



Cornell  
SC Johnson College of Business

# A Progressive Economic Perspective on Human Flourishing



Christopher B. Barrett  
Cornell SC Johnson College of Business  
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## A progressive economic perspective:

1. Embraces a preferential option for the poor.
  2. Celebrates progress more broadly, which gives us hope. But beware complacency! Big challenges remain.
  3. Emphasizes 3 E's: **empower** the poor, build their **entitlements**, and facilitate **exchange**.
  4. Values diversity as a source of strength per the law of **comparative advantage**. Exchange helps build **community**.
- In order to advance human flourishing.

**“Most of the people in the world are poor, so if we knew the economics of being poor we would know much of **the economics that really matters.**”**

**- Theodore W. Schultz, opening sentence of 1979 Nobel Prize in Economics lecture**

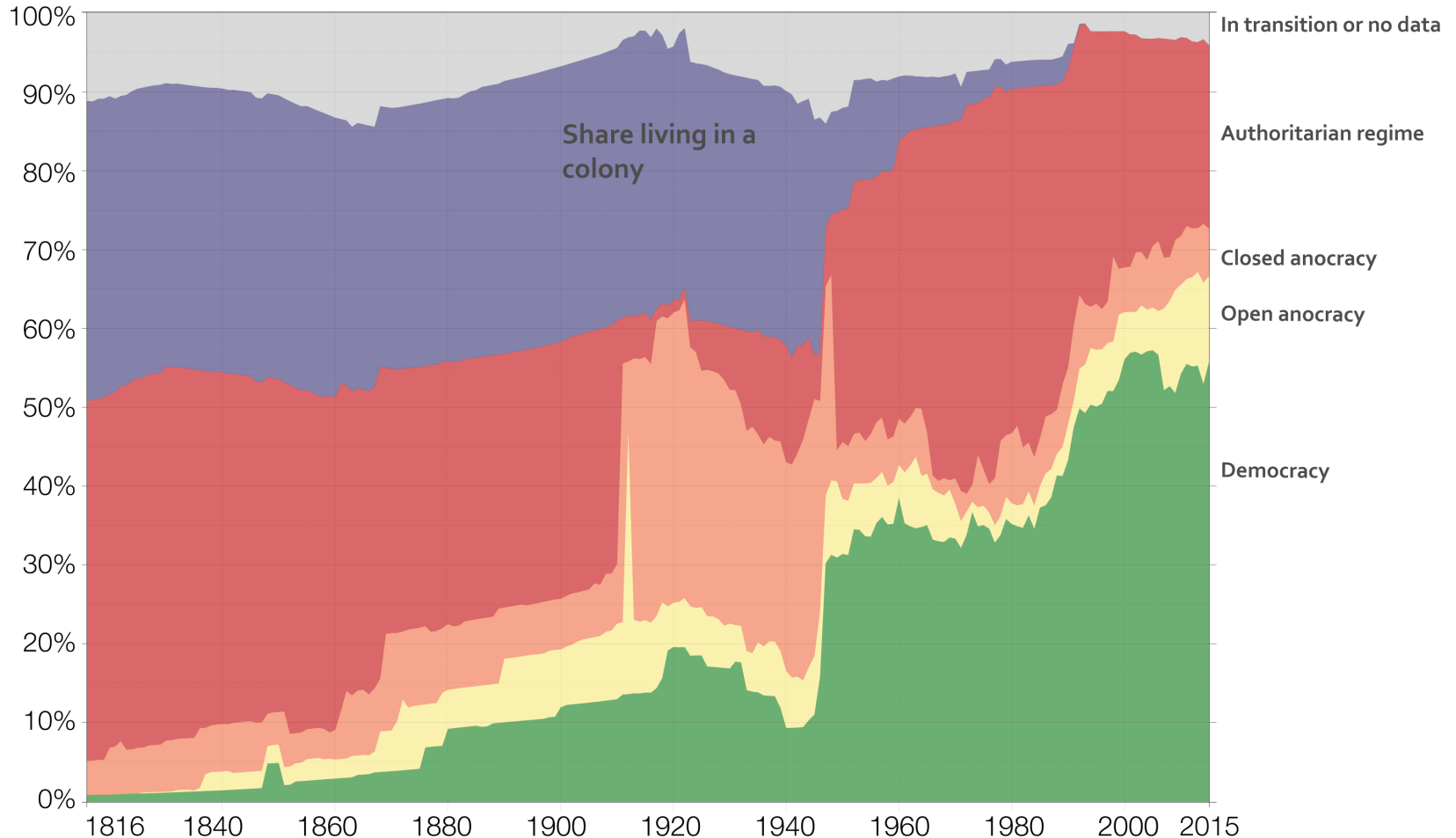




# Rapid, large-scale progress in human development

## Share of world citizens living under different political systems (1816-2015)

This visualization is based on the Polity IV data: The Polity IV score captures the type of political regime for each country on a range from -10 (full autocracy) to +10 (full democracy). Regimes that fall into the middle of this spectrum are called anocracies.





