IDEAS ON LIBERTY
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Oblivious to the Obvious

"Ironically, the birth of a child is registered as a reduction in national income per head, while the birth of a farm animal shows up as an improvement."
—PETER BAUER (1991)

Each passing year makes me more and more aware of human beings' astounding capacity for overlooking the obvious. I have in mind here not those parts of reality that can be understood only with specialized training—say, professional economists' knowledge that the elasticity of a demand curve isn't its slope. Nor do I have in mind aspects of reality that can be known only through experience—say, the reality that French chardonnays taste very different from California chardonnays, or that the Boston Red Sox are destined never again to win a World Series.

Instead, I refer here to aspects of reality that are vivid, overwhelming, and plainly in everyone's sight. Nevertheless, many people remain oblivious to this reality.

My chief example is the continuing, widely held belief that population is the enemy of material prosperity. Newspapers, magazines, and water-cooler conversationalists routinely pronounce, as if it were as palpable as gravity, that a large and growing population of human beings implies widespread poverty and misery. Foundations—including the world's richest, the Bill and Melinda Gates Foundation—devote billions of dollars to the cause of population "control."

Population Connection (formerly Zero Population Growth), a chief proponent of policies to limit population growth, announces on its website: "We want people everywhere to join our cause so that, together, we can make the world better, safer, and less-crowded." U.S. Representative Carolyn Maloney of New York says that slowing population growth is required if we are to "stop hunger and preserve our world's resources."

But no evidence exists to support a belief in the dangers of large or growing populations. Indeed, all the evidence, most of which is plainly in view of everyone, is that more people mean *more* prosperity for everyone.

Probably the richest 23 contiguous square miles on the planet is Manhattan. It is also a speck of earth that is among the world's most densely populated, with each square mile, on average, packed with 67,000 residents. More than 1.54 million people live on Manhattan and some 2.12 million people work there—all amidst the millions of visitors who flock to that island every year.

According to conventional belief, Man-

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hattanites should be among the earth's most destitute and wretched peoples. Yet despite the fact that Manhattan has no forests, farms, pastures, fisheries, or mines, per-capita income there is a sky-high $73,000.

Compare Manhattan to the 46,907 square miles that are Mississippi, a state boasting a great deal of fertile farm land, bountiful lakes and rivers, and thick forests. Mississippi is also blessed (if conventional belief is valid) with a human-population density less than 1/1000th that of Manhattan (61 Mississippians per square mile compared to 67,000 Manhattanites per square mile). According to conventional belief, Mississippians should be much wealthier than Manhattanites. But instead they're much poorer. Per-capita income in Mississippi is less than $16,000, a mere 22 percent of that of Manhattan.

Also according to this same conventional belief, Russia should be among the wealthiest countries on earth. It has vast forests, rich mineral deposits, plentiful inland and coastal waters, and great expanses of arable land—and its population density is only a third that of Mississippi: 22 people per square mile. But per-capita income in Russia is a meager $7,700.

Manhattan is far richer than Mississippi and Mississippi is far richer than Russia.

Here are two additional examples. Each square mile of Hong Kong holds, on average, 15,966 residents; per-capita income there is among the world's highest at $24,506. In stark contrast, Ethiopia is sparsely populated, with each square mile holding, on average, 157 people. Ethiopia's per-capita income is among the world's lowest at $600.

Does Wealth Cause Poverty?

Don't think that the wealth of the developed world comes at the expense of the less-developed world. Empirical study upon empirical study shows that the poorest parts of the world are those without substantial contacts with advanced commercial societies. The greater a people's contact with commercial society, the wealthier they become.

A high density of human population clearly does not cause poverty; a low density of human population clearly does not make people prosperous. Manifest evidence of these facts surrounds us. And yet the prevailing belief of many people—including top officials in governments, at the United Nations, in academia, and in foundations—is that higher population densities entail lower material welfare for the average person.

Why? This is not, after all, a case in which the evidence is ambiguous, complex, or sparse.

One reason for the continuing obliviousness to the obvious fact that prosperity is not threatened by dense human population is the stubborn failure to recognize the crucial insight that the ultimate resource is the human mind.

Wealth is not automatically produced by nature and then "distributed" for consumption to passive peoples. Wealth—*all* wealth; every bit of it—requires for its creation active and rational human involvement. Without creative human minds and effort, no wealth would exist. Even the most fertile land would yield no crops; rivers and oceans would yield no fish; forests would yield neither lumber nor game animals. No minerals, no chemicals, no cloth, no shelter, no paper, no steel, no medicines, no wine, no M-Life—nothing—would exist without human creativity, effort, and peaceful interaction.

It follows that more creative human beings mean more, not less, prosperity. And as all the great economists from Adam Smith through F. A. Hayek, Peter Bauer, Julian Simon, and Vernon Smith repeatedly remind us, humans are remarkably creative and productive only when, and always when, they are free to bargain and exchange with each other.

So places such as New York City and Hong Kong are wealthy because they are densely populated with free people. Places such as Ethiopia and Russia are poor because they have so few free human minds. No fact is more sure and more obvious. ☐

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Understanding "Austrian" Economics, Part 2

by Henry Hazlitt

After the passing of its three founders—Carl Menger, Friedrich von Wieser, and Eugen von Böhm-Bawerk—Austrian economics fell for a long time into eclipse. It was not so much refuted as neglected. English-speaking economists began devoting themselves to such matters as mathematical treatment of problems of "general equilibrium." The Austrian view was revived mainly by one man, an Austrian by birth as well as an "Austrian" by conviction—Ludwig von Mises (1881–1973). He made his influence felt both by his written works and by his oral teachings. Among his early distinguished students and followers were Gottfried Haberler, Fritz Machlup, Oskar Morgenstern, Lionel (subsequently Lord) Robbins, and, most influential of all, F. A. Hayek.

Ludwig von Mises was prolific, but his principal contributions were made in three masterpieces. These were *The Theory of Money and Credit,* first published in German in 1912, *Socialism: An Economic and Sociological Analysis,* also first published in German in 1922, and *Human Action,* which grew out of a first German version appearing in 1940, but was not published in Mises's own rewritten English version until 1949.

Mises on Human Action

Though there is now a gratifying number of able young American economists writing in the Austrian tradition, *Human Action* still stands as the most complete, powerful, and unified presentation of Austrian economics in any single volume. Mises always generously acknowledged his indebtedness to his predecessors. He recalled in a short autobiography (*Notes and Recollections,* 1978) that around Christmas 1903 he read Menger's *Principles of Economics* for the first time. "It was the reading of this book," he wrote, "that made an 'economist' of me."

It would carry me to too great length to itemize and explain all the contributions to economics that Mises made, and I will content myself with mentioning only two. He was the first to prove that it was impossible for socialism to undertake "economic calculation"; and he made one of the most important contributions of any economist toward solving the problem of "the trade cycle."

Because Mises so uncompromisingly rejected government interventionism in all its forms, he acquired the reputation of a "laissez-faire extremist" during most of his lifetime, and was scandalously neglected by the majority of academic economists. But because Hayek elaborated his own ideas in a more conciliatory form, his writings

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