

REVIEW OF LARRY SIEGEL'S *FEWER, RICHER, GREENER*

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There are four main themes—and a zillion zany detours—in Larry Siegel's *Fewer, Richer, Greener*.

The first is that once world population peaks at 11 billion, it will steadily decline, with people choosing to have fewer children as their standard of living rises. Demographers and economists would agree; where some would differ from Larry, however, is in believing this will prove a boon to growth, rather than an impediment. For example, an article in the *Financial Times* of January 15, 2020, cites the work of Stanford economics professor Charles Jones, who “argues that living standards would stagnate as the population gradually vanishes,” because fewer people means fewer new ideas, which he sees as the engine of growth. Similarly, economists at the IMF, the OECD, and the European Commission have warned that Europe's decline in population will lead to lower average per capital income, while spending on healthcare and pensions will consume ever-larger slices of national budgets. Larry believes this is baloney and his solutions are to revamp dysfunctional healthcare systems (especially in the U.S.), develop a more rational retirement savings model, and encourage older people to work longer, since many are perfectly capable of doing so today. As with so many of Larry's recommendations throughout the book, I find myself nodding in agreement, but then saying, “Yes, but Larry, *how* are we going to achieve these goals, given the entrenched interests arrayed against them?” In other words, if you really want solutions, you gotta get into the politics—ugh!

The second theme is that we fail to appreciate the stunning advances human beings have achieved in quality and quantity of life in the 250-300 years since the advent of the Industrial Revolution. This story will be familiar to readers of such works as Robert Gordon's *The Rise and Fall of American Growth: The U.S. Standard of Living Since the Civil War*, Angus Deaton's *The Great Escape: Health, Wealth and the Origins of Inequality*, and the popular TED talks of Hans Rosling.

The third is that doomsters and gloomsters are wrong: our life on planet earth will continue to improve, particularly for those living in developing countries, whose standard of living will converge on that of more developed nations, but also for those in richer countries, who seem particularly susceptible to an invidious pessimism, which Larry rightly deplors. In the Afterword, he writes: “Let us not teach our children that apocalyptic thinking is right thinking. It has always been wrong as a forecast, and it will continue to be wrong. . . . We should, instead, teach them how to identify and solve problems . . . and how to distinguish problems that can be solved from difficulties we're simply going to have to live with.” Well said!

The fourth is that humanity's stunning advances are largely due to the unleashing of individual creativity triggered by the development of capitalism as the dominant economic regime first in the U.K., then across the rest of Europe, transplanted to the U.S., and more recently in much of Asia. (Larry is, after all, an alum of the University of Chicago!)

Along the way, Larry discusses energy and commodity utilization, war, education, technology, capitalism and morality, the environment, and much more besides—I didn't actually come across a discussion of kitchen sinks, but pretty much everything else is in there, and as regular consumers of Larry's work would expect, it's all very instructive and engaging.

There are a couple of slip-ups—remarkably few for such an expansive work: “Kubla Khan” was written by Coleridge, not Blake; more seriously, a discussion of European wars states that from 1815 to 1915, peace was “only punctuated by the brief Franco-Prussian war in 1870.” This ignores the Crimean war (1853-56), in which 900,000 combatants were killed (almost 50% more than in America's most deadly conflict to date, the Civil War). Moreover, since Larry's perspective is generally global, China's Taiping Rebellion of 1850-64 surely deserves a mention. Since they had economic interests to protect, the U.K. and France meddled in this cataclysm, direct and indirect casualties from which were so great that historians' estimates range from 20 to 70 million deaths, making it probably the deadliest conflict in human history.

Although I agree absolutely with Larry's recognition of capitalism, with its system of market pricing and reward for individual enterprise, as the driving force behind the economic expansion of the past 300 years, I would place more emphasis than Larry on good government as a *sine qua non* of success. This is simply a matter of degree since Larry does acknowledge the importance of sound institutions to guarantee property rights, protect intellectual property, and so on. (In relation to which, see Daron Acemoglu's and James Robinson's *Why Nations Fail*.) I have a particular bee in my bonnet about the term “free market;” in a truly free market, baby food can be adulterated, sugar pills sold as cancer cures, corporate accounts falsified. In other words, crooks and conmen are the likely winners in any “free” market. Oh, but what we mean is a market free to operate within a framework of suitable laws and regulations. O.K., so who exactly gets to write these laws and regulations? Oh, right—so we're back to #*\$^#* politics again are we?

Finally, I do have to take issue with Larry on the subject of climate change. Not that he denies the existence of climate change, but all-in-all he's pretty optimistic that economic growth + human ingenuity will solve the problems arising from our warming planet. After all, he writes, as countries become wealthier, they start to place a higher value on cleaner water, breathable air, and unpolluted landscapes. True enough. But climate change is not analogous to L.A. or London smog. Everything climate scientists warned us 30 years about human impact on the climate through CO₂ emissions has come to pass with one exception—it's all happening faster than they had anticipated. The recently released “National Climate Assessment,” endorsed by NASA, NOAA, the Department of Defense and 10 additional scientific agencies of the U.S. government warns many consequences of climate change will last for millennia, and that fighting global warming could cost hundreds of billions of dollars each year. Citing Bjorn Lomborg, Larry points out that perhaps this money could be better spent on other ways to improve the human condition—like eradicating malaria. The problem I have with this argument is that climate change may well have effects we have failed to sufficiently imagine because no human alive has any memory or experience of climate instability of the magnitude that's coming. For example, what do we think might happen in India, when it becomes dangerous to human life to venture outside during

the eight hottest months of the year (as is likely within 25 years)? This will affect hundreds of millions—what will those people do? Drought, extreme rain, larger and more frequent hurricanes and cyclones, desertification, massive wildfires, rising seas—these effects are already baked into the cake, despite any actions we take to mitigate climate change. And they may well lead to mass migrations, both within countries and across borders, overwhelming existing resources. Economists are notoriously bad at assigning a cost or value to something they can't reliably measure—usually because it (or something like it) hasn't been priced before; this applies in spades to climate change effects, like ocean acidification or the melting of Siberian permafrost. Of course, we all hope Larry's optimism proves correct, but risk = probability x consequences, and neither he nor I have the necessary expertise to simply dismiss climate scientists' warnings that the consequences of climate change could be catastrophic.

In a back-cover blurb, Richard Flannery of the Investment Fund for Foundations characterizes Larry as "That great explainer of everything to everybody," which I think puts it in a nutshell. And unlike so many authors of socio-economic tomes, Larry's a pleasure to read. So I would encourage anyone interested in the past, present, and future condition of humanity to pick up a copy of *Fewer, Richer, Greener* and read it (as I think Larry would recommend) with an open—and skeptical—mind.