Hive Mind

Tim Grosclose writes in Hive Mind.

> The book's primary and most important contribution is to document the following empirical regularity: Suppose you could a) improve your own IQ by 10 points, or b) improve the IQs of your countrymen (but not your own) by 10 points. Which would do more to increase your income? The answer is (b), and it's not even close. The latter choice improves your income by about 6 times more than the former choice.
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> One implication of the regularity should please some conservatives—perhaps especially Ann Coulter and Donald Trump. It says that, if the U.S. continues its current policy of admitting many third-world immigrants, then this will likely decrease the incomes of current citizens. Alternatively, it also implies that a better policy would be to admit only "the best" people, in the words of Donald Trump.
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> Jones devotes much of the book to explaining why this empirical regularity exists. Many of the reasons that he discusses are political or cultural. For instance, he presents evidence showing that high-IQ countries tend to have less corruption. He also presents evidence from laboratory experiments showing that high-IQ people tend to cooperate with each other more than low-IQ people.
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> Jones also discusses some reasons from microeconomics that help explain the empirical regularity. Specifically, he shows that your own productivity tends to increase when you work around people who have high IQs.
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> To illustrate the latter effect, Jones's constructs an example, which I call "the parable of the vases." In a moment I'll explain the details of the example, but first let me briefly discuss its importance. The example has

significantly affected my thinking, and it is one of the highlights of the book. I do not think it is an exaggeration to say that the parable ranks as one of the all-time great examples in economics. Although it is not quite as insightful and important as Ronald Coase's crops-near-the-train-track example (which illustrates the efficiency of property rights), I believe it is approximately as insightful and important as: (i) Adam Smith's pin-factory example (which illustrates the benefits of division of labor) and (ii) Friedrich Hayek's example of an entrepreneur knowing about an unused ship (which illustrates the value of particular, versus general, knowledge).

The parable begins with a simplifying assumption. This is that it takes exactly two workers to make a vase: one to blow it from molten glass and another to pack it for delivery. Now suppose that two workers, A1 and A2, are highly skilled—if they are assigned to either task they are guaranteed not to break the vase. Suppose two other workers, B1 and B2, are less skilled—specifically, for either task each has a 50% probability of breaking the vase.

Now suppose you are worker A1. If you team up with A2, you produce a vase every attempt. However, if you team up with B1 or B2, then only 50% of your attempts will produce a vase. Thus, your productivity is higher when you team up with A2 than with one of the B workers. Something similar happens with the B workers. They are more productive when they are paired with an A worker than with a fellow B worker.

So far, everything I've said is probably pretty intuitive. But here's what's not so intuitive. Suppose you're the manager of the vase company and you want to produce as many vases as possible. Are you better off by (i) pairing A1 with A2 and B1 with B2, or (ii) pairing A1 with one of the

B workers and A2 with the other B worker?

If you do the math, it's clear that the first strategy works best. Here, the team with two A workers produces a vase with 100% probability, and the team with the two B workers produces a vase with 25% probability. Thus, in expectation, the company produces 1.25 vases per time period. With the second strategy, both teams produce a vase with 50% probability. Thus, in expectation, the company produces only one vase per time period.

The example illustrates how workers' productivity is often interdependent—specifically, how your own productivity increases when your co-workers are skilled.

The example generates an even more remarkable implication. It says that, if you are a manager of a company (or the central planner of an entire economy), then your optimal strategy is to clump your best workers together on the same project rather than spreading them out amongst your less-able workers.

The parable has some interesting implications for immigration policy. Namely, it suggests that Ann Coulter and Donald Trump may be more correct than they realize. Coulter and Trump, when arguing for more restrictions on immigration, most often invoke political and cultural reasons—e.g. they note that more immigrants will cause crime to increase or cause the U.S. to adopt more leftwing policies. The parable of the vases, however, provides an economic reason: Specifically, when the U.S. allows more low-skilled immigrants into the country, it can lower the productivity of native workers.

Perhaps more profound is the following implication. Immigration opponents usually make their argument from an own-country perspective. E.g. Trump and Coulter usually focus on the fact that a more open-borders policy hurts

American natives. They rarely discuss the fact that such a policy helps potential immigrants. Related, they do not consider the net effect—that is, whether the costs to American natives are greater than the benefits to potential immigrants. The parable-of-the-vases example, however, takes a worldly perspective, not U.S.-centric perspective, and it suggests that the net benefits are negative. For example, it suggests the following: Suppose you were the secretary general of the U.N.—someone who is interested in the total economic output of the entire world, not just the output of the U.S. If so, then the parable-of-the-vases example implies that you would want the world's smartest people to clump in only one or a few countries. You'd want the U.S. to restrict immigration from low-IQ countries because it increases the world's total economic output, not just the U.S.'s. As far as I'm aware, the people who favor more restrictive immigration policies—including Coulter and Trump—have never made this argument.

While the parable of the vases has implications that will likely please conservatives, at least one implication of the book will likely please progressives. This implication is related to the "Flynn Effect"—the empirical regularity, discovered by philosopher James Flynn, that average IQs have been rising significantly over the last several decades. In the U.S., for instance, the average IQ has risen by approximately 20 points since the early 1930s. This increase is so large and has occurred in such a short period of time that most IQ researchers believe that it could not have been caused by genetics. Although some researchers believe the increase is due to artificial factors—e.g. that people are becoming more aware of the questions that are asked on IQ tests—Flynn does not hold that view. He has examined actual answers from early tests, and he concludes that people have genuinely become more intelligent. More specific, he believes that people have become more skilled at abstract thinking. For instance,

suppose I asked you the following question: “If pigs could fly, would this make pork taste better or worse?” Flynn’s research suggests that 80 years ago a huge fraction of people would be incapable of even thinking about the question. For instance, they’d answer “But pigs can’t fly,” rather than trying to consider the hypothetical. (Flynn explains many of his findings in