

Review: Resources and Growth

By N. S. Beeching

The Ultimate Resource

by **Julian L. Simon** published by Martin Robinson.

Private Power by **Axel Madsen** published by Abacus.

Lord Blake in his book *The Conservative Party from Peel to Churchill* writes: 'There is something deeply frustrating about those fashionable orthodoxies which at times seem indefensibly established in the media of communication, supreme in academic circles, taken for granted by the intellectuals, an integral part of the mental equipment of civil servants, even of MPs.' Over the last twenty years or so one such orthodoxy has flourished in the field of what might loosely be called 'The Environment and the Third World'.

Broadly this orthodoxy has consisted of three inter-related parts: first, that the rate of increase of human population is out of control and that if it continues the inevitable consequence will be a Malthusian disaster of unprecedented proportions; second, that the advanced industrial nations (generally seen as those of the capitalist West) are, by basing their economic policies on the assumption of sustained (and indiscriminate) economic growth, depleting the world's non-renewable resources and polluting the world's environment to such a degree that the planet will be rendered uninhabitable in the foreseeable future; and third, that this profligate life-style is based on the systematic exploitation of the Third World perpetuated by an inequitable economic system which is directly responsible for the poverty, starvation and political instability of the developing world.

The solutions put forward to resolve this lamentable state of affairs vary according to the ideological preconceptions and preoccupations of their proposers. But these proposals can be reduced to the following: that the advanced industrial nations must introduce "no-growth" economic policies as

a matter of priority in order to conserve precious resources; next, there must be a diversification of energy policy away from an undue reliance on oil (a strategically sound argument in itself but "as couched by environmentalists" a diversification which specifically eschews the use of nuclear energy); third a massive redistribution of wealth from richer to poorer nations must proceed with all despatch, and finally, emergency measures to curb population growth must be put in hand ranging from birth control (compulsory if necessary) to a triage system of world assistance which would treat some nations as basket cases that should be allowed a swift surcease.

This orthodoxy has not stood unchallenged: P.T. Bauer, W. Beekerman, J. Maddox, A. Berry, and the Hudson Institute are among those who have been sharp and telling in their criticisms of the various propositions (and their underlying assumptions) mentioned above - most notably in the areas of resources, growth and economic relationships. The authors of the two books under review are more than worthy to join this group of distinguished dissenters. Indeed, if this orthodoxy rested on intellectual argument rather than ideological conviction the combined weight of argument against it would result in its complete destruction.

Of the two works Simon's is unquestionably the more academically formidable. He meets the doomsters on their own ground - or rather his ground, since Simon, unlike many who write so eloquently on this subject is actually a trained economist. Simon shows the doomsters to be both factually wrong (at best misleading, at worst dishonest) and illiberal and authoritarian in their assumptions. His central thesis (which is some times blurred) shows that contrary to popular belief world population is not increasing at a runaway rate but is steadily slowing down largely as a consequence of affluence and rising standards of living. There is nothing particularly revolutionary in this thesis which has been accepted as a means of explaining the slow down in population increase in developed nations to the extent that it now appears in school text books on the subject. Simon's reading on the

theory of population, unlike his opponents has not stopped at Malthus!

Rather neatly Simon buttresses his argument by using the alarmist figures of the orthodox themselves by showing that UN projections of the world's population by the year 2000, despite their wild rhetoric, have been revised steadily downward over the last thirty years. Further, Simon argues that the mere fact there will be more human beings in the year 2000 than there are now is not in itself a disaster. Human beings as he rightly points out do not merely consume they also produce. Humans possess not only mouths and organs of sexual reproduction but also brains and hands. Man has prospered because he is a tool using, problem-solving animal. The more tool users and problem solvers there are, the more problems will be solved.

Simon does not confine himself to population but also discusses resource use and economic growth too. He shows that in almost all respects the conventional development model is false. the world food supply is steadily increasing; the amount of farmland (and its yield) is steadily growing world-wide; while resources are getting less scarce.

But if all this is true how then has the doomsday model become so apparently fixed? Simon's discussion of this question is the strongest section of the book. His analysis involves four major sections. First he shows that the statistics on population used by the orthodox have two major flaws: the figures employed are guesstimates in which preconceptions dictate conclusions in a grossly unscientific manner. Moreover, not only are these figures misleading but also false and what is worse admittedly false. The rationalising argument used to defend this appalling practice is that an element of exaggeration and distortion is necessary to shake popular complacency - if matters were as bad as were claimed it would be reasonable to assume that undistorted facts would speak for themselves. Second as regards the statistics, these are often obscured and overlaid with rhetoric based on false analogy - just because germs replicate at a dramatic rate in a bucket there is no reason to suppose that human beings breed

without rational calculation (it says something for the 'humanity' of someone who can liken human beings to germs).

