

# Wealth and Poverty of Nations

## Economics 234

Winter 2010

**Instructor: Joe Henrich**

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**Office Hours:** Th 1:30-2:30pm or by appointment (email me to set it up)

**Lecture:** T-TH 11am to 12:30pm, LSK 201

**Discussion seminars:** Led by Teaching Assistants, Variable

Teaching Assistants	
Laura Feeney Office: Brock Hall 2363 Office Hours: Mondays 1-2pm Email: <a href="mailto:laura.kay.feeney@gmail.com">laura.kay.feeney@gmail.com</a>	Michael Ferrazzi Office: Brock Hall 2363 Office Hours: Mondays 1-2pm Email: <a href="mailto:ferrazzi@interchange.ubc.ca">ferrazzi@interchange.ubc.ca</a>

### Course Description

One of the starkest facts about the world today is the immense variation in the wealth of different peoples. These differences emerge whether one measures total economic production, the percent of a nation living on less than \$1 per day, infant mortality rates, longevity, homicide rates, patents, internal inequality, or malnutrition. Twenty percent of the world's population lives on less than 1 dollar per day, while many people around us spend three times this on a cup of coffee each day. How did the world get like this? What causes these differences? Has it always been this way?

In our effort to understand the origins and causes of global inequality we will draw freely from economics, biology, anthropology, psychology and history. We'll go where ever the questions take us. Our search will begin during the Paleolithic era, before complex human civilizations first began to emerge. We will examine the influence of genetics, biogeography, the orientation of the continents, the coevolution of culture, pathogens and peoples, competition and markets, colonialism, the evolution of institutions and property rights, cultural values, technological innovation and the industrial revolution, marriage and religion. We will leave no stone unturned. Along the way we will develop an integrated framework that will permit us to think about human motivation, knowledge production, the emergence of institutions, and the long-term evolution of human societies.

### Course Materials and Resources

This course aims to integrate online resources, novel teaching technologies, broadly accessible texts, state-of-the-art research papers, multimedia class lectures, films, and contemporary popular on relevant issues.

#### *Online, Vista*

There is a course website on the new UBC **Vista** system. This system is the main vehicle for delivering (1) readings, beyond those in our two books, and (2) copies of the in-class lectures. Vista is at <http://www.elearning.ubc.ca/lms/login-to-vista/>

There is also a forum for discussing the course and asking questions of your classmates. I will not be regularly checking the site so all questions to me or the TAs should be emailed directly to us at the email addresses above.

#### *Clickers*

This course will use the *iclicker* system for rapid student response. The system is now widely used in North America and in the Faculty of Science here at UBC. Each student needs to obtain (purchase at the bookstore) a clicker. *iclicker* is a response system that allows you to answer questions posed during class

in real time. Clicker participation will contribute to your overall participation grade—see below. Starting on **September 14<sup>th</sup>** all clicker entries will be recorded toward your *Lecture Participation grade* (Table 1). We will start using the clickers immediately (but not counting them), so it is best to get them soon in time to make sure everything is working. You can use your clicker before you register it.

**Please register your clicker through the Vista course website.** On the course Vista home page, you will find an i>Clicker Registration icon. Click on this icon to access the registration form. Enter your Remote ID into the box provided. The remote ID is the series of numbers and sometimes letters found on the bottom of the back of your i>clicker remote. i>clicker will be used most days in class, and you are responsible for bringing your clicker daily. The Vista page provides excellent instructions.

The *iclicker* is a onetime purchase and can be used in other classes. It can also be sold after our course.

*Books to buy, or otherwise obtain*

- Diamond, Jared (1999) *Guns, Germs and Steel: The Fates of Human Societies*.
- Clark, Gregory (2007) *A Farewell to Alms*

Other readings, including journal articles, will be posted on Vista.

### **Course requirements and weightings for final grade:**

Your course grade will be based on five different components. The relative weighting in grading breaks down as in Table 1.

