

Peter Turchin and Daron Acemoglu—The Growth of the Noosphere: Part Three

David Sloan Wilson: We're going to segue to the present real fast here, but back to complexity, the idea of attractors basically bases of attraction are regimes that are stable, and they themselves there... You could have an egalitarian regime, or you could have a despotic regime. The thing about regimes is their stability. And so if you have a stable egalitarian regime, to some extent, it does resist being corrupted by various forms of selfishness and so on. Although, I think that that corrupting influence actually is probably true in every society, but I think the idea of selecting among local equilibria, basically, or bases of attraction...equilibrium selection, they sometimes call it, is an important refinement of this idea of multilevel selection.

So it's not the case that egalitarian regimes are always vulnerable to exploitation. Well, now let's do what I've been saying. If we focus on the present, the roughly 200 nations that now carve up the planet, it's really basically the current edge of cultural multilevel selection. And you, Daron, that's what you do, and, Peter, also what you do, for example, with your great book, *Ages of Discord*... Your analysis of American history. Daron, you make this fundamental distinction between inclusive and extractive regimes, which I think is just continuous to everything we've been saying. But if you could just take it from there, and outline your theory about why nations fail and why they succeed, then that will begin us on our discussion of the present.

Daron Acemoglu: Yeah, I think it's very much builds on what we talked about. As Peter said, when you go back in history during times of very different military technology and very different types of states, there is a continuous process of inter-polity competition. And the nature of technology is different. That's going to generate a bunch of dynamics depending on who has the greater ability to cooperate with other nations, trade with them versus take them over and so on. But, today, we live in the age of industrial technology, and I think a critical aspect of both domestic economy and politics and international relations is how you leverage and develop that industrial technology. There is pretty much no society are on Earth right now that has not been touched by that technology. And the idea of the inclusive economic institutions is that by providing opportunities and incentives for a broad cross-section of society, rather than just sidelining them, it's going to be much better at developing and exploiting that technology.

In contrast, what we call extractive economic institutions, are going to monopolize economic opportunities in the hands of a very small group, and are not going to use the talents and the different approaches and the diversity. Again, back to diversity, the diversity of their populations, and we're talking of nation states here. So, all of them have large populations, so using that diversity, that collective knowledge. Going back to the issues of the multilevel selection, I think a lot of industrial technology is just the fruit of the collective knowledge of humans. And how do we develop them? That's going to depend on how well we deploy that collective knowledge. And, of course, once you start thinking about this, this way, you see, it cannot be separated from politics. Inclusive economic institutions that provide opportunities and incentives for a broad set of people, well, they need to be supported by particular types of political institutions.

And if you're going to have systems that create an economic elite, that monopolizes everything, well, that needs to be supported by a set of political arrangements that's going to empower them politically as well. That's all about the co-evolution of economic and political institutions. So those were the ideas James Robinson and I developed in *Why Nations Fail*. In our more recent book *The Narrow Corridor*, we've sort of built on this and thought much more about the evolution of these political and economic institutions. And again, it comes back to the same themes that we are discussing here. For example, how do you balance state power versus societal power? If you build your institutions, for instance, as many of the archaic empires started doing, and many of the European states of the Middle Ages and beyond, or

the Chinese tradition of state building from the Qing dynasty onward, that's going to empower the state and sideline bottom-up participation.

On the other hand, we see different models. For example, like those that evolved after the collapse of the Roman empire in parts of Europe, which fused the more egalitarian ethos and institutions of the Germanic tribes, such as the Franks, together with some aspects of state institutions from the Roman empire, then you will get a different set of institutions. And then, of course the egalitarian impulse is there, even though no societies like the foraging ones. You will see many examples where the same sort of norms of undercutting hierarchy are going to emerge. It's actually sort of interesting that the person who's made some of the very interesting contributions to this area is also Christopher Boehm when he studied the Balkans and the Montenegrin societies and showing how they were undercutting any type of hierarchy and state institutions repeatedly. I think it's no surprise that we see a version of reverse dominance hierarchy. But I think this is where the institutions and diversity and conditions changing becomes important.