Simon's second major point is that estimates of resource use based on known reserves are bound to lead to the conclusion that these reserves are finite. This is especially true when these reserve figures are coupled with extrapolations from existing use levels (as occurred in the now notorious and since quietly disowned Club of Rome prognostication published as *Limits to Growth*). He quotes the well known example of Jevons (the 19th century social scientist) who conclusively proved that England's industrial progress would soon grind to a halt through exhaustion of her coal reserves (the latest estimates give the UK enough coal for the next 500 years).

The third major point of the book is critical of the no-growth thesis. Simon argues that far from helping future generations by curbing our economic expansion we shall in fact be hindering their own prosperity; the standard of living of one generation is built on the foundations of the economic success of their ancestors. Simon goes further. No-growth is generally associated with the notion of wealth redistribution, since if it were not, the poor would be condemned to remain in their present state of deprivation. Redistribution is however both masochistic and illiberal; masochistic since it hurts the 'rich' more than it helps the 'poor' (it was recently argued that if the surplus wealth of everyone in England who earned above £10,000 a year was given to everyone who earned below that figure they would receive an extra 25p a week!); illiberal since such a policy would require according to its proponents a centrally directed and coercive state to 'direct' the economy. With all that entails in terms of curtailment of individual life possibilities. This point Simon could have taken one stage further. Although shocked at the number of intellectuals who are happy, indeed anxious, to give up on an open society Simon never really asks why.

Again the point is not a new one. Some of the most intellectually respectable people in the 1930's swallowed the lies and deceits of Hitler, Stalin and Mussolini with positive relish. Milton Friedman once suggested that

the reason that intellectuals dislike free societies so much is that free societies do not have much place for intellectuals. After all, a society in which each individual is given maximum choice and responsibility for his (or her) own actions is not one which will have much time for 'experts'. On the other hand, a controlled economy has endless scope for the self-important and self-appointed to direct and interfere with the lives of others (it is interesting to note with what eagerness 'academics' sit on quangoes, conduct Commissions of Enquiry and generally make thoroughgoing nuisances of themselves). There is scope for some research on the theme of the 'amateur' as the archetype of a free society and the 'professional' of the unfree.

Simon's final major point is that the whole concept of the Third World as a uniform or cohesive group is false. It is also a form of Neo-colonialism to speak so. Perhaps our experts yearn for the days of Empire when one white man had power of life and death over thousands of 'natives'. Only now instead of sitting in judgement over petty law suits concerning bullocks our new 'Third Worlder' can coerce individuals into limiting the size of their families - whether they want to or not ('it's for your own good you know') or even consign whole states to the scrap heap of history. In practice, of course, and no doubt embarrassingly, throughout the world there are nations which are industrialising successfully (and rapidly) like Taiwan, S. Korea, Singapore and Brazil - although it would be folly to deny that they are without their problems of one sort or another; they may be 'free' economically to some degree but political freedom is often limited. It is a fault of some free market writers (though not Simon) on this subject that they come perilously close to mirroring socialist cant on the denial of freedom in developing countries; 'people are being tortured and imprisoned but at least they can buy and sell in the market place'. Capitalism may be the great bread machine but man does not live by bread alone. It may be a necessary condition for freedom but it is not a sufficient one.

Madsen's work does, however, address itself in part to precisely those areas which Simon does not cover (Simon's discussion of the

economic relationships of the developed and developing worlds is patchy). Madsen's subject is those villains of popular left-wing demonology; the Multi-National Corporations (or MNCS). The work is far less academic than Simon's. It is essentially and openly a popular work written by a journalist. There is little discussion therefore of the historical antecedents of the MNC. The MNC is, after all, nothing new. The great Monastic Orders of the High Middle Ages were international vehicles of economic growth and technological transmission (there is an interesting discussion of this in James Burke's otherwise disappointing book 'Connections'). They too were the object of nascent nationalist envy and expropriation - with the difference that in 16th century England there was a class in the country gentry who had sufficient drive and independence to take advantage of the new nationalised wealth, as well as a Crown too dependent on them to keep all the wealth for itself (see D.M. Loades *Politics and the Nation 1450-1660* for a good introduction). More recently, 'International Finance' (usually stigmatised as Jewish) was a major target of Moseley and the B.U.F.

