populations of the poorer countries by improvements in nutrition and the like."

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A clear example of how a bad environment can hurt IQ can be seen in the IQ scores for sub-Saharan African countries. They average only around 70. In contrast, African-Americans average about 85. It appears unlikely that African-Americans' white admixture can account for most of this 15-point gap because they are only around 17%-18% white on average, according to the latest genetic research. (Thus African-Americans white genes probably couldn't account for more than 3 points of the gap between African-Americans and African-Africans.) This suggests that the harshness of life in Africa might be cutting ten points or more off African IQ scores.

Similarly, West Africans are significantly shorter in height than their distant cousins in America, most likely due to malnutrition and infections. The two African-born NBA superstars, Hakeem Olajuwon and Dikembe Mutombo, are both from the wa-benzi [people of the (Mercedes) Benz]upper class. Only the elite in Africa gets enough food and health care to grow up to be NBA centers.

This also implies that African-Americans might be able to achieve higher IQs too, although the environmental gap between white Americans and black Americans appears to be much smaller than between black Americans and black Africans. As I pointed out in VDARE in 2000, the most promising avenue for improving African-Americans' IQs is by promoting breastfeeding among blacks mothers, who nurse their babies at much lower rates than whites.

In fact, we know that IQ is not completely fixed over time because raw test scores have been rising for decades, about 2 to 3 points per decade. To counteract this, the IQ test-making firms periodically make it harder - in absolute terms - to achieve a score of 100. Lynn was possibly the first scientist to make this phenomenon widely known, although New Zealand political scientist James Flynn has gotten more credit for this recently. And, indeed, Lynn and Vanhanen scrupulously adjust the test results in their book to account for when each test was taken.

While the causes of the Lynn-Flynn Effect remain rather mysterious, it does resemble several other ongoing phenomena. For example, human beings are getting taller, living longer, and having fewer of their babies die during infancy.

One might expect IQ scores to converge as the richest nations experience diminishing marginal returns on improvements in nutrition, health, and education. By way of analogy, consider how, after 1950, average height has not grown as fast in already well-fed America as it has in rapidly developing East Asia.

It's unlikely the Japanese will ever be as tall on average as, say, Lithuanians or Croatians or African-Americans. But the gap has closed. This partial convergence in height is why you now see 6'-2" East Asian baseball pitchers like Hideo Nomo and Chan Ho Park starring in the American big leagues. Last year Wang Zhizhi, 7'-1" became the first Asian ever to join the NBA.

Perhaps that kind of convergence will happen with IQ scores someday. But the evidence that it is happening now isn't terribly strong. The odd thing about the Lynn-Flynn Effect is that it doesn't seem to have had much impact on comparative rankings of IQ over time. The smart seem to keep on getting smarter.

For instance, one of the best-documented examples of a country with rising raw IQ scores is the Netherlands (current IQ: 102). But even as far back as the 17th Century, the general opinion of mankind was that the Dutch had a lot on the ball.

One potential explanation for why IQ gaps don't seem to be narrowing (for example, the white-black IQ gap in America has been about 15 points for 80 years or so) was offered by Flynn recently. He argued that smart people, because they find cognitive challenges pleasurable, seek out more mentally stimulating environments, which in turn exercise their brains more, making them even smarter. This suggests, for example, that the Dutch will tend to become, say, Internet addicts demanding constant fixes of new information and argument, and thus continue to grow in mental firepower.

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While unproven, Flynn's suggestion seems possible. In absolute terms, it's a virtuous circle. But it seems unlikely to lead to the closing of the relative gap.

Ultimately, though, it is hard to avoid concluding that intellectual and income differences between nations stem to some extent from genetic differences. The results simply cluster too much by race. All the countries populated by Northeast Asians score between 100 and 107. The European-populated lands score between 90 and 102. Southeast Asian nations cluster in the low 90s. The Caucasian countries in North Africa and western Asia score mostly in the 80s. And so forth.

The correlation between national IQ and national income is very high. For the 81 countries, the r is .73 for GDP measured in purchasing power parity terms (which makes poor nations with lots of subsistence farmers look better off than they do in standard measures of just the cash economy). In the social sciences, correlations of 0.2 are said to be "low," 0.4 are "moderate," and 0.6 are "high." So 0.73 is most impressive.

This doesn't mean that a high IQ alone is the cause of a high income. Causation probably runs in both directions, in another virtuous circle. Rich countries tend to produce enough food to stave off malnutrition, for instance, which probably leads to higher IQs, which leads to even higher food production due to more sophisticated farming techniques.

