

How To Make The World Better Economically

Posted on June 8, 2023

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Introduction

Asking how the world can become economically better requires more than choosing between growth and redistribution. A useful framework examines whether an economy expands productive capacity, creates work that supports ordinary life, gives people realistic opportunities to develop their abilities, and protects households from shocks that can erase years of progress. Langston Hughes's poem "Tired" gives this question a moral dimension by expressing exhaustion with a social order that appears resistant to justice, while Dean Baker's "A Better World" emphasizes that market outcomes are shaped by public rules rather than produced by a neutral system outside government (Hughes, 1926; Baker, 2022). Contemporary evidence supports examining both production and distribution. The World Bank reports that poverty reduction has slowed markedly and that faster, more inclusive growth depends on more and better jobs together with investment in education, infrastructure, and basic services (World Bank, 2024). Economic improvement can therefore be analyzed through the institutions that determine who can participate in growth and how its benefits and risks are shared.

Growth, Poverty, and the Distribution of Opportunity

Economic growth remains important because societies with rising productivity have more resources available for housing, healthcare, education, infrastructure, research, and household consumption, but average growth does not reveal how widely those gains are distributed. The World Bank estimated in 2024 that almost 700 million people lived below its international extreme-poverty line and that about 3.5 billion people lived below the higher benchmark it uses for upper-middle-income economies (World Bank, 2024). The same report argues that high inequality can weaken mobility and slow poverty reduction when people lack access to productive opportunities. Hughes's "Tired" can be read alongside this evidence as a protest against accepting visible hardship as inevitable. Baker (2022) makes a related institutional argument: property rights, taxation, labor law, financial rules, patents, public infrastructure, and corporate law help create the distribution that later appears to be a purely market result. The relevant economic question is therefore not whether markets or governments act alone, but how rules affect productivity, mobility, bargaining power, and access to opportunity.

Employment, Bargaining Power, and Job Quality

Employment connects economic growth with household living standards, yet the number of jobs alone does not describe whether workers share in productivity gains. The International Labour Organization and OECD reported that the global labor-income share declined by 1.6 percentage points between 2004 and 2024, linking the change to structural forces that included technology, globalization, automation, and declining worker bargaining power (ILO & OECD, 2025). Their analysis discusses wage-setting institutions, collective bargaining, and transitions from informal to formal employment as mechanisms that can change how income is distributed before taxes and transfers are applied. This evidence complements Baker's emphasis on "predistribution," because employment rules shape market income at the point where wages and conditions are determined. At the same time, raising wages without corresponding attention to productivity, business viability, inflation, or regional labor conditions can create tradeoffs. Economic analysis therefore has to consider job quality, predictable pay, safety, skill development, labor mobility, and productivity together rather than treating any single wage statistic as a complete measure of worker well-being.

Education, Health, Care, and Productive Capacity

Human-capital investment is often described as social spending, but education, healthcare, childcare, and infrastructure also influence how much productive capacity an economy can use. The OECD argues that broad access to quality education from childhood and opportunities for continuing skill development can reduce inequality of opportunity while supporting productivity growth (OECD, 2024). The World Bank similarly identifies education, infrastructure, and basic services as conditions that allow people living in poverty to contribute to and benefit from growth (World Bank, 2024). These relationships are visible in everyday economic choices. A parent who cannot find affordable childcare may reduce working hours; a worker without access to treatment may lose employment or productivity; a student whose school lacks basic resources may enter the labor market with avoidable disadvantages. Public and private systems differ in how they finance these services, and each design has costs and distributional effects. The broader economic point is that unused talent represents a loss of potential output as well as an inequality of opportunity.

Competition, Innovation, and Market Power

Productivity also depends on whether firms can enter markets, compete, innovate, and challenge incumbents. OECD research identifies product- and labor-market power as one area where policy can affect both inequality and economic dynamism (OECD, 2024). Competition can lower prices, encourage investment, and give workers or suppliers alternatives, while excessive concentration may allow powerful firms to raise markups, restrict entry, or weaken bargaining alternatives. Intellectual property illustrates a related tradeoff. Patents and copyrights can reward costly research and creative

work, but exclusivity also grants temporary market power and can raise prices. Baker (2022) uses pharmaceutical and technology markets to argue that these legal arrangements influence the distribution of income and should not be mistaken for outcomes produced without government. There is no single optimal rule for every sector because innovation costs, network effects, safety requirements, and the feasibility of entry differ widely. An economically stronger system therefore depends on evaluating whether particular rules stimulate useful innovation and investment without unnecessarily insulating incumbents from competition.

Taxes, Social Protection, Housing, and Economic Security

Even productive economies expose households to unemployment, illness, disability, business failure, retirement risk, and housing shocks, so economic performance also depends on how those risks are managed. The OECD includes efficient and progressive tax-and-transfer systems among the policy areas that can affect inequality while preserving incentives for growth (OECD, 2024). Social insurance can support consumption during temporary setbacks and may make workers more willing to change jobs, retrain, or start businesses because one failure does not automatically eliminate access to basic necessities. Housing is especially important because rising rents or home prices can absorb wage gains and prevent workers from moving toward productive employment. Yet taxes, subsidies, social insurance, zoning, and housing construction all involve tradeoffs in revenue, incentives, administration, and local distribution. Climate risk adds another layer: the World Bank identifies extreme weather as a threat to poverty reduction because disasters can destroy homes, livelihoods, and infrastructure (World Bank, 2024). Economic security therefore involves both income creation and resilience against shocks.

Conclusion

A more economically successful world cannot be described by one policy lever or by growth alone. Hughes's "Tired" captures the human frustration produced when hardship and unequal treatment appear permanent, while Baker's institutional perspective explains why the distribution of economic gains reflects rules as well as technology and individual choices (Hughes, 1926; Baker, 2022). Current international evidence points to several connected dimensions that can be evaluated: productive employment, worker bargaining conditions, education and skills, healthcare and care infrastructure, competitive markets, tax-and-transfer design, housing access, and resilience to climate and other shocks (World Bank, 2024; OECD, 2024; ILO & OECD, 2025). These dimensions can reinforce or undermine one another. Higher wages may be offset by housing costs; education may yield little mobility without productive jobs; redistribution becomes harder to sustain when productivity stagnates; and growth can widen disparities when access to opportunity remains unequal. The central economic challenge is therefore to understand how institutions convert productivity into broadly

experienced improvements in security, mobility, and living standards.

References

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