

The Rational Optimist: How Prosperity Evolves

Matt Ridley

New York: Harper, 2010, 448 pp.

Science writer Matt Ridley is, as the title of his new book suggests, optimistic about humanity's future—and not just at the prospect of even better lives for those lucky enough to have excellent lives already, but at the possibility of radically transforming, for the better, the lives of those today suffering near the bottom. The key, he thinks, is economic growth, that boogeyman of naysayers and concerned citizens everywhere. “It is precisely because there is still so much further to go that those who offer counsels of despair or calls to slow down in the face of looming environmental disaster may be not only factually but morally wrong,” he argues. The path to that better world 100 years from now will not be smooth. Mankind is likely to experience traumas both of a natural sort and of its own creation. Most troubling, “The wrong kind of chiefs, priests and thieves could yet snuff out future prosperity on earth.” Ridley doesn't let this possibility get him down. Humans are too driven to trade, exchange their ideas, and imagine new ones for a few bad apples to ruin the future.

Ridley arrives at the optimism on display in *The Rational Optimist* by answering, with vast historical scope, the crucial question “Why are people rich?” Libertarians have long understood that the more common query “Why are people poor?” misses the point. Poverty grips humanity by default, just as it grips all species. Ridley's story of man's ascent hits the high notes of history, moments often overshadowed by clashing states and conflicting ideas. At the core of his story sits the colorful metaphor of “ideas having sex.” Just as ideas may fight, they may also fall in love. The offspring of these unions are central both to understanding our past and guiding the way to an even better future. Where the book stumbles—its argument for trade's “creation” of the human mind and a muddy distinction between mere pessimism and genuine cause for concern—it finds its feet again quickly. At a time when the world seems to offer little to be optimistic about, Ridley provides a necessary and welcome reminder that our lot has been much worse. Today is stupendously good by historical standards, and things are only going to get better.

The book's scope is huge. In the last chapter, however, Ridley admirably gets the essence of *The Rational Optimist* into three sentences:

In this book I have tried to build on both Adam Smith and Charles Darwin: to interpret human society as the product of a long history of what the philosopher Dan Dennett calls “bubble-up” evolution through natural selection among cultural rather than genetic variations, and as an emergent order generated by an invisible hand of individual transactions, not the product of a top-down determinism. I have tried to show that, just as sex made biological evolution cumulative, so exchange made cultural evolution cumulative and intelligence collective, and that there is therefore an inexorable tide in the affairs of men and women discernible beneath the chaos of their actions. A flood tide, not an ebb tide.

The Rational Optimist begins with a long chapter that, while making arguments familiar to readers of Johan Norberg or Julian Simon, is a valuable and rhetorically elegant bashing of the notion that the world is terrible and getting worse. Much is quite broad: “The United Nations estimates that poverty was reduced more in the last 50 years than in the previous 500.” Much is charmingly anecdotal. Ridley tells of the artist Thomas Thawaites who, in 2009, “set out to make his own toaster, of the sort he could buy from a shop for about £4.” It “took months, cost a lot of money and resulted in an inferior product.” Ridley skewers those who “would rather have lived in some supposedly more delightful past age,” saying we need only “remind them of the toilet facilities of the Pleistocene, the transport options of Roman emperors or the lice of Versailles.”

The cause for man's success—and Ridley's resulting optimism—is simple economics. “The cumulative accretion of knowledge by specialists that allows us each to consume more and more different things by each producing fewer and fewer is, I submit, the central story of humanity.” Unfortunately, it is when Ridley attempts to tie specialization of labor and comparative advantage to the very roots of humanity that he flies (temporarily) from the rails.

He begins with two questions: “If prosperity is exchange and specialization—more like the multiplication of labor than the division of labor—then when and how did that habit begin? Why is it such a

peculiar attribute of the human species?" *The Rational Optimist* admirably answers the first. It is much less successful on the second.

The science writer in Ridley takes over and forces an argument that ends up circular and unconvincing. He tells us that humans are the only animals to trade and also that trade drove our evolution toward what we think of as human. He appears to dismiss the idea that both "being human" and trade share a common cause. Instead, he insists, the latter caused the former.

