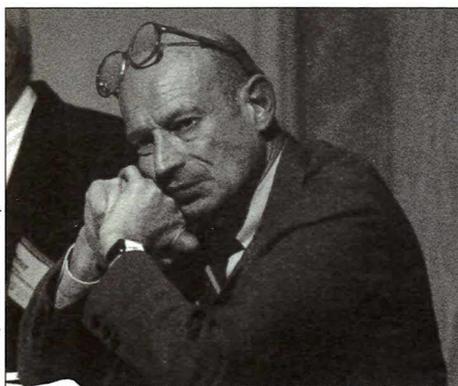


Julian Simon Remembered: It's a Wonderful Life



Wes Paz, St. Louis Post-Dispatch

by Stephen Moore

Julian L. Simon, professor of business administration at the University of Maryland and distinguished senior fellow at the Cato Institute, died February 8 at the age of 65. Stephen Moore, his former research assistant, is director of fiscal policy studies at the Cato Institute.

I first met “doom-slayer” Julian L. Simon at the University of Illinois in the spring of 1980—at just the time when the environmental doomsday industry had reached the height of its influence and everyone *knew* the earth was headed to hell in a hand basket. We could see the signs right before our very eyes. We had just lived through a decade of gasoline lines, Arab oil embargoes, severe food shortages in the Third World, nuclear accidents, and raging global inflation. Almost daily the media were reporting some new imminent eco-catastrophe: nuclear winter, ozone depletion, acid rain, species extinction, and the death of the forests and oceans.

The Club of Rome had just released its primal scream, *Limits to Growth*, which reported that the earth was rapidly running out of everything. The most famous declin-

ist of the era, biologist Paul Ehrlich, had appeared on the *Tonight Show* with Johnny Carson to fill Americans with fear of impending world famine and make gloomy prognostications, such as, “If I were a gambler, I would bet even money that England will not exist in the year 2000.”

The Carter administration published in 1980 its multiagency assessment of the earth’s future, titled *Global 2000*. Its famous doom-and-gloom forecast that “the world in 2000 will be more crowded, more polluted, less stable ecologically. . . . and the world’s people will be poorer in many ways than they are today” received headlines across the nation. Malthusianism was now the official position of the U.S. government.

It was all so damned depressing. And, thanks to iconoclast Julian Simon, we now know that it was all so wrong.

It was back in the midst of that aura of gloom that by chance I enrolled in Simon’s undergraduate economics course at the University of Illinois. After the first week of the course, I was convinced that his multitude of critics were right. He must be a madman. How could anyone believe the outlandish claims he was making? That population growth was not a problem; that natural resources were becoming more abundant; that the condition of the environment was *improving*. That the incomes of the world’s population were rising. Simon made all of those bold proclamations and more in his masterpiece *The Ultimate Resource*, published in 1980. I read the book over and over—three times, in fact—and I came to the humbling realization that everything I had been taught since the first grade about population and environmental issues had been dead wrong.

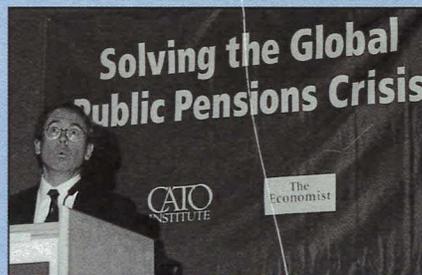
The weight of the facts that Simon brought to bear against the doomsayers was simply

so overpoweringly compelling that I, like so many others, became a Julian Simon fanatic. Julian was the person who brought me to Washington in 1982 to work as his research assistant as he finished his next great book (coedited with the late futurist Herman Kahn of the Hudson Institute) titled *The Resourceful Earth: A Response to Global 2000*.

So for more than 15 years I was privileged to occupy a front-row seat from which I watched as Simon thoroughly and often single-handedly capsized the prevailing Malthusian orthodoxy. He routed nearly every prominent environmental scaremonger of our time: from the Club of Rome, to Paul Ehrlich, to Lester Brown, to Al Gore. (After reading *Earth in the Balance*, Julian was convinced that Gore was one of the most dangerous

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◆ **IOLTA Programs Are Unconstitutional**

IOLTA—Interest on Lawyers’ Trust Account—programs, created by state supreme courts or state legislation, pool client funds in designated interest-bearing checking accounts. The interest that is generated on those funds is funneled through a judicially created legal foundation to various “public interest” legal firms. Today, all 50 states have IOLTA programs, which generate approximately \$100 million a year. In “IOLTA: Interest without Principle” (Policy Analysis no. 291), Charles E. Rounds Jr., professor at the Suffolk University Law School, reports that income from IOLTA programs actually underwrites political lobbying and general legislative advocacy. “Such programs are unethical,” writes Rounds, “because the unauthorized use of clients’ money for any purpose, no matter how noble, is wrong. IOLTA programs are unconstitutional because, when the state asserts control over the equitable interest of client property without consent or just compensation, it violates the Fifth Amendment’s Takings Clause.”