The reverse dominance hierarchies that humans were so amazing at building and maintaining for a million and a half years, perhaps. Well, at least 200,000 years. They're not going to work when you're looking at large scale societies. So you need different institutions if you're going to be able to build an egalitarian society or at this quasi-egalitarian society. So that's where modern democracy, I think, becomes part of the picture. And modern is important. Of course, the Athenian democracy is great. It's inspiring, and it's amazing to study, but that's not going to work in a large scale society either. It was exploiting the fact that Athens was a small polity. Only men and citizens who, I mean, non-slaves were able to participate in politics so you could have a lot of direct democracy, that's not going to work today.

So how are you going to build those institutions to deal with the problems that we confront without sort of empowering just a particular, very narrow hierarchy? I think those are some of the issues, and they have huge consequences, both for equality and how we actually use industrial technology, and moving to the future part of it. How we use, for example, new digital technologies, including artificial intelligence, I think those questions can not be separated from the hierarchies we build and hierarchies we could limit.

DSW: So let's zoom in on America, and let me start it off with Daron's account and Why Nations Fail. One of my favorite stories is that when the colony of Jamestown was founded, first with the intention was just to conquer the Indians the way the Spaniards and Portuguese did and rule over the Indians, that didn't work. Their next step was to try to recreate a feudal European society by importing laborers and housing them in barracks under threat of death, that didn't work. And so they were forced by circumstances to become more egalitarian, forced by circumstances. So, some cultural evolution took place there big time.

DA: Absolutely. I think that's actually a really, really good story. And the way you told it is perfect, David. Essentially, the Brits, I mean the English, they weren't British at the time. The English just wanted to repeat what the Spanish did. They wanted to go there and dominate and exploit the local population. They go there and there's no local population to exploit. The population density is extremely small and the native population is running away and not cooperating with them. And suddenly, those guys find themselves at the bottom of the hierarchy. That's the view that the Jamestown colony had. They okay, fine, we cannot exploit the Indians, so we're going to exploit these indentured servants and the settlers who came there with the promise that they're going to build a better life. Now, they're going to find themselves under even and harsher conditions. But that's where the egalitarian ethos kicks in. They say, "No, we're not going to put up with it."

And they revolt against it. They revolt by walking out and fleeing. The open frontier helps. They voice their concerns, and there is a protracted struggle, but ultimately, they are victorious. But it also defines

the character of American democracy for the next 300, 400 years, that this was rights for the European settlers. They never wanted rights for the native Americans. They still wanted to exploit them, and later when the slaves were imported, they-

DSW: That made them similar to Greek democracy in that regard, and-

DA: Exactly, even more extreme. But yes, similar, yes.

DSW: Yeah, and then another thing you say is that because the Spaniards and Portuguese could find societies that were already hierarchical, and basically just chop the head off of those, then, ever since, nations in Central and South America have been crippled, basically, by some kind of deep cultural structure that makes it difficult to be egalitarian.

DA: Absolutely.

DSW: That's a deep cultural streak.

DA: Cultural, political, but again.... But I'll emphasize that, again, history here is not destiny. You also see a lot of variation. That history that you very aptly summarize is completely common to Guatemala and Costa Rica. They were in fact part of the Guatemalan kingdom.

DSW: Yes.

DA: But then they separate and Costa Rica becomes much more egalitarian, much less unequal in terms of the organization of agriculture, and of course the leader in terms of democracy and political participation in Latin America. Again, showing that there are different ways of finding solutions to this large scale cooperation and economic production problem.

DSW: History is not destiny, cultural evolution continues, but now I want to segue to you, Peter, you were accredited with having predicted our current unrest. And so outline for us the thesis of your book, "Ages of Discord" and the fact that actually America, which we've just been discussing, has cycled not once, but twice between the extremes of extractive and inclusive.

