

**A QUARTERLY
MESSAGE
ON LIBERTY**

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Cato's Letter

Liberty, Optimism, and *Superabundance*

LAWRENCE SUMMERS

I'm flattered and honored by the invitation to participate in the conference for *Superabundance*. I think that Pooley and Tupy have written a very, very important book. It is important, I think, in three respects. First, it adds to the growing body of evidence and knowledge that we have, documenting that with all the problems, with all the travails, with all that we worry about, humanity does make staggering and immense progress. I remark often to students that, all things considered, I would probably rather have the life and the opportunities of a lower-income student in today's United States in material terms than the life of John D. Rockefeller.



LAWRENCE SUMMERS is president emeritus of Harvard University, where he is currently the Charles W. Eliot University Professor.


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The chance of suffering a fatal illness at a young age would be much lower. The range of goods that would be obtainable would be much larger. The extent of the entertainment options available would be much greater. The comfort of being able to live in a room whose temperature was adjusted to suit would be vastly better for that student. The ability to get to a place 3 or 5 or 6 or 10,000 miles away quickly would be immensely larger. The number of things about which that person could learn would be far greater. The freshness, the range of foods that would be available to eat would be substantially more, and the comfort of the available clothing would be substantially greater.

I think it is immensely important to recognize the kind of progress that has been made in the past century, and while this is a point that has been made by a number of others, I have rarely, if ever, seen it made as extensively and as thoughtfully and in as many spheres as it is made in this important volume.

The second thing that I think is very, very important that *Superabundance*



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shines a light on is the notion of time cost. There is something slightly odd about using the notion of time cost in a Cato Institute publication, since, after all, it was Karl Marx who put forward a labor theory of value and sought to explain the value of all things based on the extent of labor input that went into them. But I think it is a very powerful way of capturing the progress that we have all observed. The truth is that an hour of labor currently translates into far more in the way of goods that provide necessities for satisfaction or services that provide utility than has been the case at any point in human history. And one does not have to believe in GDP figures, one doesn’t have to believe in markets, one doesn’t have to believe very much in anything in economic science to see what has happened to the time cost of an immense array of goods and services, and that is documented in a very clear way here. I think it is an important contribution, and I hope that there will be continuing efforts of some kind to construct ongoing time series on a range of time costs for different goods at different

times in different places so that one can continue to monitor this extraordinary progress.

The third thing that I think is important about this book is the celebration of what are, in some sense, the greatest forces that have pushed human well-being forward: a combination of technological and scientific inquiry, decentralization and economies of information made possible by markets. It's an extraordinary truth that I always stress in teaching students economics. There is not a single person anywhere on the planet who, in an entirely self-sufficient way from their own knowledge, could create a ballpoint pen—the ink, the liner, the tip, the packaging, everything with all the inputs to those things. And yet we go into stores without the slightest doubt that we

“It is immensely important to recognize the kind of progress that has been made in the past century.”

will be able to obtain a ballpoint pen at negligible cost. That idea that things can happen and progress can be made without central direction and without a central plan is a crucial lesson. It is perhaps the most important lesson in a different way from evolutionary biology, and it is the most important lesson that comes out of a contemplation of the market economy. Design without overarching designers can achieve extraordinary things. That is not to me a case for libertarian viewpoints on all questions, but it is a tribute to what we now understand about the human endeavor.

The other book that was published around the same time as *Superabundance* that made a huge impression on me was my student Brad DeLong's work, *Slouching towards Utopia*, which highlights the dramatic turn humanity took around 1870 when progress clearly was established in a way that overturned the Malthusian devil. That is something that is profoundly important, and is profoundly important to recognize whenever it is contemplated that something needs to be directed or planned.

Now, if I have a difference with our authors, it is not in their optimism, it is not in their overall vision, it is not in their rejection of Malthusian ideas,



“This book is the celebration of . . . the greatest forces that have pushed human well-being forward.”

but it is in their libertarian bias. To say that markets and science produce tremendous, incredible outcomes is not to say that those outcomes cannot be made better through collective and planned action. The great questions of our time, in many ways, involve what those actions should be, how they should be designed, and what the role of incentives should be versus the role of coordination and planning. As an economist, I share the authors' bias for decentralization, but I think it is very important to consider each of these issues on a case-by-case basis. But we will all engage in that consideration much more wisely for the extraordinary collection of data and the extraordinarily powerful arguments presented in this important volume.