# Rapid, large-scale progress in human development

Our World  
in Data

Global deaths in conflicts since the year 1400 – by Max Roser

● Each circle represents one conflict. [Data from the *Conflict Catalog* (1400-2000)]

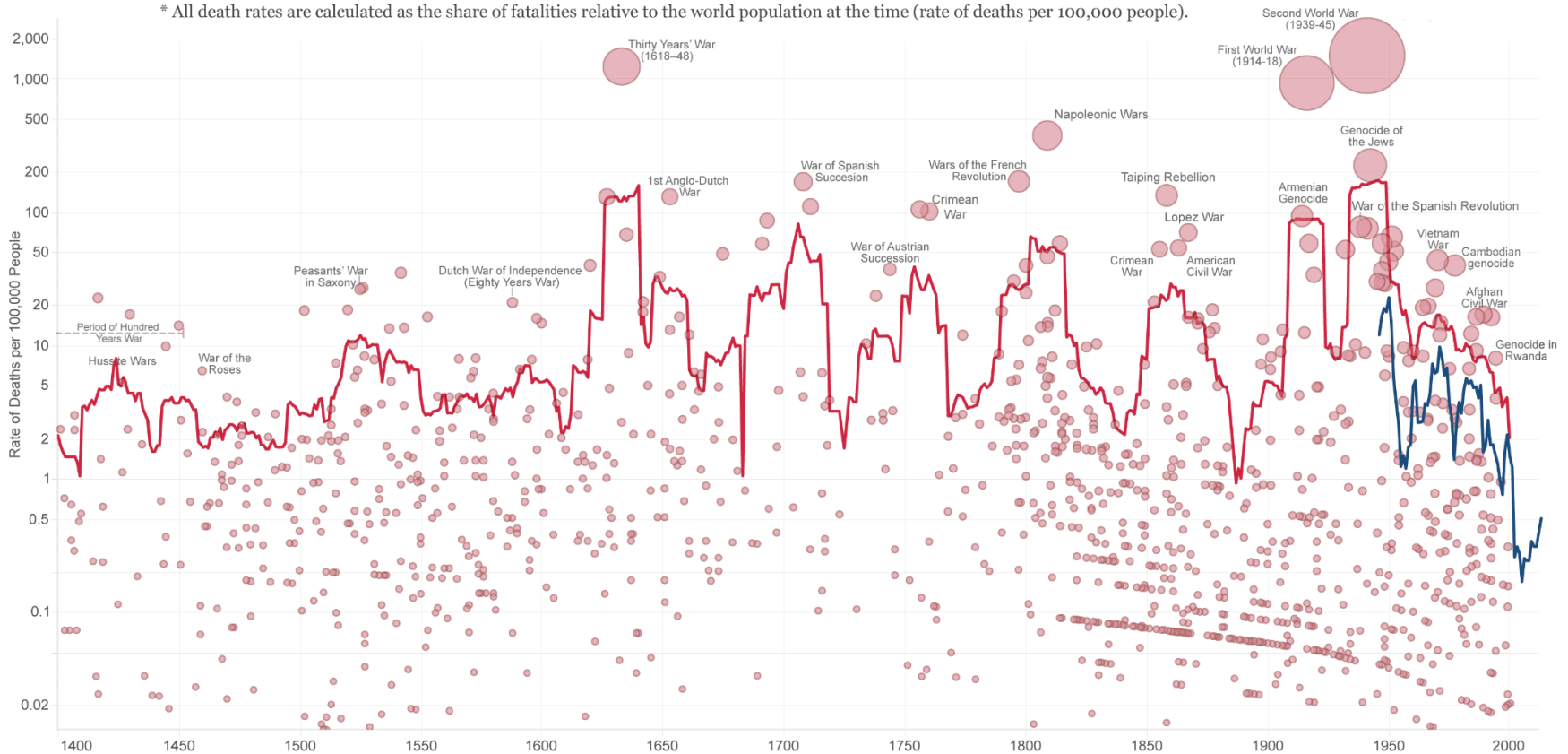
The **size** represents the absolute number of fatalities (military + civilian fatalities)

The **position** on the y-axis represents the fatality rate\* (military + civilian fatalities)

📈 **Military + civilian death rate\* for 1400-2000** [Data from *Conflict Catalog*] – 15 year moving-average

📈 **Military death rate\* for 1946-2013** [Data from the PRIO Institute]

\* All death rates are calculated as the share of fatalities relative to the world population at the time (rate of deaths per 100,000 people).



Data sources: Battle Deaths Dataset v.3.0. published by the PRIO Institute and Conflict Catalog by Peter Brecke for data on battle deaths. And world population data from HYDE and UN.

This is a data visualisation from [OurWorldinData.org](https://www.ourworldindata.org). There you find more visualisations on this topic.

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# Rapid, large-scale progress in human development

Our World  
in Data

World population by level of child mortality rate over time (1800-2013) – By Max Roser

The child mortality rate is the share of children born alive dying before reaching the age of 5.

