

THE WORLD IS MUCH BETTER

By Richard W. Rahn
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Most of the news deals with disaster, tragedy, misery or sexual misbehavior – because that is what sells newspapers and attracts eyeballs or ears to electronic media. The Cayman Financial Review, by the nature of its subject matter, is rarely sensational — but strives to provide useful and helpful information to you, our readers.

Despite all of the problems which plague individuals, organizations, and governments, the fact is for most people life is much better than it has ever been in the past. In this issue of CFR, Marian L. Tupy, editor of HumanProgress.org of the Cato Institute, presents some of his recent findings which give great hope. According to the World Bank, global poverty has dropped 75 percent in the last 33 years. Famine has largely disappeared other than in a couple of war zones. Average human life spans have increased by 37 percent, to 71.9, since 1960.

Despite much hysteria about pollution, the fact is that in the developed countries air and water have become much cleaner. In the United States, for instance, “aggregate emissions of six common pollutants (i.e., carbon monoxide, lead, nitrogen dioxide, ozone, fine and coarse particulate matter, and sulfur dioxide) fell by 67 percent between 1980 and 2016.” Forty years ago, the belief was that as countries get richer, they pollute more, where in fact the opposite is the case. Wealthy countries have the resources to pick up the garbage, and to clean air and water, while poor countries do not.

Climate change alarmists demand costly controls on CO2 emissions, which keep people poorer than they need be. The U.S. and some other rich nations have seen big reductions in CO2 emissions by

letting market forces determine the most efficient means to obtain progress, while many statist and poor countries have had big increases in CO2 emissions.

On page 63 you will find a list of most major countries including the change in their real per capita incomes over the last quarter of a century. Despite the Great Recession and slow growth in North America and Europe, most people are living much better than they did a mere 25 years ago.

The United Kingdom was considered a rich country in 1993, but now it is 46 percent richer on a per capita basis. Estonia, Poland and Malaysia were labeled as relatively poor in 1993, but now Estonia is richer than the U.K. was in 1993, and Poland and Malaysia are almost as rich. Even more remarkable is that tiny and resource-poor Singapore now has twice the per capita income of the English.

Despite the fact that most countries have experienced substantial economic growth, there have been a few failures. The socialist government of Venezuela has managed to reduce average real incomes by 30 percent over the last two decades, despite having the world's largest petroleum reserves. Haiti continues to be an economic disaster with a falling real income. Ukraine and Greece have continued to stagnate because of economic mismanagement. And the petro states – UAE and Saudi Arabia – are still rich, but relatively less so by being so dependent on oil, which, because of fracking, is becoming more plentiful rather than scarcer.

This is primarily a financial magazine, and thus of particular note are countries who greatly prosper because of good financial management. Back in 1993, the average Italian was about 50 percent richer on a per capita basis than the average Irishman. Both countries are members of the EU, but politically and financially the Irish have done a much better job of managing themselves than the Italians, so now the average Irishman is almost 100 percent richer than the average Italian.

There are many forces which undermine the growth in global prosperity, most of which are destructive government policies. For instance, in a misguided policy, the Trump administration in the U.S. has proposed tariffs on steel and aluminum, and he is threatening other tariffs.

This issue of CFR contains articles by Dan Ikenson and Warren Coats explaining the destructive effects of tariffs and other restrictions on free trade.

Politicians seemingly have a never-ending ability to devise higher and more destructive taxes, and financial controls that are not justified by cost-benefit analysis. On page 56, Richard Teather describes some of the latest damaging proposal coming out of the EU, and on page 40, David Burton describes the costly foolishness of the proposed new beneficial ownership rules in the U.S.

One of our major goals at CFR is to add our voice through the experience and expertise of our many authors/experts as to what policies make the world more prosperous and which policies are likely to cause damage to future well-being. There is no theoretical limit to human progress – provided we avoid only short-run thinking and acting.

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