Ridley tells us that only humans barter. He doesn't tell us why and he doesn't successfully link bartering to an evolutionary story. He dismisses the two main arguments offered by anthropologists "to explain the appearance in Africa of these new technologies and people."

First, anthropologists point to Africa's variable climate, which pushed natural selection toward adaptable brains. But, Ridley says, the African climate has always been volatile. So why did trade take so long to evolve? Also, climate variability "applies to lots of other African species too: if human beings, why not elephants and hyenas?" The second theory is that humans got lucky, experiencing a beneficial genetic mutation that changed our brains and made us "fully capable of imagination, planning, or some other higher function for the first time." Yet, Ridley says, we have evidence that Neanderthals imagined and planned and spoke—and they failed to show the cultural progress of *homo sapiens*. These explanations, he argues, get it backwards. "The cultural horse comes before the genetic cart," Ridley writes. New behaviors drive selection for new characteristics. The theories are, therefore, "a top-down explanation for a bottom-up process."

The new behavior the anthropologists are trying to explain is economics. The question is how specialization and trade arose in the first place. Ridley, by rejecting the two main explanations for the rise of economic activity, is left asserting that the cause of economic behavior is economics. When pressed on *how* our hominid ancestors made this leap to *homo economicus*, his answer is that "perhaps it has something to do with cooking," which "encourages specialization by sex." However, this takes us right back to the beginning—to questions of climate and mutation. We are left asking, "How did humans come to possess fire?" *Once trade happened*, it proved hugely advantageous and quickly became a driver of selection—and thus human evolution. But *how* trade happened that first time—whether it was

genetic or memetic—is left unanswered, as is why trade is unique to humans. “Fundamentally,” he writes, “other animals do not do barter.” He adds, “I still don’t quite know why.”

Chapters 3 through 8 are Ridley’s historical narrative. He traces trade and its impact on humanity from the beginning of civilization through the invention of farming, the rise of cities, the discovery of fossil fuels, the industrial revolution, and the Information Age. Along the way, he maintains his focus on the central theme: that trade led to specialization which led to increased knowledge and, thus, to technological growth, better living standards, and, eventually, a shrinking human environmental footprint. At every step, humanity’s progress was plagued by “chiefs, priests, and thieves,” those officious state agents, pious pessimists, and fraudulent criminals who saw human progress as a threat to their power or a source for unearned riches. These chapters are a pleasure to read, but they are not the portions of *The Rational Optimist* that will draw the ire of those inclined to disagree with Ridley’s soft libertarian take on humanity’s past and future.

“If you say the world has been getting better you may get away with being called naïve and insensitive,” Ridley writes at the start of chapter 9. “If you say the world is going to go on getting better, you are considered embarrassingly mad.” Pessimism is, and always has been, fashionable and Ridley is acutely aware of how much his optimism places him among the uncouth. In this chapter, he shows how the pessimists, not the optimists, are closer to being “embarrassingly mad.” He looks at scares surrounding cancer, nuclear Armageddon, famine, dwindling natural resources, air pollution, genetic engineering, and plague and, with an arched eyebrow, asks what became of each. “Cancer incidence and death rate from cancer fell . . . by 16 percent between 1950 and 1997.” The Cold War failed to end with the earth a radioactive cinder. Paul Ehrlich’s *Population Bomb* made for good science fiction but poor prophecy. Ehrlich lost his famous bet with Julian Simon when the price of natural resources declined. The air is cleaner and “there was no great forest die-off due to acid rain.” Genetic engineering increased crop production and promises to cure horrific diseases. While we wait for that to happen, modern diseases have actually evolved *away* from virulence. The plagues of the future will continue to look like the overblown bird and swine flu and not like the H1N1 responsible for 50 million deaths in 1918.