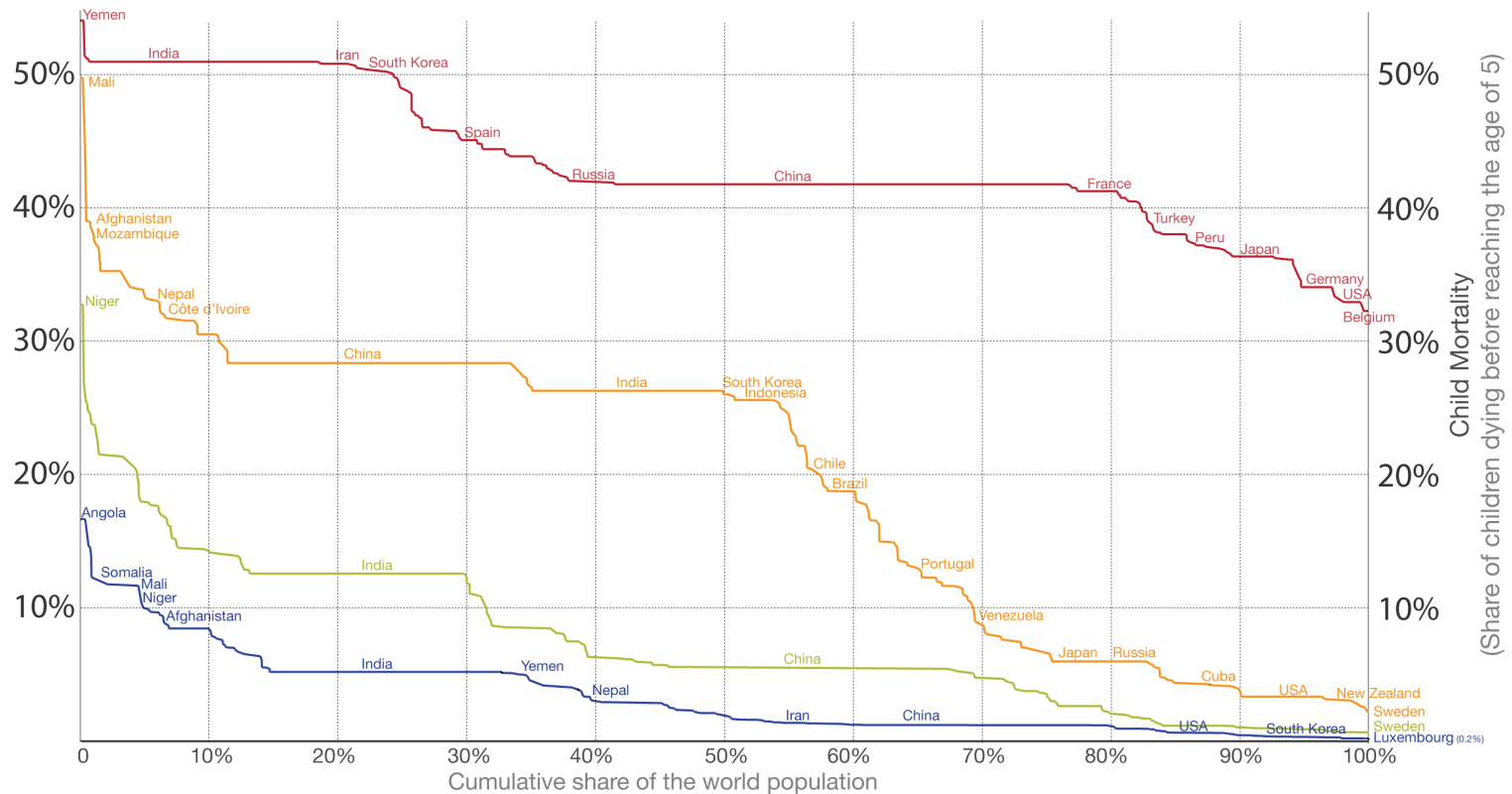
**How to read this chart:** On the x-axis you find the cumulative share of the world population. The countries are ordered along the x-axis descending by the child mortality rate of the country. You can see the child mortality for all countries in the world. Some – but not all – countries are labelled.

The 4 colored lines refer to the following 4 different points in time:

1800 (estimates)  
1950-60  
1990  
2013

Global average child mortality rate:

1800: 43.3%  
1950-60: 19.5%  
1990: 7.4%  
2013: 3.4%



Data source: [Gapminder.org](http://Gapminder.org). Gapminder used [childmortality.org](http://childmortality.org), [mortality.org](http://mortality.org), and other sources. The interactive data visualization is available at [OurWorldinData.org](http://OurWorldinData.org). There you find the raw data and more visualizations on this topic.