Interestingly, per capita income correlates almost as strongly with a nation's level of economic freedom as it does with its level of intelligence. But that's in large part because economic freedom and IQ correlate with each other - at the high level of 0.63.

Freedom and brains probably contribute to each other. Although there are obvious exceptions, countries with smart workers (and smart leaders) tended to find that the capitalist system generated wealth. So there was less impetus to experiment with command economies than in places where free enterprise wasn't getting the job done.

But it could also be that freedom exercises the brain - West Germans averaged 103 while East Germans scored only 95. My pet theory is that having to make all the choices between products available in a successful capitalist economy stimulates mental development. (I believe this because, as I get older and stupider, I increasingly find shopping to be intellectually exhausting.) But evidence for this is not abundant.

Culture can play a role as well - at the extreme, contrast two countries with almost identical per capita GDPs: Barbados and Argentina (at least before Argentina's recent economic collapse). Don't cry for Argentina, because it is blessed with ample IQ (96). But it's dragged down by a notorious lack of economic and political self-discipline. In contrast, Barbados, despite an average IQ of 78, is one of the most pleasant countries in the 3rd World due to its commitment to maintaining a veddy, veddy English culture.

Still, these two countries are close to being the exceptions that prove the rule. The explanatory power of the "cultural realist" models like Thomas Sowell's are necessarily more limited than those of "biocultural realist" like Richard Lynn. In general, cultures that emphasize, say, foresight are generally found in countries where people have enough IQ to be foresighted. Maybe people in northern countries tend to have higher IQs because people too unintelligent to effectively prepare for winter tended to get removed from the gene pool.

The IQ-income correlation is not perfect either. But even where it breaks down - most notably with China - IQ helps explain otherwise puzzling developments like the recent headline in the New York Times announcing "Globalization Proves Disappointing."

Globalization, or the fast-paced growth of trade and cross-border investment, has done far less to raise the incomes of the world's poorest people than the leaders had hoped, many officials here say. The vast

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majority of people living in Africa, Latin America, Central Asia and the Middle East are no better off today than they were in 1989..."

On the other hand, hundreds of billions in private investment have poured into China, which, despite its parasitical ruling caste, has enjoyed strong economic growth.

So what's the story behind this story? Apparently, capital flows to where wages are low but IQs are high - pre-eminently China, where the average IQ is two points higher than the U.S. already and likely to go higher as economic development continues.

In contrast, these other regions (with the exception of Argentina) average IQs of 90 or less, sometimes considerably less.

This is not to disparage free markets - there's no alternative. The point is simply that humans differ greatly in productive capacity, so not everyone benefits from economic competition to the same extent.

The implications for immigration policy are clear.

First, any conceivable level of immigration to America is insufficient to make any difference in the welfare of the billions of foreigners living in poverty.

Second, in a world where the average IQ is 90, America's nepotism-driven immigration system (legal and illegal) will continue to import primarily foreigners with two-digit IQs. These immigrants' skills are typically insufficient to compete with our native IQ elite, but are ample for driving down the wages of our fellow American citizens who were not blessed in the IQ lottery.

The morality of such a system I leave to the reader to decide.

[Steve Sailer is founder of the Human Biodiversity Institute. His website www.iSteve.com features site-exclusive commentaries.]

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<<later review>>

I wanted to reference my review of this book, only to find that I had never gotten around to writing one. Since it is more authoritative appearing on Amazon than simply on some random Substack, that's what I'm doing.

The research continues to become more compelling, although performing intelligence tests is a laborious undertaking. The researcher needs to gather a representative sample within a population. This can be hard to do in less well-developed countries. It can be hard to do when the people in charge do not want to deal with the consequences of knowing average intelligence.

There is no consistent, generous source of funding for intelligence research. Since the dominant paradigm on American and Western European campuses is the Standard Social Science Model, which takes as axiomatic the unprovable proposition that all people and peoples are intellectually identical, the science of psychometric testing does not have a comfortable home in academia.

Richard Lynn has been at the forefront of such testing for generations. Traditional testing requires the active participation of the subjects – taking tests. The newer approach is to

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passively apply physical measurements, such as suggested by Richard Haier in [The Neuroscience of Intelligence](#). There has also recently been research into the genetics of the inheritance of intelligence. See Robert Plomin's [Blueprint: How DNA Makes Us Who We Are](#).

A reliable source for worldwide comparisons is David Becker's [viewonIQ.org](#).

All told, this is a five-star work.