

Comments on Siegel's "Fewer, Richer, Greener"

Last week, I was part of the Cato Institute's book forum on Laurence Siegel's *Fewer, Richer, Greener: Prospects for Humanity in an Age of Abundance*. Here's my commentary on the book.

1. Vast areas of agreement:

- a. Until March, the world was getting richer at a marvelous pace. Absolute poverty has been disappearing before our eyes after ten thousand years of apparent permanence.
- b. Conventional measures sharply understated the glorious reality, because the environment keeps getting cleaner and the quality of the goods keeps getting higher.
- c. Like it or not, global population is leveling off.

2. Overarching complaint: Siegel is so excited to share his conclusions that he rushes through the arguments in their favor. When the arguments are strong, the rushing is harmless. When the arguments are weak, the rushing leads Siegel to embrace errors.

3. Error #1: *Leveling off of population **now** is a good thing.* Siegel has no argument for this other than to say that population growth can't be a good thing forever. But this argument would have been just as true when global population was 8000, 8M, or 800M.

True, Simon dodged the question of when population would start to be a problem. But he genuinely demonstrated vast neglected upsides of population – especially the effect on innovation. Almost all innovation really does come from high-population areas – and this can hardly be a coincidence. Furthermore, the main downsides of population – pollution and congestion – can be easily mitigated with pollution taxes and tolls, rather than fewer births.

Key point: Siegel presents no evidence that extra population has ceased to be a good thing overall yet, so why is he so happy about falling birthrates? The world is still mostly uninhabited – you could fit the entire world's population into the continental U.S. at the density of Los Angeles. So why not hope for a world population of 20B, 50B, 100B, or even a T? If this seems absurd, imagine how absurd multiplying humanity 25-fold would have seemed 1000 years ago. Yet this "absurdity" turned out to be awesome.

4. Error #2: *We should just live with (or even celebrate) declining birth rates.* If you do the math (as I have in an earlier Cato Unbound piece), you'll discover that large tax credits for births are the holy grail of tax policy: They more than pay for themselves in the long-run.

We can reasonably expect a \$10k per birth one-time tax credit to increase fertility enough to ultimately yield about \$250k in net present value for the Treasury. A fantastic deal!

Also: Housing deregulation. City-dwellers have few kids because they're so cramped for space, but this is largely a product of zoning and land-use policies that grossly inflate the price of housing, especially in the country's most desirable areas.

5. Error #3: *Becker's economics of the family readily explains declining family size.* Reality: Kids were never a good financial investment. As a business model, hiring able-bodied farmers makes far more sense than breeding helpless infants and waiting 15 years for help. Yes, modern economies offer many extra opportunities for child-free fun, but they also drastically reduce the pain of child-rearing and offer many extra opportunities for *family* fun. Why rising wealth causes falling birthrates is a fascinating question that social scientists have still failed to successfully answer.