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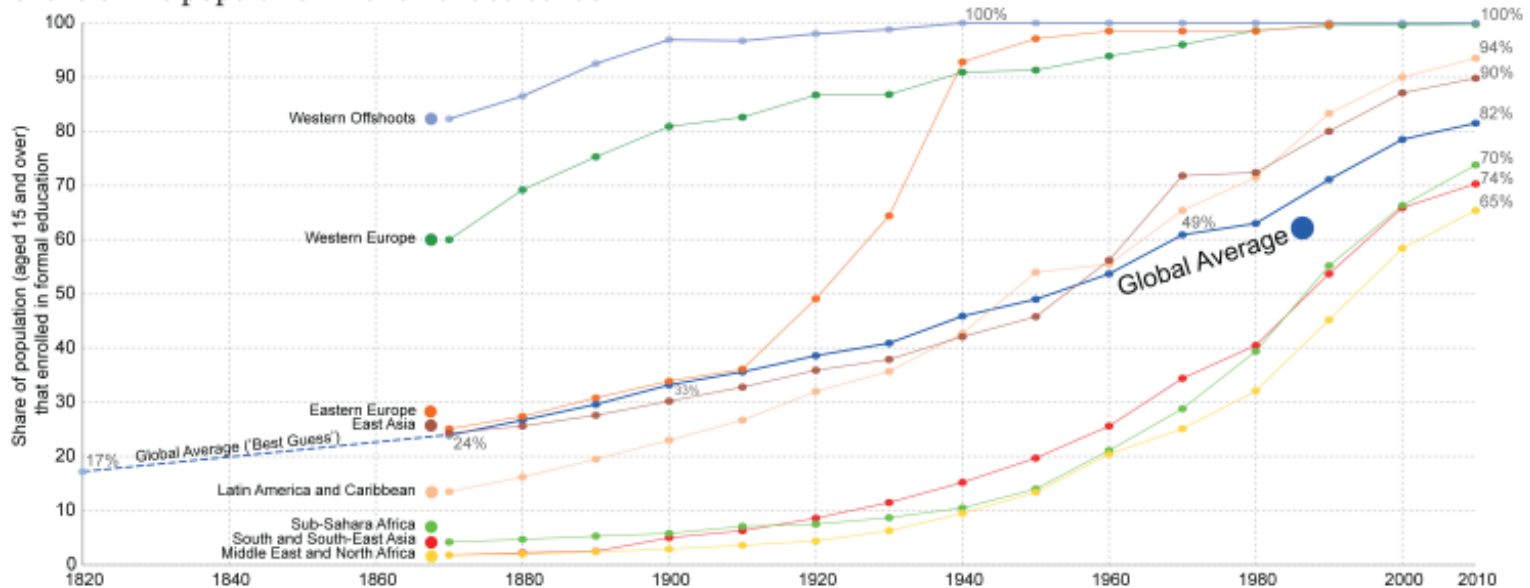


# Rapid, large-scale progress in human development

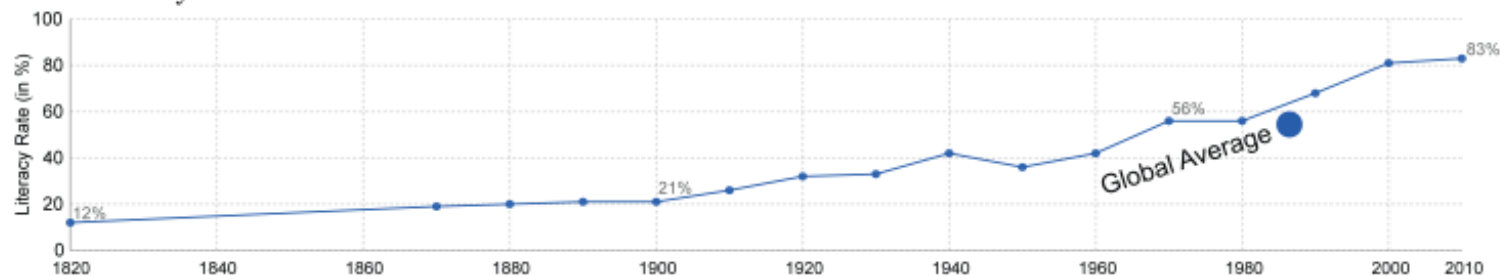
Our World  
in Data

Rising education around the world, 1820-2010 – by Max Roser

Share of the population that attended school



World literacy rate



Data source: Van Zanden et al. (eds.) (2014), How Was Life?: Global Well-being since 1820, OECD.

The interactive data visualisation is available at [OurWorldinData.org](http://OurWorldinData.org). There you find the raw data and more visualisations on this topic.

