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An Economic Case Against Environmental Doomsayers

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Judging from the emails I get, a lot of readers of this newsletter are sympathetic to the degrowth movement, which holds that humanity must suppress economic and population growth to save the planet.

So you probably won't like the book I'm writing about today: "Superabundance: The Story of Population Growth, Innovation and Human Flourishing on an Infinitely Bountiful Planet."

I don't love everything about the book, either, as I'll explain. But I think its core message is mostly correct: The doomsayers are wrong. The world is not running out of critical resources, because people are getting better at finding and extracting stuff where there seemed to be none (see: shale oil) and making more efficient use of what they have. The world can sustain a richer and bigger population. In fact, more people will produce more good ideas for using the atoms we're bequeathed.

Here is a provocative quote: "It is our contention that resources grow more abundant, and not in spite of population growth but (in large part) because of it."

"Superabundance," published last year, is by Marian Tupy, a senior fellow at the Cato Institute's Center for Global Liberty and Prosperity, and Gale Pooley, an associate professor at Brigham Young University-Hawaii. The book is definitely not the first of its kind. As long as there have been doomsayers, there have been their opposites, who are sometimes called cornucopians. Among other predecessors, the authors cited (I'm alphabetizing) Angus Deaton, Peter Diamandis, Gregg Easterbrook, Andrew McAfee, Deirdre McCloskey, Johan Norberg, Steven Pinker, Matt Ridley, Paul Romer, Hans Rosling, Anna Rosling Ronnlund and Michael Shellenberger.

What makes "Superabundance" more than a reiteration of cornucopian optimism is the tables and charts the authors have put together showing exactly how much better life has gotten because of technological progress and trade.

In 1994, the Yale economist William Nordhaus showed that lighting technology improved at an achingly slow pace from the dawn of civilization until around 1800, then got better at a "dramatic" pace, falling in costs per lumen by a factor of 900 from then to 1992. Tupy and Pooley have updated Nordhaus's results for the era of light-emitting diodes. Today one hour of light costs about 0.16 seconds of labor, compared with 5.37 hours of labor in 1800, they calculated. "We have experienced an exponential efflorescence of illumination," they wrote, alliteratively.

Ah, you say, that's fine for lighting, but what about oil and minerals? The story is similar. Following in the footsteps of the University of Maryland economist Julian Simon, whom they described as their book's hero, Tupy and Pooley documented the declining cost of most commodities in terms of their "time price" — how much work time it takes to earn the money to buy them.

From 1980 to 2018, the time price of uranium fell 87 percent. The time price of crude oil fell 62.2 percent. Even zinc, whose time price fell the least of 50 commodities, became 21.8 percent cheaper over the period when measured by the work time required to buy it. There will always be sufficient resources for growth, the authors argued, because innovation can solve any shortage: "Although we live in a world of a limited number of atoms, there are virtually infinite ways to arrange those atoms."

The inverse of the fall in the time price is a huge increase in what the authors termed "personal resource abundance." For their next step, they multiplied personal resource abundance by population change to get population resource abundance. For example, for U.S. blue-collar workers from 1919 to 2019, the personal resource abundance of food grew 1,032 percent while the population grew 212 percent, for an increase in population resource abundance of 3,436 percent.

To make the point that the golden age of humanity (so far) is right now, not in some shimmering past, Tupy and Pooley described in stomach-churning detail the wretchedness of our ancestors' lives. Just one example: As recently as the Battle of Waterloo, in 1815, uniforms were so expensive that dead soldiers were stripped of them on the battlefield, even though every hour of exposure to their corpses "increased the danger of putrefaction and the spread of disease."

I do have some problems with the book, as I said. For one, I don't think the authors took climate change nearly seriously enough. They said it is not the subject of the book, but then pointed out that global tree cover has increased and that the chance of dying in a natural catastrophe has decreased. Both true, but not really relevant. They also said that the carbon intensity of gross domestic product tends to fall as nations become rich, which is good but not a solution to global warming, since the actual amount of emissions per capita is still higher in rich countries than in poor countries. I asked the authors about this by email. Tupy responded, "I think there is something to" a carbon tax to discourage greenhouse gas emissions but added, "I would hate for poor countries to have to pay tariffs to sell their goods to rich nations if the former cannot afford a carbon tax."

Environmentalists come across as "enemies of progress" for the most part in "Superabundance." The authors described "the rising strand of anti-humanism in the modern environmentalism movement that, in its mildest form, advocates in favor of anti-natalism and, in its most destructive form, flirts with genocide." I agree that there are dangerous kooks in dark corners of the environmental movement, but they're the exception, not the rule. Tupy wrote in his email that the environmentalists he and Pooley like are "techno-optimists" such as Bjorn Lomborg, of Denmark, the self-described "skeptical environmentalist," and Nordhaus, of Yale.

I also feel that the authors played down inequality as a problem, believing the poor should compare their situations with those of worse-off people of past generations rather than with those of better-off people today. Some inequality is motivational, and while envy and jealousy may be

natural, they wrote, “Not all human impulses are laudable.” The “proper lesson” to take from the success of Steve Jobs, the co-founder of Apple, “ought to be inspiration, not envy,” they wrote.

I asked the authors whether they were being a bit too harsh. Tupy wrote that inequality can be “a midwife of progress” because “unequal outcomes alert people to a better way of doing things.” Pooley added an interesting twist, extending the idea of the time price. Rich or poor, everyone has the same 24 hours a day, he wrote. “How Elon Musk spends his 24 hours may not be that much different than how you or I spend our time” — so, not that unequal after all!

By the way, do you know who else wrote about superabundance? Karl Marx, as part of his theory that capitalists sow the seeds of their own destruction through overproduction. Marx appears several times in “Superabundance,” but not as a progenitor of their ideas. Tupy wrote to me that their concept of superabundance is “completely different” from Marx’s. To me they appear somewhat similar, although of course Tupy and Pooley don’t foresee capitalism cracking up.

To sum up, I recommend “Superabundance” as a corrective to degrowth pessimism, but I wouldn’t want Tupy or Pooley to be the next administrator of the Environmental Protection Agency.

Elsewhere: Mortgage Manipulation?

A lot of British home buyers choose mortgage loans badly, Jamie Coen of Imperial College Business School, Anil Kashyap of the University of Chicago Booth School of Business and May Rostom of the Bank of England wrote in a working paper released this month by the National Bureau of Economic Research. “Young people and first-time buyers are more prone to making expensive choices,” they wrote. Those people face “bewildering” menus with “many poor choices,” the researchers wrote. They said the pattern “is consistent with banks price discriminating for borrowers who might pick poorly, while competing for others who shop more effectively.”

Quote of the Day

“Dissents speak to a future age.”

— Ruth Bader Ginsburg, interview on National Public Radio (May 2, 2002)