*1. Lecture Participation:* We will be using the clickers in most classes. Throughout our classes, I will be asking a variety of questions with different goals. Some will be thought or opinion questions, while others will be aimed at checking your understanding of the materials. Each time a student clicks in a response, this will be recorded. Participation grades will be assigned according to effort (rather than correct answers), as follows:

Table 1: Grading Instruments		Percentage contribution
1	Lecture Participation	15%
2	Seminar Participation	10%
3	Seminar Assignments (6)	20%
4	In class mid-term	25%
5	Take home final exam	30%

If a student achieves greater than 70% of the total possible clicks for the course, at the end, he or she will receive 100% of their Lecture Participation grade (i.e., 15% toward their final grade). If a student gets less than 70% of the total possible clicks, he or she gets that percentage for their participation grade. For example, if a student gets 70% of the clicks over the semester, they will get  $0.70 \times 10\% = 7\%$  for their Lecture Participation grade. Because students only need to achieve 70% of total clicks, there is no problem with missing class for sports, academic conferences, illness, etc. No adjustments will be made for these kinds of cases since all students from 70% to 100% end up with 100% for their participation grade.

*2. Seminar Participation:* Each student is assigned to a once-per-week seminar discussion section for the course, which will be run by one of the two graduate student teaching assistants. TAs will grade students in the small seminar on their active efforts to participate in the discussion. These small groups will allow the TA and students to engage and discuss the material. TAs will assign grades to student in the sections for the active engagement of the class.

*3. Seminar Assignments:* Over the 13 week course, approximately every other week, students will turn in a written assignment in their discussion section to their TA, at the beginning of class. There will be six of these in total. These responses will be between 1 and 2 pages long, single-spaced in 12pt Times New Roman with 1 inch margins. Three of these six assignments will be graded, and three will be given credit

for effort (usually, all or nothing). You won't know which is which ahead of time. Your Seminar Assignments grade will be composed of all six assignments. The content-graded assignments will be worth three times what the effort-graded assignments are worth. For example, the three content-graded assignments might be worth 30 points each while the effort-graded assignments are worth 10 points each. The questions used in these assignments will parallel those used in the Mid-term and Final, so these assignments are a kind of practice for these examinations.

*4. Mid-term Examination:* The Mid-term examination is an in class examination that will cover all the material since the beginning of the semester. The format will include short answer and essay questions, perhaps with some multiple choice questions.

*5. Final Exam:* The final examination is cumulative over the entire semester and covers all the readings and lectures. The examination will be given out on the last day of class, and will be due to your section TA by 5pm on December 10<sup>th</sup>.

### Discussion Seminars

Once per week students will attend a discussion seminar led by a graduate teaching assistant. Seminars serve three purposes. First, they provide students with an important opportunity to openly discuss, question, and wrestle with the course materials. We will deal with many important issues, often informed by specialized scientific information or analysis, so it is important that students have a chance to discuss these issues. Second, the seminar will provide a chance to review and ask questions about the material presented in class or in the readings. Finally, seminars give students a chance to work on their writing and get feedback from the class and the TA. More information will be provided in discussion seminars.

### Schedule

Class #	Day and Date	Topics and Assignments
Class 1	Sept 7	<b>Imagine Day!!!</b>
Class 2	Sept 9	<b>Introduction to the Wealth and Poverty of Nations.</b> Introduction to the course. Review of Syllabus. Discussion of grading and clickers. Meet your instructor.  What are the differences among nations, continents, and people?
Seminar	Week of Sept 6	<b>Discussion topics:</b> What do you think explains the differences in the poverty and wealth of nations in the world today? Why do you think that? What about geographic or climatic differences? How? Do you think pathogens or diseases are important? How? Do you think religion is important? How? Do you think markets matter? How? Do you think human evolutionary history matters? How? What about cultural differences? Could genetic differences among peoples matter? Which genetic differences? Is Africa poor today before of the slave trade?
Class 3	Sept 14	<b>Human History, the long view.</b> To address the emergence of global inequality we return to a time before such inequalities emerged. Life before the agricultural revolution, animal domestication, and the emergence of cities. Up to the starting line. What is Diamond's view here? What is Clark's view? How do Diamond's and Clark's starting lines differ? What facts might each be