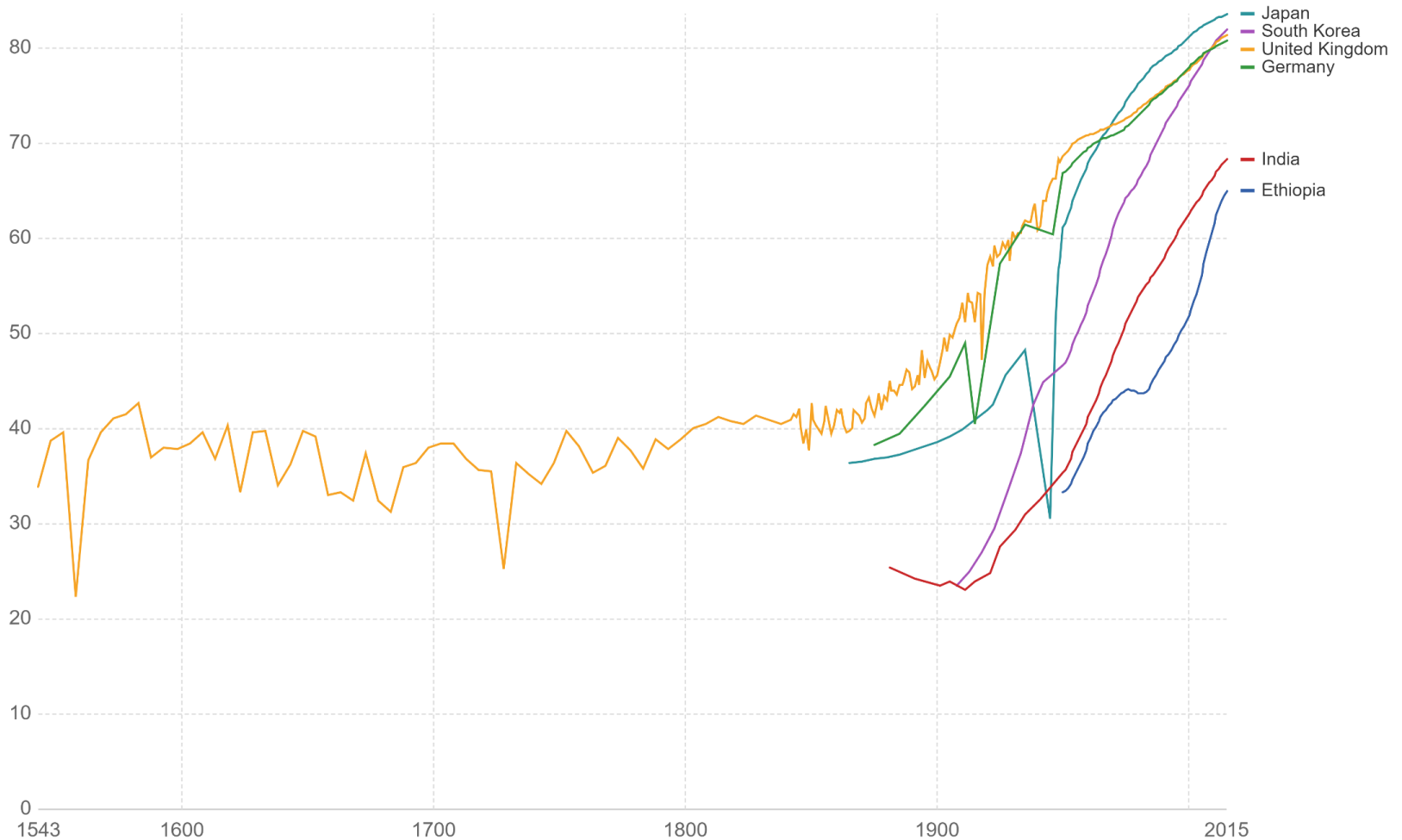
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# Rapid, large-scale progress in human development

## Life expectancy

Shown is period life expectancy at birth. This corresponds to an estimate of the average number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life





