

July 13, 1984

TREATING PEOPLE AS AN ASSET

INTRODUCTION

The World Population Conference, sponsored by the United Nations Fund for Population Activities at a cost of millions of dollars--much of it coming from U.S. taxpayers--convenes in Mexico City, August 2-6. Despite the rapidly approaching date, neither the U.S. delegation nor the U.S. strategy has been selected.

The cause of this inaction is the raging controversy about issues that will be addressed at the Conference. On one side are the right-to-life groups who are against abortion, members of Congress and the Administration (including apparently President Reagan) who worry about government interference in family life, and certain experts who have pointed out that the pessimistic Malthusian view of the world is unfounded and wrong.

On the other side is the "population lobby" (composed of environmental and zero-growth organizations who worry about the effect of more people upon resources and the environment) and the State Department and Agency for International Development, which long have insisted that population growth reduces economic growth and increases political instability. These are the "Malthusians," those whose view of the world assumes that the supply of physical factors is a key element in production, is fixed in supply [e.g., land] or diminishes with exploitation [e.g., an oil well], rather than continually being augmented, and where output per worker, therefore, falls as additional workers are added. This group has been joined by most members of Congress and some members of the Administration.

The population-control advocates have pulled the struggle onto the turf where they are politically strongest: the matter of prohibiting abortion. Just two sentences in a White House draft position paper, prepared by the National Security Council

at the behest of the anti-population-control side, deal with this topic. These passages recommend a cut-off of funds to country programs that promote abortion. While this is an important matter, it is only one aspect of the White House draft. The bulk of the draft, in fact, addresses the crucial issue of the relationships between population, economic growth, and economic systems. It makes the argument that should be at the center of the U.S. delegation's strategy in Mexico City--that in the long run a growing population is beneficial in an economic system that provides incentives for enterprise.

THE NEED FOR A BALANCED U.S. DELEGATION

A key question is whether the U.S. delegation will be constituted entirely by those uncompromisingly in favor of population control. This seems to be the wish of the population lobby and the State Department, and it was the case at the World Population Conference in Bucharest in 1974. Or will the delegation be balanced to reflect the diversity of American views on the question? Not only would it be common fairness for this diversity to be represented, but it could head off the sort of resentment that was directed at the United States for its aggressive anti-natalist position in Bucharest. Such a catholic and tolerant policy could begin to win back friends that the United States has lost on account of the coercive, U.S.-backed population-control programs in several countries, such as India and Indonesia.¹

THE PRO-CONTROL VIEW

The reasons given for reducing population growth, according to a State Department draft statement, are:

Population growth...is contributing to unusual economic, social, and resource pressures which threaten to undermine U.S. initiatives for peace, economic progress, and human dignity and freedom in many areas throughout the world. Intelligence analyses identify four destabilizing aspects of population change and demographic pressures that can be exploited by communism and extremist movements which breed on frustrated aspirations...a) Fast-growing youth populations...b) International migration...c) Explosive growth of cities...d) Ethnic tensions.²

Vincent Barabba, the U.S. representative to the Population Commission planning the Mexico conference, earlier this year said:

¹ The Agency for International Development says that it no longer supports any programs that are in any way coercive, though it does admit previous involvement. In the past, however, AID has said exactly the same thing.

² State Department, "Draft U.S. Scope Paper on the Definitions of Conference on Population," no date, pp. 2-3.

High population growth rates are undoubtedly hampering the efforts of many countries to achieve their economic and social goals, including basic elements of human life and dignity: adequate food and water, health services, education, shelter, and employment...continued high rates of population growth can slow the progress of development efforts generally and exacerbate the forces that sustain high infant and maternal mortality, the unmanageable movements of people, the deterioration of family structure, and the many other population problems whose solutions we seek.³

But these assertions simply are not supported by the facts.

