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COMMENTARY

## A Brief History of Economic Time

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June 9, 2007; Page A8

Modern humans first emerged about 100,000 years ago. For the next 99,800 years or so, nothing happened. Well, not quite nothing. There were wars, political intrigue, the invention of agriculture -- but none of that stuff had much effect on the quality of people's lives. Almost everyone lived on the modern equivalent of \$400 to \$600 a year, just above the subsistence level. True, there were always tiny aristocracies who lived far better, but numerically they were quite insignificant.

Then -- just a couple of hundred years ago, maybe 10 generations -- people started getting richer. And richer and richer still. Per capita income, at least in the West, began to grow at the unprecedented rate of about three quarters of a percent per year. A couple of decades later, the same thing was happening around the world.


Then it got even better. By the 20th century, per capita real incomes, that is, incomes adjusted for inflation, were growing at 1.5% per year, on average, and for the past half century they've been growing at about 2.3%. If you're earning a modest middle-class income of \$50,000 a year, and if you expect your children, 25 years from now, to occupy that same modest rung on the economic ladder, then with a 2.3% growth rate, they'll be earning the inflation-adjusted equivalent of \$89,000 a year. *Their* children, another 25 years down the line, will earn \$158,000 a year.

Against a backdrop like that, the temporary ups and downs of the business cycle seem fantastically minor. In the 1930s, we had a Great Depression, when income levels fell back to where they had been 20 years earlier. For a few years, people had to live the way their parents had always lived, and they found it almost intolerable. The underlying expectation -- that the present is supposed to be better than the past -- is a new phenomenon in history. No 18th-century politician would have asked "Are you better off than you were four years ago?" because it never would have occurred to anyone that they ought to be better off than they were four years ago.

Rising income is only part of the story. One hundred years ago the average American workweek was over 60 hours; today it's under 35. One hundred years ago 6% of manufacturing workers took vacations; today it's over 90%. One hundred years ago the average housekeeper spent 12 hours a day on laundry, cooking, cleaning and sewing; today it's about three hours.

As far as the quality of the goods we buy, try picking up an electronics catalogue from, oh, say, 2001

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