

Discussion Questions for Easterly's Technology Chapters

1. Easterly brings up the idea that the greater the skills of the people that you work with, the greater your own productivity, and consequently your income. Let's call this the "surrounding skills theory of productivity." Think of the reasons why the skills of the people you are surrounded with might influence your own productivity.
2. If the surrounding skills theory of productivity is true, explain how it would lead people to group with others of similar skill levels. Where all can you observe such groupings?
3. Some observers have said that people today find it easier than ever before to find and group together with others of similar skill level. Let's call this phenomenon "the great sorting." List some of the technological and societal changes of the past three decades that would have contributed to the great sorting.
4. As a result of the great sorting, would you expect total production to go up or down? How about income inequality across people and regions? Why?
5. Easterly talks about the idea that "knowledge leaks." Explain how this might partly explain why firms that are part of the same industry often tend to cluster in the same geographical region (for e.g. tech firms in Silicon Valley, investment banks in NYC. etc.)
6. Think of your own education. Do you think that as you acquire more education, you experience diminishing returns, constant returns, or increasing returns?
7. What is meant by the phenomenon of 'creative destruction'? Think at least 3 examples of creative destruction that you have observed in your lifetime. Who gained and who lost?