

The Washington Times

www.washingtontimes.com

The good news

By Richard W. Rahn

Published July 17, 2007

Do you think the world is getting better or worse? Despite the endless doom and gloom dished out by many in the media and political class, the objective evidence is that by almost any measure the world this past year was a better place for most of its habitants.

Yes, the rich are getting richer, but the poor are also getting a lot richer, so much so that there are fewer poor each year. And more people live in free countries than ever. It is good to remind ourselves, as unhappy as we may be with our political leaders, that things are really getting better, as you can see in the table (data from the International Monetary Fund and Freedom House).

MEASURE	1986	1996	2006
World Real GDP Growth Trend from 1970	3.5%	4.0%	4.4%
World Real Per Capita GDP Growth Trend from 1970	2.4%	2.8%	3.1%
World's Population Living in Free Countries	37.1%	21.7%	46.0%
Number of Free Countries	57	79	90

Not only is economic growth, and most importantly, per capita economic growth, occurring almost everywhere, but that the rate of growth is increasing. At a growth rate of 2 percent per year, it takes 35 years for income to double; but at 5 percent per year it takes only 15 years. World gross domestic product is now growing about 5 percent per year (the table shows the long-term trend in order to even out year-to-year fluctuations). There is even hope and growth in stodgy old Europe with new leadership in France and Germany.

Longevity (a good proxy for advances in medical care and reduced poverty), the percent of the world population suffering from malnutrition, the percentage of the global population that is literate, are improving almost everywhere every year. At the moment, there is substantial real economic growth in every country on the planet with the exception of only a couple of small despotic states.

From the time of the Reagan/Thatcher economic policy revolutions and the fall of communism/socialism, most people have come to expect their incomes to rise each year. However, this happy state of affairs has only been the norm for the last quarter-century. Up until a couple of hundred years ago, until the Industrial Revolution, real per capita incomes hardly rose at all.

Yes, there are problems; people in Darfur are being starved and killed, people in North Korea, Cuba, Zimbabwe and Venezuela suffer under despotic rulers, and of course the killing continues in Iraq and Afghanistan. But as tragic as each of these situations is for those who suffer, the total number of deaths from state and terrorist sponsored violence is now measured in thousands and not millions per year which characterized much of the 20th century.

The doomsayers have always been with us, and someday they will be right — *the world will end*. But despite the media hype and the blogs, the safer bet is things will get better for you and your family rather than worse. However, there are three real risks to most people's future well-being: Islamic fundamentalism, irrational global environmentalism and the U.S. Congress.

If Islamic terrorists manage to destroy a number of major oil facilities or other key parts of the global economy, many will suffer. The proper response, from an economic standpoint, would be to treat the incident like a natural disaster, such as the Indian Ocean tsunami. That is, provide humanitarian aid, get about the cleanup and rebuilding, and then go on with life. The real danger is that governments will overreact by instituting such things as price controls and higher taxes, and destroy civil liberties, which would turn a manageable incident into a true global disaster.

The second major danger is government forcing environmental controls without proper cost-benefit analyses. Too many environmentalists and global warming enthusiasts have turned their cause away from science and into a religious cult, which cynical politicians use for their own power purposes. Foolish regulations could cause a great rise in unemployment and economic hardship.

The final major danger is the U.S. Congress, which continues to have its share of economic know-nothings proposing one daffy and destructive idea after another. For instance, four of the biggest protectionists in the U.S. Congress, Republican Sens. Charles Grassley of Iowa and Lindsey Graham of South Carolina, and Democratic Sens. Max Baucus of Montana and Charles Schumer of New York, have proposed legislation that would, in effect, have the U.S. government dictate currency exchange rates to their liking (they will also not like and will deny my candid description of the intent of their legislative proposal).

These four and many of their colleagues seem determined, through their destructive support for agricultural subsidies and trade restrictions, to reduce the real incomes of their fellow Americans. All too many members of Congress want

to increase taxes and micromanage both domestic and international companies — all recipes for economic disaster.

The world economy and human betterment will proceed because of the desire of most people to improve their lot, which thankfully, so far, has proven to be a stronger force than the power-hungry political class and Islamic and environmental terrorists, who would destroy both our freedoms and economic well-being.

Richard W. Rahn is chairman of the Institute for Global Economic Growth.

<http://www.washingtontimes.com/apps/pbcs.dll/article?AID=/20070717/COMMENTARY/107170026>

Copyright © 2007 News World Communications, Inc. All rights reserved.