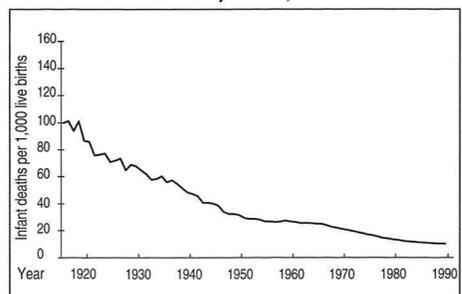
◆ **Privatize Fannie Mae and Freddie Mac**

Two of the largest government-sponsored enterprises, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), receive government subsidies estimated to be worth \$6 billion. In addition, Fannie Mae and Freddie Mac enjoy other advantages over private-sector firms, including “government securities” status and exemption from Securities and Exchange Commission requirements and state and local taxes. Because of their quasi-governmental status, many people think that Fannie Mae and Freddie Mac mortgage-backed securities and debt carry an implicit federal guarantee against default. In “The Mounting Case for Privatizing Fannie Mae and Freddie Mac” (Policy Analysis no. 293), Vern McKinley argues that Fannie Mae and Freddie Mac “should be stripped of the privileges of government sponsorship and be converted to fully private enterprises” and forced to compete on a level playing field with other firms in the market. ■

that Gore was one of the most dangerous men and one of the shallowest thinkers in all of American politics.)

Simon’s dozens of books and his more than 200 academic articles always brought to bear a vast arsenal of compelling data on and analysis of how life on earth was getting better, not worse. Simon argued that we were not running out of food, water, oil, trees, clean air, or any other natural resource because throughout the course of human history the price of natural resources had been *declining*. Falling long-term prices are *prima facie* evidence of greater abundance, not increasing scarcity. He showed that, over time, the environment had been getting cleaner, not dirtier. He showed that the “population bomb” was a result of a massive global reduction in infant mortality rates and a

U.S. Infant Mortality Rate, 1915–90



stunning increase in life expectancy. “If we place value on human life,” Simon argued, “then those trends are to be celebrated, not lamented.”

Simon’s central premise was that people are the ultimate resource. “Human beings,” he wrote, “are not just more mouths to feed, but are productive and inventive minds that help find creative solutions to man’s problems, thus leaving us better off over the long run.” As Ben Wattenberg of the American Enterprise Institute explained in his brilliant tribute to Simon in the *Wall Street Journal*, “Simon’s central point was that natural resources are not finite in any serious way; they are created by the intellect of man, an always renewable resource.” Julian often wondered why most governmental economic and social statistics treat people as if they are liabilities not assets. “Every time a calf is born,” he observed, “the per capita GDP of

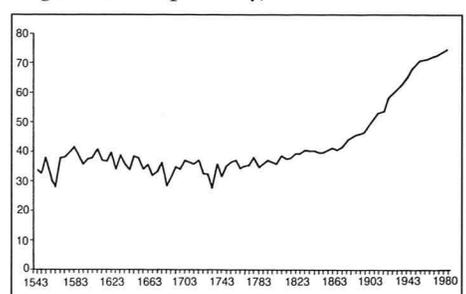
a nation rises. Every time a human baby is born, the per capita GDP falls.” Go figure!

The two trends that Simon believed best captured the long-term improvement in the human condition over the past 200 years were the increase in life expectancy and the decline in infant mortality (see figures). Those trends, Simon maintained, were the ultimate sign of man’s victory over death.

Today, many of Julian Simon’s views on population and natural resources are so triumphant that they are almost mainstream. No one can rationally look at the evidence today and still claim, for example, that we are running out of food or energy. But those who did not know Julian or of his writings in the 1970s and early 1980s cannot fully appreciate how viciously he was attacked—from both the left and the right. Paul Ehrlich once snarled that Simon’s writings proved that “the one thing the earth will never run out of is imbeciles.” A famous professor at the University of Wisconsin wrote, “Julian Simon could be dismissed as a simpleminded nut case, if his ideas weren’t so dangerous.”

To this day I remain convinced that the endless ad hominem attacks were a result of the fact that—try as they would—Simon’s critics never once succeeded in puncturing holes in his data or his theories. What ultimately vindicated his theories was that the doomsayers’ predictions of global famine, \$100 a barrel oil, nuclear winter, catastrophic depletion of the ozone layer, falling living standards, and so on were all discredited by events. For example, the year 2000 is almost upon us, and we can now see that the direction in which virtually every trend of human welfare has moved has been precisely the opposite of that predicted by *Global 2000*. By now Simon and Kahn’s contrarian con-

English Life Expectancy, 1500–1980



Conference planned in Tokyo

Cato Opens New Trade Center

In January the Cato Institute opened its Center for Trade Policy Studies. Under the direction of Cato senior fellow Brink Lindsey, the center's work will demonstrate that free and open trade—a central tenet of the classical-liberal order—



Brink Lindsey

increases the standard of living of all parties involved, provides greater choice to consumers, and helps promote stable, peaceful relations between countries.