Peter Turchin: First, let me just say that. I agree with Daron very much about the nature of competition between societies today. And this is actually a very hopeful sign because warfare is not the only way that societies can compete. Societies now...we haven't made a complete transition to this, but modern states actually compete in providing wellbeing to their citizens. I grew up in the Soviet Union, the country, which doesn't exist anymore. And the reason it does not exist anymore, it's not because it lost a war, it was conquered or anything. It lost the support of its citizens and the elites. And as a result, there was a very substantial institutional change internally within the country, which was, much of it was selective copying of institutions, but also adapting them to the local environment.

Now this type of desire by citizenries for better life has been expressed, for example, very clearly during the Arab Spring, because many of the people demonstrating in Tahrir or elsewhere, they were basically blaming their governments for mismanaging politics, economy, everything essentially, and not delivering a better quality of life. And we see this type of pressure working even a hundred years ago. So here now in the United States. During the new deal. Roosevelt administration felt under strong competitive pressure from the totalitarian alternatives, including both Nazi Germany and Communist Russia. And in fact, they sent researchers to look into how, in Russia, for example, the state tries to make the life of workers better, things like that. And they, in fact, as I understand they incorporated some of those things, not wholesale, of course, but they were trying to learn from those experiences.

Certainly I would say that the reason that we had this great convergence in incomes and wealth in the United States was because of the competition specifically with Communist Russia. So it, it was one of the important elements. And so that basically, that and the experience of World War II, they essentially impressed on the political leadership of this country, the need for cooperation, cooperation broadly

stated between the state, between the government agencies, between the capitalists, employers, and workers, or employees. So in fact, it's kind of interesting, but the United States was a Nordic country, until about 1960's. Between 1930s and 1960s there was an implicit unwritten contract, which is a tripartite contract between the state, the business owners and workers. And as long as that unwritten contract held, the society was quite functional.

I mean, there were all kinds of inequalities. Obviously, the race issue was very important and not solved during this time. But at the same time, when we look at the median workers, for example, their wellbeing, their wages, were increasing at the rate of the overall economy. And at the same time, if you look at what was happening to the big fortunes they were disappearing. All right. And then we came to turnaround point of 1970s, and that's when the whole dynamic started going in reverse. And part of the reason is because the new generation of leaders came, they were much more selfish.

They assumed that two generations of stability and function and function that they saw is just automatic. And they started dismantling this unwritten contract. And as a result of that from 1980 or so, we see a huge explosion of inequality. And inequality is not just a relative thing, as Paul Krugman wrote recently in a column, that real wages of the median workers are actually lower than they were 40 years ago, slightly lower than they were 40 years ago, despite a huge increase of economy overall, and also a huge increase of the productivity of the American worker. So here we are. So we are talking really about what Daron and James wrote in their book, but now we are taking a very dynamical approach to it.

DA: I think that's a great account that Peter gave. And if I could add just two things, and then perhaps this is also a segue to the future.

I think Peter is absolutely right. That competition was very important. I think the best examples of that are actually South Korea and Taiwan. Both of those success stories cannot be understood without the threat from North Korea or mainland China. I mean, in Taiwan, Kuomintang, which was really a completely parasitic institution when it was in China, becomes a developmental state in Taiwan and, and social democracy, I think cannot be understood without the threat of communism from Soviet Russia. However, I think we also see the role of institutional innovations, ideas, institutional adaptations that depend on power dynamics and other things, the welfare state as any other institution had its problems.

And a group of thinkers led by economists, such as Milton Friedman, really changed the tenor of how we should approach some of these problems starting in the 1970s. And I think without those institutional responses to the inefficiencies of the welfare state, we cannot understand how the way that market economies, especially Anglo-Saxon countries are, are functioning today, or have been transformed. Globalization, technology have played a role too, but really we have also changed how we are structuring these market economies. So I think Peter is absolutely right, but it's not just external threats. The Berlin Wall's fall, I think, is important, but these internal dynamics are important as well.