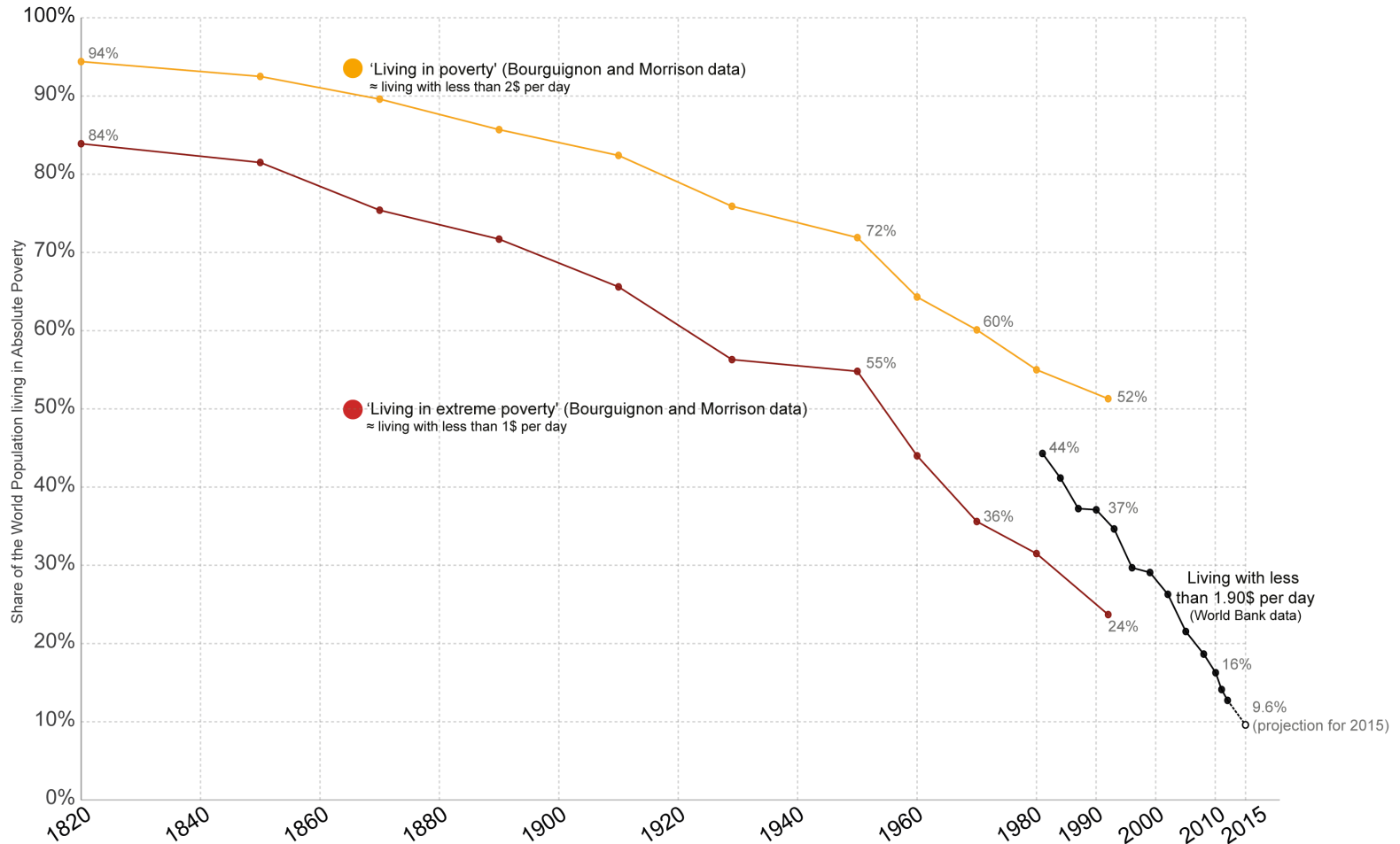


# Rapid, large-scale progress in human development

Our World  
in Data

## Share of the World Population living in Absolute Poverty, 1820-2015

All data are adjusted for inflation over time and for price differences between countries (PPP adjustment).



Data sources: 1820-1992 Bourguignon and Morrison (2002) - Inequality among World Citizens, In The American Economic Review; 1981-2015 World Bank (PovcalNet)

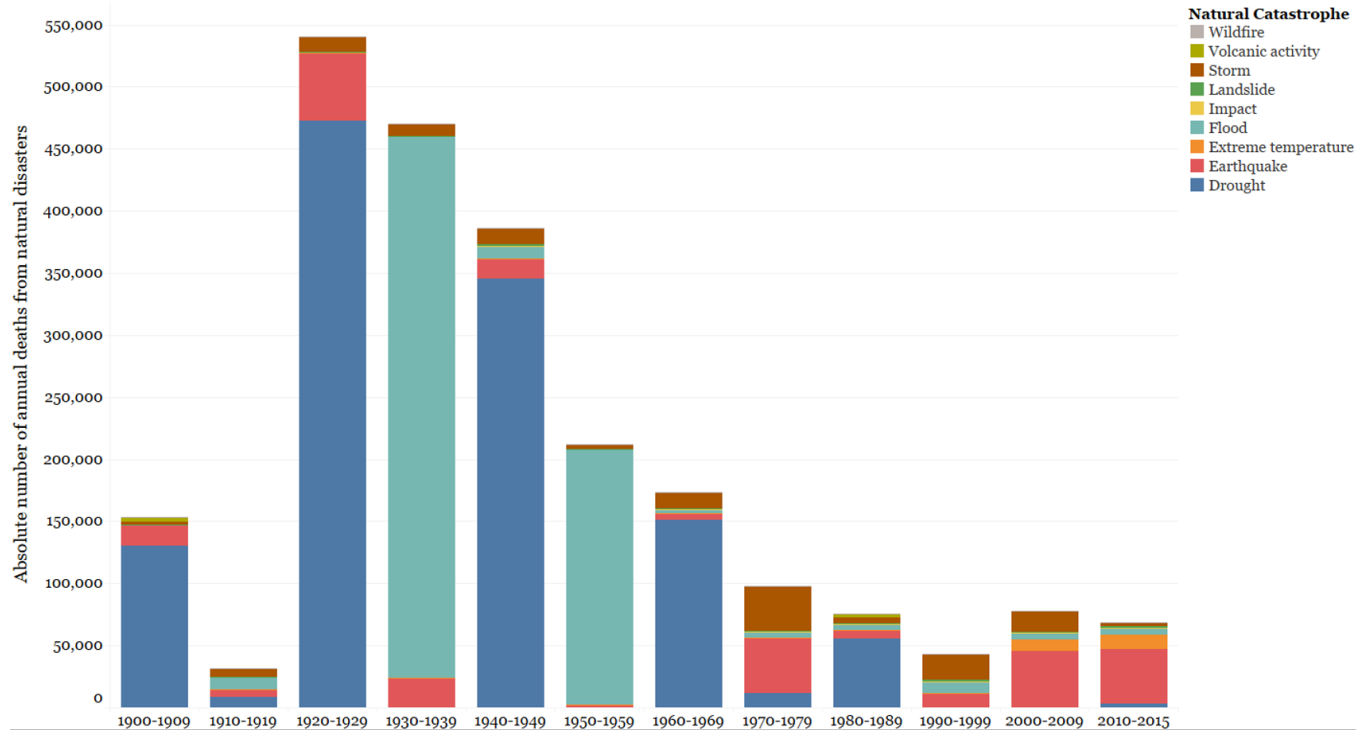
The interactive data visualisation is available at [OurWorldinData.org](http://OurWorldinData.org). There you find the raw data and more visualisations on this topic.