		<p>under-emphasizing or missing?</p> <p>Clicks start counting now</p> <p><i>Reading:</i></p> <ul style="list-style-type: none"> <li>• Diamond: Preface, Prologue, and Chapter 1</li> <li>• Clark: Introduction (page 1 to 16)</li> </ul> <p>Seminar Assignment 1 assigned</p>
Class 4	Sept 16	<p>The FILM <i>Guns, Germs and Steel</i></p> <p><i>Reading:</i> Diamond: Chapter 2</p> <p>Instructor is away</p>
Seminar	Week of Sept 13	<p><b>Discussion topics:</b> Compare and contrast the broad views of human history presented by Diamond and Clark. What is similar and what is different? How are their central questions similar and different? Can the views of Diamond and Clark be reconciled?</p>
Class 5	Sept 21	<p><b>Human History in Microcosm:</b> How does the case of the Maori and the Moriori provide a microcosm of Diamond's larger argument? In what ways is Pizarro's conquest of the Incas instructive? How did Pizarro manage with 160 men to conquer the vast Inca Empire? How was Cortes involved here?</p> <p><i>Reading:</i> Diamond: Chapter 3</p>
Class 6	Sept 23	<p><b>Assembling the toolbox:</b> What is culture? Does culture evolve? Can it really influence human decisions? Is culture biological? How can evolution help us theorize about human culture? How do humans make decisions under uncertainty?</p> <p><i>Reading:</i> Clark: Chapters 2 and 3 (reading ahead)</p>
Seminar	Week of Sept 20	<p><b>Discussion topics:</b> How is the Maori and Moriori case instructive? The Americas are different in many ways from the world that Cortes and Pizarro came from, but consider all the ways in which it is similar? Do you accept Diamond's account of the conquest of the Incas?</p> <p>What is "culture" and how can we make sense of it in an evolutionary and economic framework? What is missing from this approach to culture? Can we fix this approach in a systematic scientific way?</p> <p>Seminar Assignment 1 DUE</p>
Class 7	Sept 28	<p><b>Malthusian Traps and long history of humanity:</b> What is the Malthusian Trap? Why has there been so little progress in the living standards of most of humanity before modern times? Does Clark's view contradict Diamond's view, or can these two assessments of the long history of humanity be made</p>

		<p>consistent?</p> <p><i>Reading:</i> Clark: Chapters 4 and 5</p>
Class 8	Sept 30	<p><b>Malthusian Traps continued</b></p> <p><i>Reading:</i></p> <ul style="list-style-type: none"> <li>• Clark: Chapter 6</li> <li>• Diamond: Chapter 5 (reading ahead)</li> </ul> <p><b>Seminar Assignment 2 assigned</b></p>
Seminar	Week of Sept 27	<p><b>Discussion topics:</b> What is “culture” and how can we make sense of it in an evolutionary and economic framework? What is missing from this approach to culture? Can we fix this approach in a systematic scientific way?</p>
Class 9	Oct 5	<p><b>Agriculture:</b> Why did agriculture and animal domestication start where it did, and why did it evolve relatively quickly in Eurasia? How is the biogeography of the Near East special?</p> <p><i>Reading:</i> Diamond: Chapters 6, 7 and 8</p>
Class 10	Oct 7	<p><b>Animal Domestication and Germs:</b> Why weren't the big mammals on other continents domesticated? What is the connection between domesticated animals and disease? Or, why did European germs kill aboriginals, and not vice versa?</p> <p><i>Reading:</i> Diamond: Chapters 9 and 11</p> <p>Optional Reading: Wolfe et. al. 2007 (Vista)</p> <p><b>Seminar Assignment 3 assigned</b></p>
Seminar	Week of Oct 4	<p><b>Discussion topics:</b> Was there any progress in the living standards of most of humanity before modern times? According to Clark, how do technological advances impact long-run living standard? How does life in Medieval England compared to England in 1800, and Paleolithic foragers? Does Clark's view contradict Diamond's view, or can these two assessments of the long history of humanity be made consistent?</p> <p><b>Seminar Assignment 2 DUE</b></p>
Class 11	Oct 12	<p><b>Innovation and Growth:</b> Is necessity the mother of invention? What is the connection between Diamond's tilted axes and innovation...and farm power. Why is Tasmania an important case example?</p> <p><b>Assembling the toolbox:</b> Tools for thinking about institutions and cooperation. How does learning and decision-making give rise to institutions and norms? How do they evolve? Why are they stable? Why was/is kinship so</p>