And segueing into the future, I think, it's hard to imagine, but somehow the cold war exactly like Peter said, brought up some of the more cohesive elements in some communities, but I don't see any evidence of that happening because of competition against China. It seems to bring out the worst instincts of each political group and each economic interest grouping. One question moving into the future, especially as we are confronted with some of the most defining global challenges, such as climate change, pandemics, dealing with inequalities and new technologies, including automation. I'm not sure how the competition between China and the U.S. is going to shape these things, but it's hard to be completely optimistic.

PT: Well, one possibility that the United States will fragment and not be something to compare to and whatever arises after that, we'll learn from those experiences. And, certainly China. I mean, we have the Washington consensus and Beijing consensus, there are two different ways of organizing states. And

unfortunately China has shown itself to be a more functional state, especially in the last couple of years, looking at their view.

DA: But, I mean, if you think of Beijing consensus versus Washington consensus, the gap is much smaller than that existed between Soviet consensus and the Washington consensus or whatever American approach, Marshall Plan, whatever you're going to call it. So in some sense, one might have thought there would be more room for cooperation. But perhaps that's not true.

PT: Although, you should not overestimate communism in the Soviet Union I grew up in, it's basically... communism in the Soviet union was one big firm that was controlled by the party. As a result of that, there was no internal competition, which is very important as you know, between firms. That was one of the reasons why it didn't work so well. So it was more state capitalism than communism as envisioned by Karl Marx, for example.

DSW: So let's have you both try to be as optimistic as you can in terms of how we work our way towards some kind of global governance worth wanting. And then let's actually be not as pessimistic as you can, but really outline some of the scenarios. If that doesn't happen, what's in store for us? Because this idea that the Noosphere is coming, that there's any kind of inevitability to it, please, no, and we really need to have, I think the scary story in addition to the optimistic story. So let's begin on the optimistic side.

DA: Well, I think you have to weave in the optimism and the pessimism, because they're inseparable in my mind.

DSW: Okay, that's fine.

DA: I think on the optimistic side, of course, new technologies have the promise of improving our productivity, improving our health, eliminating the more unpleasant, dangerous physically unhealthy jobs. Of course, we have the capability to deal with the climate change crisis. We've already made amazing improvements in renewable technologies. I don't give any stock to ideas of super intelligence and galactic travel and things like that. I think those really are Silicon Valley fantasy. So I'm not gonna even go there, but I think there is the technological capabilities to be optimistic, on the other hand, I think if you look at the politics and the institutional framework, I don't see any way, but to be pessimistic.

I don't think we are up to the challenge of dealing with climate change. Despite the fact that just the minimal amount of intervention has led to tremendous progress in renewable energy today, renewable energy is competitive or in fact, according to some calculations cheaper than fossil fuel based energy. But without global cooperation between China, India, and the U.S., as well as Brazil and other large countries, Europe, I don't see how we can deal with the climate change challenge. And even worse, I think even though digital technologies have the promise to bring improved welfare, I think right now there are tools in the hands of large companies and governments to suppress people, to automate jobs in a way that's really unequalizing. My research suggests, Peter, that is the driver of a lot of the facts that you mentioned, like median wages being stagnant or about 50% of Americans actually experiencing real wage declines.

And of course the huge amount of data and power in the hands of companies and governments, I think, is creating a completely different politics today than what we have been used to for the last hundreds of years. I don't think we are aware, we don't have... if you want to call it, wisdom, as a population to actually try to even confront these challenges. You know, there is a bit of grumbling right now about Facebook, but I think it's not systemic enough in recognizing how the power of these companies has multiplied and perhaps become inconsistent with democratic institutions. I think those are the things that make me really pessimistic as well as the climate change challenge, of course.

PT: Yeah, I'm by nature an optimist, but my optimism has to be long term. In the short run, realistically, we are in for a rough decade, especially here in the United States and, and partly in Western Europe. And because our current leadership is still too busy fighting each other different factions', fighting each other, rather than trying to address the core issues. But in the core issue, which seems to lie on the surface, is that you have to reverse that decline of the common people in the United States, all right? It's hugely unfair because why should the majority of the population slide down when the economy is increasing and you have all these wonderful technologies as Daron mentioned. So until this idea actually penetrates the political leadership, Democrats may be a little bit better, but I don't see the Biden administration is not doing anything about, let's say increasing the minimum wage, all right?