It would be easy to get the impression Ridley is Pollyannaish. If nuclear annihilation, super flus, and starvation are nothing to be worried about, what possibly could be? Unfortunately, Ridley's response to this critique is less convincing than it could be, for he fails to adequately draw a line between when an anticipated disaster is real and when it's just pessimism writ large. "Should you ever listen to pessimists?" he asks. "In the case of the ozone layer, a briefly fashionable scare of the early 1990s, the human race probably did itself and its environment a favour by banning chlorofluorocarbons." Acid rain wasn't a problem, and so we shouldn't have worried about it (or, rather, shouldn't have taken expensive steps to correct it). Ozone depletion *was* a problem, justifying preventative action and, besides, "the costs to human welfare [of that action], though not negligible, were small." Ridley's rubric states that, if the problem is real and the costs of fixing it are small, we'd be doing ourselves a favor by addressing it. If the problem isn't real and the costs of fixing it are large, we should let our optimism override our pessimism and count on exchange to its continue progress. How do we know when a problem is genuine? How do we know what the cost of fixing it will be? Ridley doesn't tell us.

Even if Ridley addressed these two concerns, the pessimistic reader would still see *The Rational Optimist's* historical romp through the benefits of free exchange/trade as but a side note to the *real* problems that should surely smother Ridley's optimism. Yes, mankind saw improvements since our days of running from lions across the savannah or hiding in caves from belligerent peers. Yes, much of that progress resulted from the technological and cultural progress brought about by "ideas having sex." But, surely, if we don't do *something* about global warming—something that demands dramatically scaling back the consumption fueling so much of our economic growth—it will all come to naught. And, the pessimists say, Ridley's memetic copulation did nothing for the people of Africa, whose lives all too often remain, in Hobbes's famous phrase, "poor, nasty, brutish, and short."

Ridley pounces on these clarions of despondency in his penultimate chapter. He does not dismiss the concerns—"for such a person as your author, African poverty and rapid global warming are indeed acute challenges"—but carefully argues "that by far the most likely outcome of the next nine decades is both that Africa gets rich and that no catastrophic climate change happens." Institutions matter,

and what Africa needs is not more top-down foreign aid but legal support for the bottom-up forces that already exist. “It is not as if Africa needs to invent enterprises: the streets of Africa’s cities are teeming with entrepreneurs, adept at doing deals, but they cannot grow their businesses because of blockages in the system.” He is particularly enthusiastic about the exploding use of mobile phones, which allow producers and merchants to better interface with markets, getting more goods into more hands at lower prices. His prescription for solving the African problem is simply to reproduce there what has worked elsewhere. “The key policies for Africa,” Ridley writes, “are to abolish Europe’s and America’s farm subsidies, quotas and import tariffs, formalise and simplify the laws that govern business, undermine tyrants and above all encourage the growth of free-trading cities.” No small order, but a practical enough plan to at least partially let the wind out of the pessimists’ sails.

About climate change, he is equally upbeat. Ridley touches upon the evidence that the mainstream science of global warming is flawed and that past catastrophic predictions about the state of the earth’s atmosphere (global cooling, acid rain) turn out to be wholly uncatastrophic, after all. Yet the bulk of Ridley’s climate change optimism comes from accepting the consensus prediction—the IPCC’s assertion that “the earth will warm during this century around 3°C” —and inspecting the likely effects. Unlike Al Gore, Ridley does not see a whole lot to worry about. A warmer climate proves salubrious for plants, meaning more food for us. It also would reduce the number of deaths each year from weather. But a hotter climate probably won’t happen anyway, Ridley argues, as we will invent new and cleaner energy production technologies long before the earth warms beyond a point we can enjoy. He concludes that “you cannot on the IPCC’s figures make it anything other than very probable that the world will be a better place in 2100 than it is today.”

“Exchange is to cultural evolution as sex is to biological evolution,” Ridley writes in his prologue. What *The Rational Optimist* makes clear, in perspicuous prose and enchanting storytelling, is that, just as biological evolution populated the world with the wondrous variety of life, exchange allowed one of those species to achieve a wondrous standard of living that will only improve and become more uniform as we trade and invent.

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