I commend this important work to all who wish to understand the human condition and the prospects for its improvement. ■



CATO PROFILE

Romina Boccia

Romina Boccia joined Cato as director of budget and entitlement policy, specializing in federal spending, budget process, economic implications of rising debt, and entitlement reform. Boccia was previously at the Heritage Foundation, where she was the principal author of the organization's flagship budget plan, *Blueprint for Balance*, which served as the foundation for President Trump's 2017 budget plan.

What are your goals for Cato?

In the short term, I want to help guide Congress to adopt a bold fiscal agenda for the next year. It's a critical time in which lawmakers are realizing that there are consequences to deficit spending and printing money, as high inflation eats away at Americans' purchasing power. Through meetings on Capitol Hill and by working in tandem with coalition groups, we're pushing for a responsible fiscal agenda that will at a minimum stop the growth of debt and in the long term reduce the size of debt. The only way to achieve this is by tackling the key drivers of our national debt: spending increases and the growth in entitlement programs. I'll be collaborating with scholars across Cato to realize their policy recommendations through the federal budget process, in addition to producing and disseminating my own research.

How will you educate the public on the importance of balancing the federal budget?

I will employ a multipronged strategy: reaching lawmakers who speak to their constituents and reaching the public directly. I recently launched Cato's first Substack, called *The Debt Dispatch*. It's written in a way the average American can understand. I take complex budget language and turn it into something that makes sense to ordinary families. I also regularly post on Twitter, Facebook, and Instagram. And I'm traveling to college campuses to engage

with students to help them understand how deficits impact economic growth and their financial futures. I think what's effective is engaging people in dialogue in their local and digital communities.

How would you reform entitlement programs such as Medicare and Social Security?

We should focus taxpayer support on those who need help most, increase the eligibility ages, and reduce the scope of these programs to make room for private-sector alternatives. Social Security and Medicare benefits currently subsidize the lifestyles of many top-earning older Americans. We should target benefits to those who most require taxpayer support and reduce benefits for those who earn more throughout their lifetimes. We also need to adjust the eligibility age for these programs—life expectancy has gone up by 20 years, yet eligibility ages have barely budged. This encourages people to retire earlier than they otherwise would. Most importantly, we should rely less on the federal government for health care and retirement income. Medicare should move to a premium-support or bundled payment model in which seniors choose health insurance and care in the private sector rather than the government bureaucracy we currently have. As far as retirement income goes, it's become very easy for people to invest for retirement with automatically managed index funds, which didn't exist when Social Security was launched. ■

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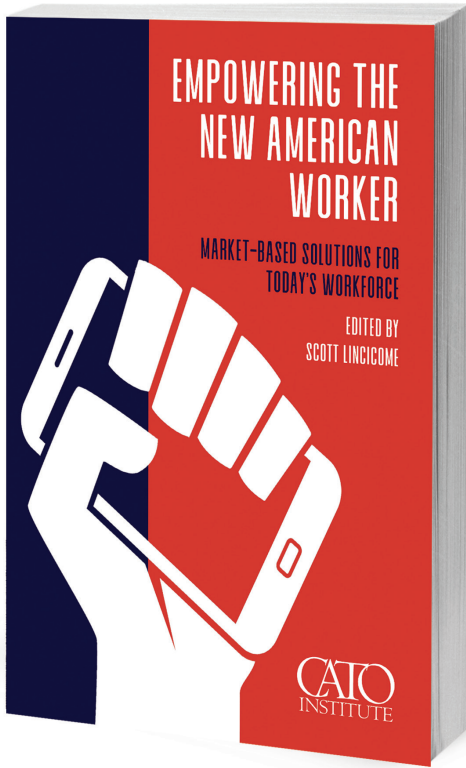


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New from the Cato Institute



Since at least 2016, policymakers on both the right and the left have lamented the plight of the American worker and promised to fix it. Unfortunately, the most common “pro-worker” policies today overlook the numerous laws and regulations that distort markets, harm American workers, and breed economic sclerosis.

Each chapter of *Empowering the New American Worker* identifies the problems facing American workers and suggests pro-market ways for federal, state, and local officials to better address these challenges. These policies will give individuals the freedom and resources they need to be the American worker they want to be and to be happier and more prosperous in the process.



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