POLITICAL DESTABILIZATION

The Weakness of the Political Argument

It is a truism for many people in and out of the government that population growth has an unsettling effect, especially in poor countries. For example, in the March 19, 1984, Wall Street Journal Karen Elliott House and Steve Frazier wrote about the purported effects of rapid population growth and migration to the cities as follows:

Though migration to the cities is the pattern all across the Third World, from Jakarta to Lagos, from Bombay to Caracas, nowhere is the problem more immediately threatening to U.S. interests than in Mexico City. These people form a pool of urban unemployment that could undermine political stability on America's southern border.

And the State Department's pro-control draft asserts that:

Fast-growing youth populations...are growing faster than most developing countries can absorb them...increasingly frustrated and angry, ready recruits for a cause, who have fueled unrest in Kenya, India, Lebanon, the Philippines, Iran and elsewhere...International migration...creating growing political and social tensions in Africa, the Near East, Asia, and Central and South America...Explosive growth of cities...The combination of overcrowding, unmet expectations, and different ethnic, religious, and social groups makes a politically volatile mix. Violent demonstrations and mass riots over food or sectarian causes in the recent past in cities as varied as Tunis, Bombay, Sao Paulo, Cairo, Rabat, Karachi, and Rio de Janeiro are manifestations of these growing pressures...Ethnic tensions... potential international conflicts over land, water, or resources, its influence should not be ignored.

³ Popline, January 1984, pp. 1, 4.

The body of scientific literature on the subject, however, is thin. To the extent that there is systematic analysis, the conclusion seem to be that there is no connection between population growth and war--or other political instability--due to the struggle for economic resources.

The greatest inquiry ever into the causes of war was that of Quincy Wright. In his short summary in the Encyclopedia of Social Sciences, Wright argued:

Population pressure---has had little influence in producing war unless accompanied by increased knowledge of economic differentials and by inciting propaganda...In sum, studies of both the direct and indirect influence of economic factors on the causation of war indicated that they have been much less important than political ambitions, ideological convictions, technological change, legal claims, irrational psychological complexes, ignorance, and unwillingness to maintain conditions of peace in a changing world (pp. 462-463).

Nazli Choucri of the Massachusetts Institute of Technology has completed some recent work on the subject. She concludes that "demographic" factors sometimes lead to conflict, violent and nonviolent. But the key demographic factor is the relative increase in one ethnic group relative to another, rather than increase in population size or population density per se. This can be seen most clearly by simply listing the wars that she considers "archetypical cases" of "population dynamics and local conflict." These are: the Algerian War of Independence, 1954-1962; the Nigerian civil war; the two wars involving Indonesia; the conflict in Ceylon and El Salvador-Honduras; and the Arab-Israeli series of wars. None of these would seem to be conflicts launched to obtain more land or mineral resources to increase the standard of living of the group initiating the conflict.

To show that population growth causes conflict, it must be shown that two neighboring countries or groups, both of which are growing rapidly, are more likely to come into conflict than are two neighboring countries or groups neither of which is growing rapidly. This Choucri has not shown--nor has anyone else. In Choucri's view, conflict could just as easily be caused by one country or group reducing its growth rate relative to another country or group as one increasing its relative growth rate. And in fact, many have argued that it was just so in the case of France and Germany, when France's birth rate was so low that it induced the Franco-German wars.

In sum, the purported link between population growth and political instability is another of those pervasive notions that everyone "knows" is true, which seems perfectly logical, but has no factual basis in the empirical evidence. There are many who will tend to disregard the empirical evidence on the matter, as has been the case with the economics of population and resources generally, on the grounds that the Malthusian theory is compellingly strong. There is no logical rebuttal to that position. Only time can tell which leads to the correct forecast. Yet

historical evidence has been unfavorable to those who maintained the Malthusian position.

Even if real conflicts over land for its economic output have sometimes occurred in the past, such conflicts should become less likely and may even disappear in the future. The reason is that land progressively becomes less important relative to other economic activity as countries develop.