		<p>important?</p> <p><i>Reading:</i></p> <ul style="list-style-type: none"> <li>• Diamond: Chapters 10, 12 and 13</li> <li>• Clark: Chapter 7</li> </ul>
Class 12	Oct 14	<p><b>Evolution of complex societies.</b> What is societal complexity? How do societies become more complex? What problems does complexity address?</p> <p>Reading: Diamond: Chapter 14</p> <p>Film: <i>Evolution of Political Systems</i></p>
Seminar	Week of Oct 11	<p><b>Discussion topics:</b> Why did agriculture and animal domestication start where it did, and why did it evolve relatively quickly in Eurasia? How is the biogeography of the Near East special? Why were European diseases more deadly to Native Americans than vice-versa? Be sure to explain both how domesticated animals fit and the importance of the megafaunal extinctions. How is Africa a test case for this hypothesis?</p> <p><b>Seminar Assignment 3 DUE</b></p>
Class 13	Oct 19	Preparation for the Mid-term and Questions
Class 14	Oct 21	<b>In class Mid-Term Examination</b>
Seminar	Week of Oct 18	<p><b>Discussion Topic:</b> Why did the most complex societies first emerge in Eurasia? How did world bio-geography influence the wealth and poverty of nations, including the dramatic degree of inequality we observe today in the world? Why are answers like “colonialism” or “imperialism” insufficient, and only beg the next question?</p>
Class 15	Oct 26	<p><b>Big patterns of human history, a story of expansions of peoples.</b> How did the Chinese become Chinese? What does the Bantu expansion through sub-Saharan Africa, the Mandarin expansion through South East Asia, the Austronesian expansion across the Pacific, and the spread of agriculture through Europe tell us about the nature of history and societal evolution? What’s the evidence for these expansions, and why is it so compelling?</p> <p><i>Reading:</i> Diamond: Chapters 15, 17, 18, and 19</p>
Class 16	Oct 28	<p><b>Genetic Differences?</b> What is Diamond’s argument against genetic endowments of intelligence influencing the poverty and wealth of nations? What is Clark’s answer? How does the IQ debate figure into all this and what to Nisbett and Gladwell have to say about this?</p> <p><i>Optional Reading:</i> Bowles critique of Clark, Nisbett and Gladwell (both on Vista)</p>

Seminar	Week of Oct 25	<p><b>Discussion topics:</b> In what way does the European expansion after 1500 merely reflect a broadly long-term pattern in human history? Use examples of other expansions from the text in your answer.</p> <p>Are there genetically transmitted differences in intelligence or other cognitive differences among human groups? Could this explain the differential economics success of different people?</p>
Class 17	Nov 2	<p><b>Reversal of Fortunes:</b> In 1500 prior to the European expansion the wealth of some places in Asia, Africa, Central and South America (Andes) was relatively greater than in North America, Amazonia, Australia and other parts of Africa. In the last 500 years they have switched places. The poorer areas have gotten rich and the richer areas have gotten poorer. How can we understand this switch?</p> <p><i>Optional Reading:</i> Acemoglu et. al. 2002.</p> <p><i>Reading:</i> Clark: Chapters 8, 9 and 10 (10 is reading ahead)</p>
Class 18	Nov 4	<b>Make-up Exam</b>
Seminar	Week of Nov 1	<p><b>Discussion topics:</b> What does the “Reversal of Fortunes” refer to? What is Acemoglu’s et. al.’s idea about why it occurs where it occurs? What is Clark’s concern about theories like the one Acemoglu et. al.’s propose? Do Acemoglu’s evidence regarding the composition of the population impact Clark’s analysis? Is there a resolution to this difference?</p> <p><b>Seminar Assignment 4 not DUE (it was cancelled)</b></p>
Class 19	Nov 9	<p><b>Origins of the Industrial Revolution:</b> Why did it occur in Britain and Europe? How did the arms industry in Europe develop? What role did innovation play? Was there an important shift in how European thought about the world?</p> <p><i>Reading:</i> Clark: Chapters 11 and 12</p> <p><b>Seminar Assignment 5 assigned</b></p>
Class NA	Nov 11	<b>No class, Remembrance Day</b>
Seminar	Week of Nov 8	<p><b>Discussion Topics:</b> How does the history of the British Isles provide a microcosm for global history, and how does it illustrate the importance of cultural variation on economic growth, violence, and innovation?</p>
Class 20	Nov 16	<p><b>Why not China?</b> Or, why not China, yet? Or, why not China, again? Why didn’t China’s mini-industrial revolution of the 12<sup>th</sup> century take off? Why did not the Chinese beat the Europeans to claiming the Americas, Africa, Australia, and India, since they were sailing around the globe in vast ships generation before Columbus? What about India? India is Eurasian, centrally</p>

