



The \$3 Million Gift

By Richard W. Rahn

CAPITALISM SHOWERS THE WORLD WITH EVERYDAY DEVICES THAT USED TO COST A FORTUNE

The presidential candidates have been decrying the real stagnation in income over the last seven years. People are unhappy but are not rioting in the streets. Why aren't they? Despite wage stagnation, most people are living much better. How can that be? It is because those reviled capitalists all over the world are creating more and better goods and services at lower cost, and in doing so improving everyone's real standard of living, well-being and happiness.

There are now 2.6 billion smart phones in the world — a product that is less than 20 years old. The Apple iPhone is only 10 years old, but it has changed the world. Some economists have calculated that 20 years ago, if one had to buy all of the devices that do what iPhone apps can do, it would have cost much more than \$3 million (that does not include those features that could not have been bought at any price two decades ago because the technology did not exist). Just for a moment, visualize the camera you would have needed to take pictures at only a fraction of the quality of what one can take with an iPhone. One needed a music

player, a computer for email, maps and directions, and a TV with thousands of DVDs for all of the movies that one can get now get on demand with an iPhone or iPad. One needed a separate alarm clock, Rolodex, calendar, bulky photo albums, a video camera, voice recorder, flashlight and stacks of newspapers and magazines. Thanks to Google, people now carry almost all of the world's information and knowledge in their pockets without even thinking about it.

In many places in the world, smart phones have replaced physical banks and coin and paper currency — so that poor people now have access to banking services and do not have to worry about their paper currency being stolen. With Google Earth people can see the homes they live in, the office or factory they work in, and every place they have gone or plan to go on vacation — right down to the beach umbrella. There are increased numbers of apps to monitor medical conditions, saving tens of thousands of lives.

If you add up all of the benefits from the products that Google, Apple, Samsung and all the rest these greedy capitalist companies have produced, it would run into many trillions of dollars, yet most of these devices we can buy for a few hundred dollars or even less. The last century was the best century humans ever had, despite the fact that well over 200 million were killed by their own governments (almost all of them socialist or communist). Average life span increased by more than 60 percent in developed countries and much more in poorer countries in large part owing to private companies developing antibiotics and other drugs and devices.

With the inventions of the automobile and the airplane, people gained real mobility for the first time. The world was electrified, taking away the terror and uselessness of dark nights, as well as liberating both housewives and industrial workers from much physical toil. These advances depended primarily on the availability of cheap oil and gas, which are far more benign than using wood, hay and manure for power and warmth.

Almost all of the great innovations came from those in the private sector who created them out of the desire for more wealth or just intellectual curiosity. The socialist countries

have produced almost nothing — except for bread lines, coercive and destructive taxation and regulation, and gulags. Yet politicians all over the world proudly proclaim themselves to be socialists and attack the capitalist wealth creators and innovators — as if the real world had never existed.

The global ruling political elite (using organizations like the Organization for Economic Cooperation and Development) are pushing for higher corporate and other business taxes. Who do you trust more to spend corporate profits in a way that will better your life — the officers of Apple, Google and even “evil” big Pharma, or those in government?

As Thomas Malthus did 200 years ago, the Club of Rome and other doomsayers told us a few decades ago that the world was going to run out of food and raw materials because of overpopulation. In real terms, almost all foods and raw materials are becoming both less expensive and more abundant (in terms of man's economic ability to grow or obtain them). Each year, the United States and other developed countries grow more food, and now with even less fertilizer per pound, on less land. If you have flown over the Northeast United States, you may have noticed that it is now largely woodland where even a half-century ago it was largely cropland. As the woods have come back, so have the animals — with even a densely populated state like New Jersey having a problem with a growing bear population.

Because of ever-increasing government spending, regulation and debt, the world is going to undergo a major financial crisis. However, this need not be the end of real increases in standards of living, provided that entrepreneurs and businesspeople are still allowed to give us many more \$3 million gifts by producing and creating all of those products that better our lives.

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