The Weakness of the Economic Argument

The economic justification for the population-control line is straight out of Malthus, as embodied in the Coale-Hoover study, which has provided the rationale for the U.S. government population policy since the late 1950s, as well as for The Limits to Growth project of the Club of Rome and The Global 2000 Report to the President of 1980. A good many "intellectuals" in the poorer countries share this point of view. But many leaders and much public opinion in those same countries reject it, correctly believing it to be mistaken scientifically and regarding it as imperialistic interference by the U.S. The pro-control people will undoubtedly try to be less abrasive in 1984 than they were in 1974 in Bucharest, when the U.S. caused a storm of conflict by attempting to impose a population-control viewpoint upon the Conference. But they hold the Malthusian view so strongly that they are likely to push it as far as they can. And in this they have the sympathy of Rafael Salas, head of the United Nations Fund for Population Activities, and Leon Tabah, the head of the U.N. Population Division.

To be sure, in the short run, an additional person--baby or immigrant--reduces the community's standard of living. This extra consumer causes the temporarily fixed stock of goods to be divided among more people. As Malthus argued, more workers laboring with existing capital result in less output per worker. If a family or nation decides that it wants not to have more children because the short-run burden outweighs the long-run benefits, it can certainly make such a choice, subject to its own values. But if they should decide not to have more children because they think resources will be limited in the long run and therefore "diminishing returns" must occur, this choice would be made in error.

In the long-run, the story diverges from the short-run Malthusian bind. For the richer countries during the past century, population growth has not shown a negative effect upon economic growth, according to the data of Nobel prize-winning economist Simon Kuznets. For example, though population has grown six times faster in the United States than in France, the rate of increase in output per person in the United States has been about the same as in France, and the level reached has been higher in the U.S. Nor do cross-national comparisons undertaken by Kuznets and others show any negative effects. A World Bank study shows that income in the poorer countries grew proportionally as fast or faster than it did in the rich countries between 1950 and 1975, though population grew much faster in the poorer countries.⁴ These facts should be enough to dispel the Malthusian myth even if they are not conclusive proof that a larger population should be judged as beneficial in all ways.

The purported negative effect of additional people upon natural resources, the bete noire of the environmentalists, is stated prominently in the State Department draft. "The current situation of many developing countries, however, differs in certain ways from conditions in 19th century Europe and the U.S. The rates and dimensions are much higher now, the pressures on land, water and resources are greater...." If "pressures...are greater" is to have any meaning, it must be that these resources are less available now than earlier.

This assertion has been refuted completely by data showing that the prices of food, metals, and other raw materials have been declining by every measure--especially relative to wages in the U.S. and even to consumer goods--since at least the beginning of the 19th century. In other words, despite the conventional wisdom that if one begins with an inventory of a resource and uses some up, there will be less left, raw materials have become less scarce. To continue to assert the contrary is to be unaware of the body of work beginning with Barnett and Morse's 1963 classic, Scarcity and Growth. It also ignores a considerable body of more recent work that reinforces this conclusion, such as this author's The Ultimate Resource and in the The Resourceful Earth.⁵

The evidence shows that, given time to adjust to shortages with known methods and new inventions, free people create additional resources, thereby confuting Malthusian reasoning. The extraordinary aspect of this process that begins with actual or perceived shortage due to population or income growth is that it eventually leaves things better off than if the shortage had never arisen, thanks to the resulting new techniques. A specific example: plastics began as a substitute for elephant ivory in billiard balls after tusks began to grow scarce. That is why the life expectancies and the incomes of the people of the world have been rising along with rising populations, despite the increasing use of resources. This idea may be mind-boggling, but facts are facts.

THE WHITE HOUSE PAPER

When a draft paper endorsing the pro-growth, anti-control position was leaked, former Senators Robert Taft, Jr., and Joseph D. Tydings, "both affiliated with the Population Crisis Committee...decried the White House draft in a recent letter, saying that it would represent the adoption of a 'fundamentalist, know-nothing' political philosophy with respect to population and development in the less-developed nations."⁶ If "know-nothing"

⁴ David Morawitz, Twenty-Five Years of Economic Development: 1950-1975 (Baltimore: Johns Hopkins University Press, 1978).