Much of Madsen's book is taken up with a racy and anecdotal Anthony Sampson style account of the internal goings on and structures of the leading MNCS. The work does contain two points of unique interest. First, his attitude to MNCs is positive and favourable rather than negative and hostile (in contrast to other works on this subject). Second, he goes some way (although not especially rigorously) towards analysing the MNC as an alternative to the Nation-State; a point of particular note to libertarians.

Simon's weakness is not one of intellectual dishonesty but rather inadequacy of analysis. If some states are doing well, others are not. Clearly people are starving in the world. There is material deprivation and squalor. If overpopulation and worldwide food shortages are not to blame, what is? This question Simon does not really confront. The answer lies surely in human mismanagement and stupidity. Uganda, for example, is one of the most naturally fertile areas of Africa. It does not have a large population and yet there is appalling deprivation. This lamentable state of affairs is a direct

consequence of the political chaos which prevails in that unfortunate land. Or again, Brazil, one of the more successful developing nations; despite abundant natural resources (not least land) and high growth rates, millions live in dreadful squalor. Here too, the political situation is largely to blame with power and wealth being confined to the few. There is nothing wrong per se in an equitable distribution of wealth and power. What is crucial is the mechanism which is employed to achieve it.

Madsen neatly destroys two widely held 'progressive opinions': that MNCs are a means by which powerful nations exploit weaker ones; and that MNCs perpetuate Third World poverty. As Madsen shows it is precisely those countries which have prospered most which have accepted MNCs. He contrasts the comparative success of Kenya which welcomes MNCs and Tanzania which has not. He also compares the prosperity of Ceylon after it welcomed MNCs with its poverty when it did not.

The reason for this success is not hard to find. Modern industry depends not just on rate of capital formation but crucially on technological expertise and information exchange. It has been in these areas that MNCs have shown themselves to be most efficient. But not just in these areas; Madsen argues that MNCs have worked better than governments in solving a whole range of problems - not least because they are less chauvinistic than modern nation-states in their recruitment of personnel. In fact MNCs by bringing expertise to developing nations have gone some way to reversing the trend of educated indigenous decamping to more advanced nations where pay and status prospects are more advantageous. Again, all this is nothing new. In the 18th and 19th centuries European countries showed little or no compunction about using foreign expertise and capital. Russian industrialisation was largely French-funded and British engineers provided the know-how and experience which assisted Belgian industrialisation (David Landes *The Unbound Prometheus* is essential reading here).

The argument could be taken one stage further. Future historians may well point to

the paradox of 20th century nationalism: that a whole series of states (or less kindly pseudo-states) established themselves as independent (sic) entities at a time when the nation-state was becoming increasingly obsolete. The modern nation-state (European model) emerged in the 16th and 17th centuries as a response to the problems of disorder and divided sovereignty created by feudalism (which says more about the unpleasantness of feudalism than it does about the attractiveness of the nation-state). Although the centrifugal problems associated with feudalism may linger, other problems, arguably more pressing, have risen to tax human ingenuity. The MNC may represent the last, best hope of humanity.

Madsen's work has a twofold weakness. The first is one of scope. The book does not claim to be a serious study of this problem of sovereignty and efficiency - although it might have been a better (if less marketable) book if it had. What can be said is that it does provide useful raw material for anyone thinking of research in this area. The second weakness is more serious. Madsen finds it necessary to indulge in some loose and modish 'socio-biology' in his discussion of the relative success or failure of various nations to industrialise, where an examination of good old-fashioned cultural and historical factors would have sufficed (Madsen or anyone else interested by this could do no better than to read *The European Miracle* by E.L Jones or *The Rise of the Western World* by North and Thomas). The economic problems of Modern Britain which Madsen professes to find such a puzzle are easily explicable from this perspective.

Genetically speaking Man is still a uniform species (largely wired for hunting). The time-scale of our modern development is too short to speak of genetic differentiation of nations or races in terms that would not have been out of place. in a ranting, 19th century Social Darwinist tract.

Nevertheless, both Simon's and Madsen's books are essential reading for anyone interested both in the current state of the world and its future. There is no little encouragement to be drawn from the belief shared by both authors that not only the world but also Mankind has a future.