		<p>located between China and the Near East, and had societal complexity early?</p> <p><i>Reading:</i></p> <ul style="list-style-type: none"> <li>• Diamond: Chapter 16, the Epilogue and the 2003 Afterword</li> <li>• Clark: Chapter 13 (pages 259-271)</li> </ul>
Class 21	Nov 18	<p><b>Some long-term impacts of European colonialism.</b> How does the Atlantic slave trade, which was ended by the British in 1807, still affect Africa today? Can this logic apply to the situation of African Americans? What is a historical legacy?</p> <p><i>Reading:</i> Clark: Chapter 14 and 16 (reading ahead)  <i>Optional Reading:</i> Clark: Chapters 15</p>
Seminar	Week of Nov 15	<p><b>Discussion topics:</b> According to Nunn, why is Africa underdeveloped? How can Nunn’s ideas connect with either Acemoglu et. al.’s or Clark’s ideas? Does Nunn’s idea place “culture” as a central cause Why did the industrial revolution start in Europe, and specifically Britain? What is the role of technology and competition in explaining differences in the Wealth and Poverty of Nations? Why do invention and innovation vary among societies? Why Europe...first?</p> <p><b>Seminar Assignment 5 DUE</b></p>
Class 22	Nov 23	<p><b>The world in wake of the industrial revolution.</b> Are people in high GDP societies happier, or equal, healthier, freer, more relaxed? How does equality impact people? Should economists try to maximize gross national happiness? Why do North Americans work so hard?</p> <p>Guest Lecturer: Professor Liz Dunn (Why money doesn’t buy happiness, and how it can)</p> <p><i>Reading:</i> Clark: Chapters 17  <i>Optional Reading:</i> Clark: Chapter 18</p> <p><b>Seminar Assignment 6 assigned</b></p>
Class 23	Nov 25	<p><b>Was Adam Smith right?</b> Can markets and competition make us more prosocial? Can human institutions influence human motivations?</p> <p><i>Optional Readings:</i> Henrich et. al. 2010 (Vista), and Benedict et. al. (Vista)</p>
Seminar	Week of Nov 22	<p><b>Discussion topics:</b> How do markets and competition influence human prosociality? Do norms and institution influence underlying human motivation? How does GDP per capita influence national happiness and well-being? What is the shape of the relationship? How does equality influence happiness, longevity, and health?</p>
Class	Nov 30	<p><b>Does religion or monogamous marriage matter?</b> Are people who believe in</p>

24		<p>a big moralizing god more prosocial? Does the protestant work ethic explain economic performance? Why did Christianity spread in the Roman Empire? How have religions changed as societies have gotten more complex? How do norms and laws restricting marriage to one woman impact societies? How rare is monogamous marriage?</p> <p><i>Optional Reading:</i> Henrich's Affidavit on polygamy</p>
Class 25	Dec 2	<p>Review and Discussion</p> <p>Last day</p>
Seminar	Week of Nov 29	<p>Do culture or religion matter? Do cultural or religious differences influence economic performance? Do risk aversion, optimism about one's own abilities, or notions of fairness and altruism vary across human societies?</p> <p>Do things like religious beliefs, rituals, and marriage norms impact economic growth? If so, specify how these have impacts, and how they evolve.</p> <p><b>Seminar Assignment 6 DUE</b></p>

### Academic Dishonesty

Cheating, plagiarism, and other forms of academic misconduct are very serious concerns of the University. All graded work in this course, unless otherwise specified, is to be original work done independently by individuals. If you have any questions as to whether or not what you are doing is even a borderline case of academic misconduct, please consult your instructor. For details on pertinent University policies and procedures pertaining to academic dishonesty, please see Chapter 5 in the UBC Calendar (<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=3,54,111,959>), and visit the [Academic Integrity](http://www.arts.ubc.ca/arts-students/plagiarism-avoided.html) page on UBC Faculty of Arts website (<http://www.arts.ubc.ca/arts-students/plagiarism-avoided.html>).

### Special Accommodations:

UBC accommodates students with disabilities who have registered with the [Disability Resource Centre \(DRC\)](#). If you have a disability that may affect your performance in this class, please make sure you have contacted the DRC to arrange for accommodations. Please let me know of these accommodations as soon as possible.

UBC also accommodates students whose religious obligations conflict with attendance, assignments, or examinations. Please let me know as soon as possible – and well in advance of any assignment or examination – if you will require any accommodation on these grounds.

The university does not have any formal policy on accommodating students who plan to be absent for varsity athletics, family obligations, or other similar commitments. So, please do not assume that you will get special accommodations for these sorts of absences. It is your responsibility to ensure that you meet the course requirements as scheduled. If you do plan to be absent during any time an assignment or examination is scheduled, please discuss this with me as soon as possible (and make sure you do so before the drop date.)