

Matt Ridley Makes a Case for Optimism

By Laurence B. Siegel

August 16, 2011

Why are most intellectuals pessimists? Don't they know that physical, economic, and social conditions have improved over recent human history, and those currently alive enjoy the highest standard of living ever attained? If they are aware of the history, do they really think this progress is about to reverse course?

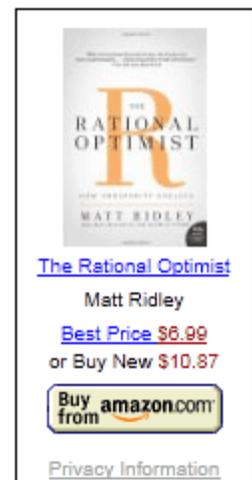
Matt Ridley, a renowned evolutionary biologist and zoologist and author of three books on evolution and human nature, poses these questions in a provocative new book, *The Rational Optimist*.

That title is slightly misleading. Since optimism is a habit of mind, the word does not quite capture Ridley's scientific conclusion that the conditions of human life will likely improve in the future.

Drawing on human prehistory as well as the whole of recorded history, Ridley traces the origin of economic growth to three principal factors: trade and specialization, the "external, collective intelligence" that developed to enable trade and the ability to harness energy. He argues that the well-known takeoff of the world economy after 1800 – when self-sustained growth is widely thought to have begun – was due to humans' newfound ability to use technology to obtain services that could previously only be performed by other humans (mostly by slaves). Ridley's thesis is that technology – the application of ideas to practical problems – has made human life easier and easier, with each technological advance building upon those that came before. He forecasts that despite many challenges, this tendency will continue and even intensify.

Chronicling trade through a scientist's eyes

Much of Ridley's wild romp through early human history in search of the emergence of trade and specialization is an attempt to re-teach Economics 101 using better stories. His thesis almost exactly parallels the familiar tale of how a pencil is made ("not a single person on the face of this earth knows how to make me"), which first appeared in a 1958 essay by the economist Leonard Read and was repeated by Milton Friedman in the *Free to Choose* television series. Ridley argues that an advanced economy is characterized by *specialized* production (each human produces a specific object or service) and *diversified* consumption (each human consumes many different products and services made by a large aggregation of anonymous people, each of whom only contributes one aspect of an object's production).





But this principle was known to Bernard Mandeville (1670-1733), Adam Smith (who wrote *The Wealth of Nations* in 1776) and perhaps to the ancients. Why does Ridley feel it is necessary to retell the story today in such painstaking detail? The reason, in my own words, is statism of the mind. When confronted with a system that looks designed, most people look for the designer, even if they know that there is none and the appearance of design is the result of natural processes. (Thus the resistance to the theory that evolution explains the living world.) An economic system is much like a biological one: there is apparent order in billions of decentralized decisions resulting from the application of the supply-demand-price system in a free-exchange economy. People may know about the decentralized system, but they don't quite believe that it works as advertised.

The Rational Optimist is peppered with the startling insights for which Ridley's work is known: "The biologist Lee Silver was once watching chickens coming 'home to roost...' and it struck him that they were like the farmer's tools: they had been gathering food for him in the forest all day." Likewise with plants – the farmer has pressed them into service gathering calories from the sun for eventual consumption by humans. Seeing nature and human activity with fresh eyes, as Ridley often does, enables readers to better comprehend the world they live in – the goal of any writer devoted to enhancing the public understanding of science.

Looking ahead, not behind

Ridley connects the ability to harness energy, the second factor enabling economic growth, to "the release of slaves." People used to enhance their standards of living by using the muscle power of slaves, but today, machines, plants, animals and ideas are our slaves. If human muscle power provided all the energy we now consume, the world population would need a trillion slaves, all in abject poverty. "If they had any better lifestyle," Ridley adds, "they would need their own slaves." So much for getting rid of fossil and nuclear fuels and going back to self-sufficiency on the land. With increasing standards of living and energy use among the world's poor, we're going to need all possible energy sources in the future, even though alternative fuels are up to a thousand times less efficient than conventional fossil and nuclear fuels.

And Ridley does not go easy on those who would lead us back to a simpler lifestyle — he regards it as the most wasteful and environmentally destructive way of life. Living self-sufficiently is so expensive that only hippies with trust funds (those who didn't have to leave the commune decades ago to get jobs) can pursue it. Ridley notes that our own era, while particularly nostalgic, does not have a monopoly on the desire to return to the past. He quotes the English poet Robert Southey (1774-1843) as longing for the imagined "Merrie England" of centuries before his own time. The historian Thomas Babington Macaulay, a consummate realist, demolished Southey in a famous book review, quoted at length in Ridley's book. Macaulay later dared to forecast not only dramatically rising wages but "several more years [added] to the average length of human life." We now add roughly two years to the length of life *every decade*.)