Cato president Ed Crane says that the center's opening "comes at a critical time. Protectionist momentum is building, and Cato's Center for Trade Policy Studies will fill a vacuum



Dan Griswold

in foreign markets."

Among the topics of forthcoming studies are the detrimental effects of trade sanctions against Burma, why Americans should not worry about trade deficits, and why the United States should liberalize its asylum policies. In April the center, with the Keidanren, a Japanese business association, will

in Washington's public policy community. Cato scholars will do the rigorous research and academic work needed to demonstrate that U.S. adherence to free-trade principles is the best way to encourage continued liberalization



sponsor a conference in Tokyo on deregulation in the global marketplace.

Lindsey, an attorney who has specialized in international trade regulation, is a former director of regulatory studies at the Cato Institute. Joining Lindsey on the staff of the Center for Trade Policy Studies will be associate director Dan Griswold, policy analyst Aaron Lukas, and a to-be-named senior economist. Griswold and Lukas have been, respectively, director of trade and immigration studies and manager of information services at the Cato Institute. Cato chairman William A. Niskanen will advise the center's staff.

Recent Cato publications on trade policy include "The Fast Track to Freer Trade" (Briefing Paper no. 34), "Anti-Dumping Laws Trash Supercomputer Competition" (Briefing Paper no. 32), and *Freedom to Trade: Refuting the New Protectionism*. ■

clusions in *The Resourceful Earth* look amazingly prescient.

The ultimate embarrassment for the Malthusians was when Paul Ehrlich bet Simon \$1,000 in 1980 that five resources (of Ehrlich's choosing) would be more expensive in 10 years. Ehrlich lost: 10 years later every one of the resources had declined in price by an average of 40 percent.

Julian Simon loved good news. And the good news of his life is that, today, the great bogeyman of our time, Malthusianism, has, like communism, been relegated to the dustbin of history with the only remaining believers to be found on the faculties of American universities. The tragedy is that it is the Paul Ehrlichs of the world who still write the textbooks that mislead our children with wrong-headed ideas. And it was Paul Ehrlich, not Julian Simon, who won the MacArthur Foundation's "genius award."

Among the many prominent converts to the Julian Simon world view on population and environmental issues were Ronald Reagan and Pope John Paul II. Despite howls of protest from the international population control lobby, in 1984 the Reagan administration adopted Simon's position—that the world is not overpopulated and that people are resource creators, not resource destroy-

ers—at the United Nations Population Conference in Mexico City. The Reaganites called it "supply-side demographics." Meanwhile, in the late 1980s, Simon traveled by invitation to the Vatican to explain his theories on population growth. A year later Pope John Paul II's encyclical letter urged nations to treat their people "as productive assets."

Simon's theory about the benefits of people also led him to write extensively about immigration. In 1989 he published *The Economic Consequences of Immigration*, which argued that immigrants make "substantial net economic contributions to the United States." His research in the 1980s showed that, over their lifetimes, immigrants on balance pay thousands of dollars more in taxes than they use in government services, making them a good investment for native-born Americans. It was arguably the most influential book on U.S. immigration policy in 25 years. Sen. Spencer Abraham (R-Mich.), chairman of the Immigration Subcommittee, has credited Simon's work with helping "keep wide open America's gates to immigrants."

We at the Cato Institute published three of Julian Simon's books and dozens of his articles and studies. We were always drawn to his celebration of the individual. Simon believed that human progress depended not

only on creative and ingenious minds but also on free institutions. He often marveled that the only place on earth where life expectancy actually fell in the 20th century was in the Soviet Union and other East European nations during the tyranny of communism. Many of his most ardent critics were government activists who believe that the only conceivable solution to impending eco-catastrophe is ever more stringent governmental edicts: coercive population stabilization policies, gas rationing, wage and price controls, mandatory recycling, and so on.

Julian had an ebullient spirit, but from time to time he would complain to me that his writings never received the full recognition they deserved from academics. That was probably true, but I always reminded him that his work had had a more profound impact on the policy debate in Washington than that of any random selection of 100 of his academic peers combined.

Two weeks before Julian died, I was driving through central Iowa and was surprised and delighted to find gasoline selling for 89 cents a gallon. I hadn't seen gas prices that low since before the OPEC embargo in the early 1970s. I instantly thought of Julian. It was one of those little real-world events that confirm that he was right all along. ■