



Brink Lindsey

Human Capitalism: How Economic Growth Has Made Us Smarter--and More Unequal

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Brink Lindsey's insightful new book *Human Capitalism* argues that the rich world's rise in income inequality has been caused largely by a rise in productivity inequality: Workers are getting paid in some kind of proportion to the value of their production, it's just that some of us are becoming vastly more productive than others. The rise in productivity inequality is in turn caused partly by changes in technology and in culture:

The sharpening of class differences in recent decades is driven by two different forms of polarization... In the labor market, the progress of globalization and the information revolution... In the cultural sphere, the material security of mass affluence has encouraged the rise of a more permissive attitude toward sex and family life (p. 69).

The next sentence points toward Lindsey's key causal channel:

Both trends have worked to widen the divide between those who are fluent with abstraction and those who aren't.

Technological change makes "fluency with abstraction" more important for productivity, while mass affluence makes "fluency with abstraction" less appealing than a day of Snapchat and Xbox. Clearly, much turns on this concept of "fluency with abstraction" and indeed Lindsey spends quite some time discussing what he believes this fluency is and what it isn't, how this fluency might be boosted and how it might be made less crucial.

First, what it is and isn't: It's partly the set of mental skills measured (imperfectly) by standard intelligence tests. By Lindsey's own account, standard psychometric intelligence captures some of the skill he calls "fluency with abstraction" and he devotes some time to discussing IQ's role in this fluency, the (partial) genetic transmission of IQ-related skills from one generation to the next, and the crucial role of a good environment in helping children to develop their full cognitive potential. Like nearly all writers who discuss IQ for a popular audience, Lindsey discusses the Flynn Effect, the well-documented long-term increase in IQ scores found in rich countries over the past few decades. Discovered by the philosopher (*sic*) James Flynn, the Flynn Effect was given its name by Charles Murray and Richard Herrnstein in their book *The Bell Curve*. Whether the Flynn Effect is a "real" increase in actual average cognitive skills, a "nominal" increase in narrow test-taking ability, a "relative" skill change away from informal thinking left off of IQ tests and toward the "fluency with abstraction" often emphasized by IQ tests, or some combination of the three is still widely debated in the academic psychology literature.

In Flynn's recent book on the topic (*Beyond the Flynn Effect*) the philosopher takes the "relative skill change" position: Life has become more like the IQ test, and from childhood onward people in the rich countries tend to categorize and synthesize and abstract much more than they used to. We've always been thinkers, collecting and using practical information, it's just that people in the OECD tend to be more "fluent with abstraction" than before. Lindsey embraces Flynn's position, but it's not clear whether he embraces it fully--and indeed there's no need to take a strong position on a topic still widely debated in the academic literature.



But to balance the scales just slightly, let's note that people are, on average, taller, healthier, and longer-lived today than they were in the mid-twentieth century, so it certainly appears that on average our bodies are better functioning than they were a few decades ago. It would be surprising to say the least if these improvements to overall health didn't also tend to improve brain health: The brain is, after all, an organ of the human body. If the rise in public health has improved average brain functioning in the rich countries, then at least some of the Flynn Effect is likely a "real" rise in average cognitive skills. Testing this hypothesis would be difficult since country-level, decades-long randomized experiments are (mercifully) difficult to come by, but the nutrition hypothesis receives substantial attention in the academic literature, and some micro-level randomized experiments and public health studies provide short run evidence that in some settings better nutrition and healthier environments improve those brain functions measured by standardized tests (G. Jones, "IQ and National Productivity", *New Palgrave Dictionary of Economics*). Lindsey places great weight on changing the culture of non-elites in order to boost their average "fluency with abstraction" but the possibility of old-fashioned health interventions still can't be overlooked.

Lindsey's emphasis on "fluency with abstraction" isn't just limited to conventional mental tasks --math problems, vocabulary tests, and the like. From the beginning, he notes that social fluency (playing well with others, one might say) and fluency with the future (greater forward-looking behavior, i.e., low rates of time preference) are also central to this overall fluency. It is worth noting that according to mainstream psychologists both "social intelligence" (a measure of social fluency) and low rates of time preference are correlated with a person's conventional IQ score. So on average these forms of fluency with abstraction are positively correlated: There are enough studies documenting the correlation between IQ and patience that there's been a meta-study of the results (Shamosh and Gray, *Intelligence*), and since the 1930's psychologists have documented a moderate positive relationship between conventional IQ scores and social intelligence (E. Hunt, *Human Intelligence*). Indeed, people who are better than average on one mental skill tend to be better than average at other mental skills: This is the near-universal finding of the "positive manifold" of cognitive skills. There are certainly other dimensions to patience and social intelligence than the mere psychometric intelligence dimension, but Lindsey's fluencies, on average, travel together.

Lindsey recognizes where his ideas lead: His fifth chapter is entitled "Inequality as Culture Gap." If Lindsey is correct, then cultural change is an important channel for reducing inequality. Economists have become modestly successful as health researchers, education researchers, and political researchers: Is our next assignment to bring the power of randomized trials, local average treatment effects, and structural estimation methods to the field of cultural anthropology? If culture is as central to economic success as Lindsey claims, the answer is an emphatic yes.

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