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# Technological and institutional advances work!

Absolute number of annual global deaths from natural disasters  
(by decade from 1900 to 2000; and six years from 2010)

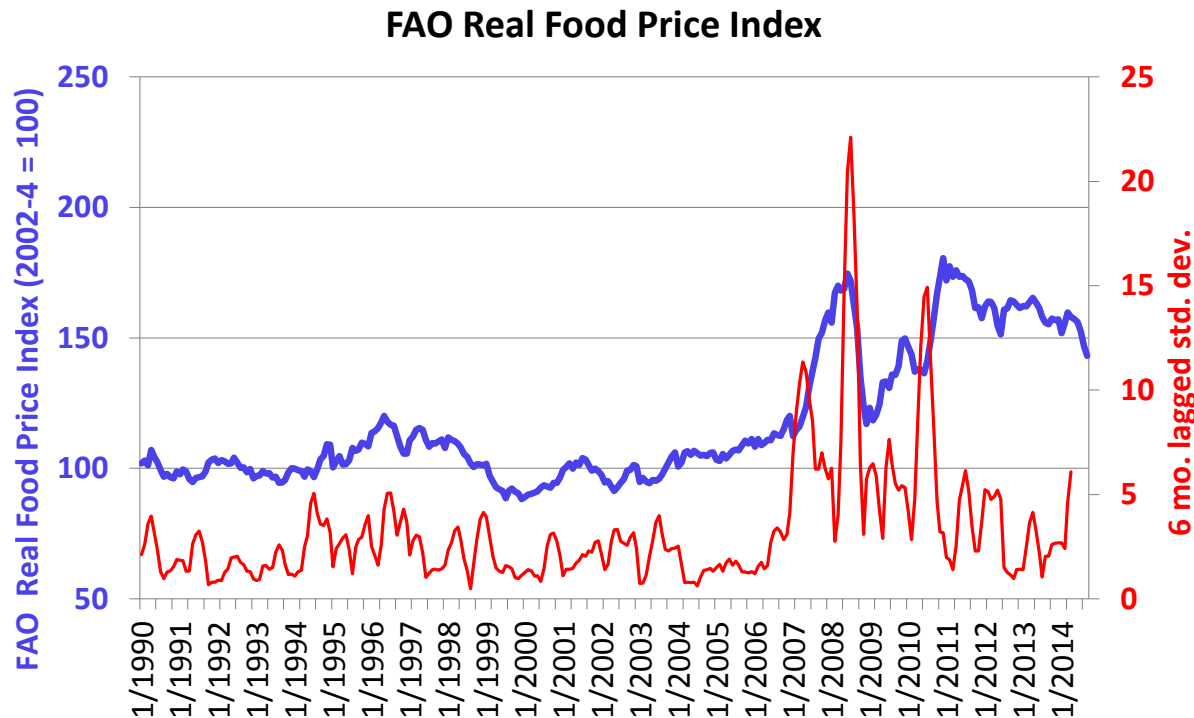


Data source: OFDA/CRED International Disaster Database – [www.emdat.be](http://www.emdat.be) – Université Catholique de Louvain – Brussels – Belgium.  
The author Max Roser licensed this visualisation under a CC-BY-SA licence. You are welcome to share but please refer to its source where you find more information: <https://ourworldindata.org/natural-catastrophes/>

Consider the remarkable progress in response to drought. Emergency response, financial, NRM & transport innovations, global ICT and greater reach of media make a huge difference.



**Food systems successes in 1940s-80s enabled dramatic poverty reduction and improved standards of living. Complacency led to underinvestment. Food output growth slowed relative to demand growth. Result: food price spikes.**





## **Today's challenges may be a bit tougher**

Although absolute poverty has fallen, relative suffering has grown w/increased inequality within societies, sowing disunity.

Human suffering is more spatially concentrated. In 1990 Africa was home to 120 mn (25%) of the world's ultra-poor (<\$0.95/day pc) ... but grew to 131 mn (82%) by 2011. Poverty traps increasingly salient to the remaining poor.