⁵ Julian L. Simon, The Ultimate Resource (Princeton, N.J.: Princeton University Press, 1981); Julian L. Simon and Herman Kahn, The Resourceful Earth (New York: Basil Blackwell, 1984).

⁶ The Washington Post, June 14, 1984, p. A3.

refers to innocence of the scientific facts, one reply might be that the State Department position is indeed that, whereas the White House draft is generally consistent with the available evidence.

The former Senators also asserted that the White House draft "represents a 180-degree reversal" and is "a potential foreign policy embarrassment of serious proportions." But should a great nation with moral principles continue to promulgate statements contrary to the scientific evidence just to be consistent? And would it not be embarrassing for the U.S. to continue to endorse unfounded policies?

Nor is high population density a drag upon economic development. Comparison of the data on density and economic growth across nations reveals that higher density is associated with faster rather than slower growth. Fly over Hong Kong--a place seemingly without prospects because of insoluble problems a few decades ago--and you will surely marvel at the astounding collection of modern high-rise apartments and office buildings. Then drive around on its excellent and smooth-flowing highways for an hour or two, and you will realize that a very large concentration of human beings in a very small area does not prevent comfortable existence and exciting economic expansion, if the economic system gives individuals the freedom to exercise their talents and to take advantage of opportunities. And the experience of Singapore makes clear that Hong Kong is not unique.

Singapore, in fact, despite its very high density, now suffers from a labor shortage in the sense that it is bringing in workers from abroad to fill jobs in construction and elsewhere. And ironically, after years of the world's strongest economic coercion to induce people to have fewer children, Singapore is now considering giving incentives to middle-class families to have more children.⁷ So much for the necessity of population control if a nation is to have economic development.

Lest one wonder whether there is something special about Hong Kong and Singapore--whether just being "city states" accounts for their astounding success in the face of high density and rapid population growth--consider that both have larger populations than many countries of the world with much larger areas. Would there be some reason to think that Hong Kong and Singapore have an advantage because they lack larger pieces of sparsely settled real estate outside their city areas? If so, it is an easy "advantage" for other countries to obtain.

CONCLUSIONS

Population increase creates business opportunities and facilitates change. Larger populations make investment in expansion

⁷ Asiaweek, June 22, 1984, p. 28; Far Eastern Economic Review, June 21, 1984, p. 31.

and new ventures more attractive by reducing risk and increasing demand. Thus there are more job opportunities, more young people working, and greater mobility within the labor force. Such mobility enhances the efficient allocation of resources and produces the best match of people to jobs.

But the most important benefit of population growth is the increase it brings to the stock of useful knowledge. Minds matter economically as much as, or more than, hands or mouths. For example, Hans Bethe, winner of the Nobel prize for physics in 1967, has said that prospects for energy breakthroughs would be greater if the population of scientists were larger. Progress is limited largely by the availability of trained workers. And minds only arrive in company with bodies.

The main fuel to speed the world's progress is the stock of human knowledge. And the ultimate resource--as the White House draft quite correctly recognizes, and as even the State Department draft concedes--is skilled, spirited, and hopeful people exerting their wills and imaginations to provide for themselves and their families, thereby inevitably contributing to the benefit of everyone. But even the most skilled persons require an appropriate social and economic framework to provide incentives for working hard and taking risks--enabling their talents to flower and come to fruition. The key elements of such a framework are economic liberty, respect for property, fair and sensible rules of the market that are enforced equally for all, and the personal liberty that is particularly compatible with economic freedom. This the White House draft also recognizes. There is justice here, and wisdom, and the promise of economic and human development. It is a sound platform upon which the United States may stand in Mexico City. It deserves U.S. support.

Julian L. Simon
Senior Fellow*

* Dr. Simon is a professor of Economics at the University of Maryland.