Why pessimism is misplaced

Ridley concludes by addressing the “two great pessimisms of today”: Africa and global warming. Ridley asserts that Africa, if left to its own devices, will develop, just as other poor regions of the world have. This claim has drawn [sharp criticism](#) from Bill Gates, who otherwise admires Ridley’s work. (Book reviewers usually avoid referring to other reviewers, but this is Bill Gates, and his criticism is beautifully articulated.) Regarding global warming, Ridley believes that the danger has been exaggerated and that up to about 3°C, it may have benefits — such as an increase in the food supply — that outweigh the costs.

Ridley may have overstated the tendency toward pessimism in the long sweep of history. During the Enlightenment and in the Victorian era, a widely shared belief in economic and social progress emerged. The once-popular Whiggish theory of history, for example, portrays human life as progressing toward democracy, modernity and prosperity. Even in our own time, Lyndon Johnson said in 1964 (about his own programs) that “these are the most hopeful times since Christ was born.” While pessimism has had periods of triumph — who can forget Voltaire’s lampooning of Candide’s cheery outlook? — today’s pessimists really stand out in their dourness. The doom-saying biologist Paul Ehrlich, popular in the 1970s, may be half-forgotten, but his spiritual children are everywhere, forecasting something like the end of life on earth.

Having written a masterly volume on sexual selection (*The Red Queen*), Ridley has sex on the brain, leading to some silly talk about “ideas having sex” in *The Rational Optimist*. There is a thread of wisdom here — when two different ideas combine, the “baby” idea could be better than either “parent.” Ridley’s rather obvious example, not quite worthy of him, is computer + telephone = Internet. (I think that glider + motor = airplane is an even neater trick.) “You and I,” Ridley writes, “are beneficiaries of mutations that happened in different creatures [in our long evolutionary past]. They happened in different lineages, but because of sex, you can draw on thousands and thousands of different lineages.” The same is true for ideas. Relying on a cultural tradition that is inherited through one’s family or people does not promote progress, but exchanging ideas with another people does. Presumably both groups have good ideas, some of which will survive the cultural merger and “live” to “reproduce” further.¹

Conclusion

Some readers will bristle at Ridley’s unyielding advocacy of free markets and limited government. His political views, which he wears on his sleeve, may make such readers think Ridley’s whole thesis is flawed. It’s not. Other readers may recall Ridley’s tenure (motivated by family obligations) as non-executive chairman of the failed British bank Northern Rock. Whether Ridley acted responsibly in this role is not something I can judge,

¹ Thanks to Liz Else of *The New Scientist* for this last observation.



but his conduct in helping oversee that enterprise is irrelevant in determining the merits of this book, which is not an instruction manual on banking.

Perhaps because it is written in the magisterial tone that many readers associate with a Great Man of Science, *The Rational Optimist* gets away with a few errors. I cannot verify a mountain of historical facts, but I can spot the occasional internal inconsistency. “For the next few centuries [after 250 BC],” Ridley asserts, “the Indian subcontinent was ... the most prosperous part of the world, with a third of the world’s people and a third of the world’s GDP.” But this means that Indian per capita GDP was only average! The other two-thirds of the world’s people shared the other two-thirds of global GDP, and were as well off as India. Also, venture capitalist Frank Caufield’s name is misspelled Caulfield (like Holden). In general, however, the book is skillfully researched and edited.

It is a shame that views such as Ridley’s are often pegged as “conservative.” They may appeal to conservatives because they suggest that humanity would benefit from continuing to do what it is already doing. However, the constant change — in Joseph Schumpeter’s words, the “creative destruction” — required for economic growth that persists over centuries is radical and profoundly disruptive. It means that the skills one acquires as a young man or woman will probably be obsolete within one’s lifetime, and the rules for getting ahead that applied to one’s parents almost certainly do not apply to the next generation. What is conservative about that? I can only conclude that mistaking realism or rationalism for conservatism is one of the most common errors of modern thought (and the marriage of pessimism with so-called liberalism is one of the strangest).

The Rational Optimist uses powerful examples from history and compelling logic drawn from economic theory to remind us that human achievement is cumulative, and the future looks bright, particularly for the less fortunate in the world. It is especially welcome at this discouraging moment in time.

Laurence B. Siegel is the research director for the Research Foundation of CFA Institute and senior advisor at Ounavarra Capital LLC. He can be reached at lbsiegel@uchicago.edu.

www.advisorperspectives.com

For a free subscription to the Advisor Perspectives newsletter, visit:
<http://www.advisorperspectives.com/subscribers/subscribe.php>