

COUNTING OUR BLESSINGS

Real GDP per capita, by country, 1960-2011
(in U.S. 2011 dollars, PPP basis)

Country	1960	1979	2011	Average Annual Rate of Change, %, 1979-2011
U.S.	17,747	29,467	48,282	1.6
Japan	6,109	19,551	34,294	1.8
South Korea	1,537	5,517	30,254	5.5
Singapore	4,378	15,768	60,742	4.3
France	11,272	23,547	35,133	1.3
Britain	11,879	18,981	35,688	2.0

Source: Bureau of Labor Statistics THE WASHINGTON TIMES

When Every Man Is a King

BY RICHARD W. RAHN

COMMON FOLK LIVE BETTER THAN ROYALTY DID IN EARLIER TIMES

As we go into this Christmas week, you should count your blessings that you live in 2014. Would you prefer to live as the French King Louis XIV did (1643-1715), or as you do today? The average low-income American, who makes \$25,000 per year, lives in a home that has air conditioning, a color TV and a dishwasher, owns an automobile, and eats more calories than he should from an immense variety of food.

Louis XIV lived in constant fear of dying from smallpox and many other diseases that are now cured quickly by antibiotics. His palace at Versailles had 700 rooms but no bathrooms (hence he rarely bathed), and no central heating or air conditioning. One hundred years ago, John D. Rockefeller was the richest man in the world. He did have bathrooms but still no air conditioning. Like Louis, he and his family were still in constant danger of dying from what would now be quickly treatable ailments or accidents. Rockefeller could travel by train or steamship, or very short distances by the newly invented automobile on largely dirt roads — luxuries not available to Louis XIV.

Louis and Rockefeller had many servants to gather and prepare food for them, but they could not get fresh food out of season

and had a tiny choice of food compared with anyone who has access to a modern supermarket, where one is increasingly able to purchase prepared meals of far higher quality and variety than anything Louis or Rockefeller could obtain.

My Cato colleague Marian Tupy has created a website, HumanProgress.org, which graphically details the enormous progress humans have made on nearly all fronts. People in the world live far better today than they did a mere half-century ago. World per-capita gross domestic product is now a little more than \$14,000 per year, a little less than where the United States was in 1960 or where the Japanese and United Kingdom were in the mid-1970s (inflation adjusted). In October, the World Bank reported that those living in extreme poverty fell from 36 percent in 1990 to 15 percent in 2011.

Incomes in the United States, Japan, France and many other developed countries have been rising at slower rates for the past several years, primarily because of the growth of government regulation, taxation and counterproductive spending. Even so, most things are getting better. In countries with smaller and less-destructive government sectors such as Singapore, South Korea and Hong Kong, the rise in real per-capita income continues at respectable rates.

Much of the real increase in the quality of life is not captured by the numbers used by economists and the global statistical organizations, such as GDP and disposable income per person. For instance, if you have an iPad or a smartphone, you now have all of the world's information in your hand. Before the development of the Internet and the World Wide Web, obtaining most information was time-consuming and costly. Now this information is almost instantaneous and often free or at low cost. The cost of your iPad or iPhone is collected in the GDP data, but the enormous benefit to everyone who uses these devices is not measured. Billions of people on the planet now have these devices, which greatly enhance their lives in countless and immeasurable ways.

When a pharmaceutical firm develops a drug, the cost of the drug is counted in the GDP. Not counted are benefits

such as missing less work, enjoying a healthier life or surviving an illness because of the drug. The Wall Street Journal reported recently that one's chance of dying in a car produced in the past four years is about two-thirds less than in a car produced in the 1990s. The cost of cars is counted in GDP, but many of the design benefits in safety, quality and conveniences are not.

In more than 100 countries, there are more cellphones than people, and many of these are poor countries that had few landlines. We measure the cost of the phones but not the human betterment that comes about as people can now do business and stay connected because of the phones.

The only thing that will stop human progress is bad government.

Cuba is a poster child for bad government. It was once one of the richest places in Latin America, but now many countries that had lower per-capita incomes before the Castro brothers took over — such as Chile, South Korea and Singapore — have made kings of their citizens. The average worker in Singapore makes \$2,616 per month and the average Chilean makes \$1,021 per month, but Cubans make only \$20 to \$50 per month. Per hundred people, South Koreans have more than six times the number of cellphones, and those in Singapore have eight times the number of cellphones as Cubans. Compared with Cuba, these countries are free market democracies.

I expect that if Louis XIV were to return, he would prefer the life of the average citizen of most countries today — but not Cuba or North Korea — to the one that he had.

Richard W. Rahn is a senior fellow at the Cato Institute and chairman of the Institute for Global Economic Growth.

<http://www.washingtontimes.com/news/2014/dec/22/richard-rahn-louis-xiv-john-rockefeller-had-harder/>