So that's the one very clear intervention. It's not enough obviously, but that would send a signal and also would improve the lives, of primarily by the way, African Americans, who are the ones who would benefit from this. They're not doing that. And so I'm afraid that you have to run the course of this Age of Discord as I called it. However, the optimism is that usually first of all, the two sources of optimism, first of all, Ages of Discord end, and often times in a violent manner. But after that a new age of prosperity does come, because these dynamics are setting new times, breeding bad times, but bad times breed good times. So it's really a dynamical system here, not cycles, but dynamics.

A second source of optimism is that we have now collected a lot of data on previous crises going back thousands of years. And we don't have yet statistics, but it's pretty clear that humans are learning something. That institutions that we have, being creating and layering over the past thousands years, they start to work better and better. As a result, the collapses are less likely. They are also less severe and the periods of interregnums after that, breakdown, social breakdown, they're shorter. That means that maybe we are starting to learn more how to deal with such crises. So, and that's my second source of optimism.

DSW: Let me end with my source of optimism, which is actually quite Teilhardian. And when I had my conversation with Josh Ober about Greek democracy, and when I read his work, I was amazed by how deliberative the construction of Greek democracy was. I mean the Athenians, it was their explicit goal to make a democracy, complete with its institutions and its processes and its demes and its tribes. And it's just amazing the degree to which they were engaged in a process of conscious cultural evolution. And yes, there were the vagaries of history and all that, but the degree of consciousness that was on display in the invention of Greek democracy, and I think this is true in other cases, was amazing to me and that included the institution building.

And if we now actually become similarly conscious, but now we appreciate the scale that democracy needs to take place, namely the global scale. But if that actually became our paradigm, basically, if there was any kind of agreement among any kind of core of people, then it's the whole Earth that requires good governance, and here's how we need to go about doing it. First of all, that objective getting that right, and that involves just eliminating the concept of the invisible hand as a profound untruth—that you don't just set about maximizing lower level goals. And then the invisible hand makes it all good at the higher scale. Absolutely not, we must have the highest scale in mind and then everything under that remains important, but requires coordination. If that became the worldview, if that became the worldview, then we would be working towards effective solutions, which actually are at hand. So that's my optimism, but it requires a conceptual sea change, and I think some of us have it.

DA: I completely agree with you, David, that would be a very laudable goal, but it seems like we are going in the opposite direction. Today nationalism is much stronger than it was 20 years ago. And there are reasons for that, it's imperfectly understood, but certainly related to globalization, inequalities, instabilities, insecurities. But I think when we are unable to build institutions that actually foster this sort

of global corporation, I think it will only get worse. And climate change is as good a challenge for us to do that. And, we have completely failed perhaps...

PT: The glass is half full or half empty.

DSW: Yeah and also I think institutions can be the following event, not the leading event. Often I think, you know better than I do, that the first thing that happens is that some groundswell, and then institutions are built on the basis of that.

DA: Absolutely, that then that groundswell was there. I think after the fall of the Berlin Wall, there was a euphoria, not among everybody, but among some class of people, multi-nationally, or around the world, there was that euphoria. But now it has sort of...the pendulum has swung backwards. If you look at, if you go to developing countries, the amount of nationalism is completely incomparable to what was visible 20 years ago. And I think that the dynamic is quite concerning about exactly those challenges that you're pointing at.

PT: The turbulence and dysfunction that you see ahead of us is also going to be a factor. Historically, it has been a factor in creating and adopting new institutions and things like that. Think about the glorious revolution in England, it followed 40 years of civil wars and all kinds of nastiness, all right? So that's why optimism and pessimism have to be somehow in a dynamical equilibrium between themselves.

DSW: Okay, this conversation has been dynamical to the end. And so this has been so great, Daron and Peter, so happy to have had it and to have captured it for widespread distribution. So thank you so much.