Complex humanitarian emergencies: 4 (near-)famines for first time in modern history ... conflict + poverty + natural disasters has led to increasing undernourishment worldwide.



## Poverty traps

Poverty traps arise from self-reinforcing feedback that poor 'initial conditions' lead to optimal behaviors that perpetuate poverty.

### Examples:

- malnutrition causes poverty, which itself leads to further malnutrition
- high risk exposure leads to risk averse livelihood strategies that lock in poverty
- discrimination keeps people from acquiring skills, thereby reinforcing harmful stereotypes
- shocks cause psychological trauma that dampens hope, reduces investment and effort



## Key implication

Build the entitlements of the poor and provide a safety net.



## **What is the key entitlement?**

The main asset of the poor is their own labor power.

The central task of development is to empower the poor to invest in their and their children's human capital and then to enhance and enjoy their labor productivity in order to realize their full potential.





## **Promote the poor's access ...**

- to new technologies: save lives and enhance livelihoods.  
Example: the Green Revolution in cereals production.
- to finance: savings/insurance/credit to enable investment and shield against shocks
- to markets (esp. labor markets): fair, competitive exchange enhances the value of what the poor own/produce
- to safety nets: need reliable protection against grave dangers, esp. those that directly or indirectly imperil health

**... empower the poor to invest in human (and other) capital and thereby flourish**



## Technological advance is generally good for the poor.

### Ex: Cell phones, internet, mobile money improving lives

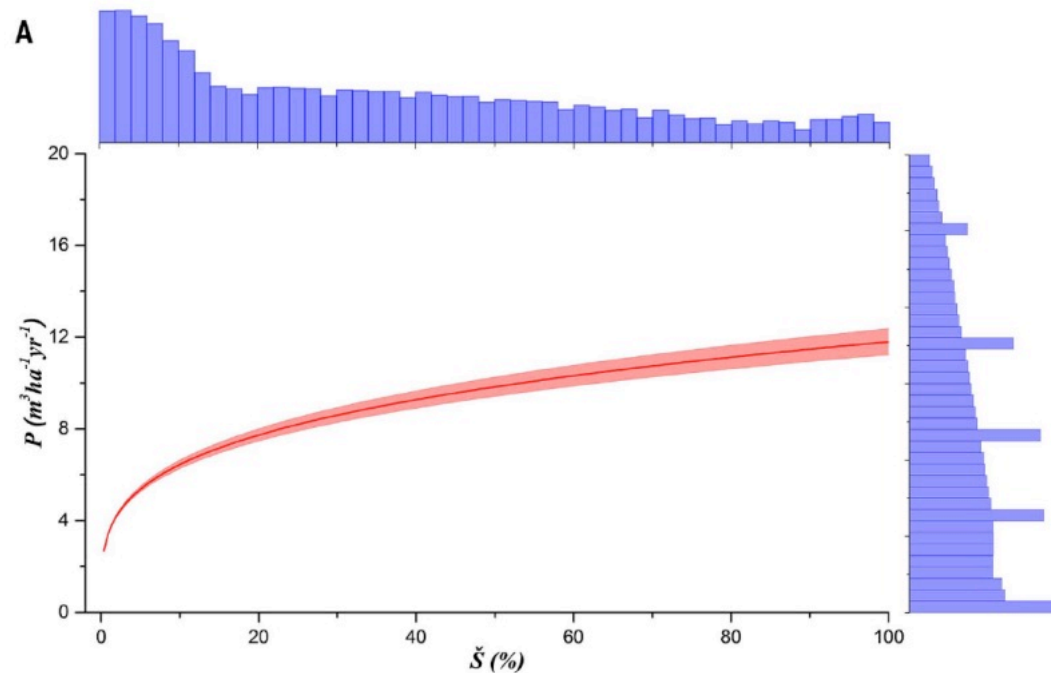
- Improved early warning systems, delivery of emergency aid
- Small farmers/traders can find best prices: ECX
- Agricultural extension/health message delivery
- Call centers and back office data entry
- “the spread of mobile money helped raise at least 194,000 households out of extreme poverty, and induced 185,000 women to switch into business or retail as their main occupation.” – Suri & Jack 2016 *Science*







Diversity enhances productivity in nature (via resistance to pathogens, complementarity in niches, cross-fertilization, etc.)



Source: Liang et al., “Positive biodiversity-productivity relationship predominant in global forests”, *Science* 2016.



So too in the economy do diverse endowments, technologies, skills, preferences create opportunities for sizeable gains from exchange following the law of comparative advantage.

This requires **community**, in the sense both of **integration** across groups/places, and of **solidarity** as those who stand to gain directly assure those who might lose out that they will share the benefits of integration.

Ex: Immigration controls are world's biggest trade barrier – income losses 25-100 x those of barriers on trade in goods and services ... ~50-150% of world GDP! (Clemens *JEP* 2011)

**The remarkable progress of the past generation tells us that human flourishing can be advanced dramatically and shared universally.**

**To do so, economic principles suggest we invest in/empower the poor, and reduce barriers to community.**



**Thank you for your time and interest!**