THE INTERNATIONAL ECONOMY
THE MAGAZINE OF INTERNATIONAL ECONOMIC POLICY
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OFF THE NEWS

The Prophets of Scarcity

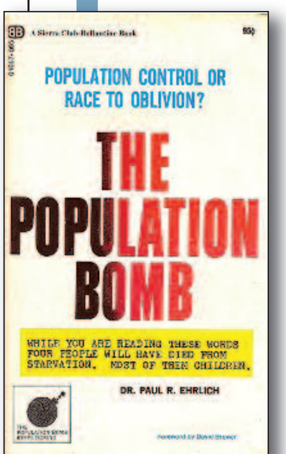
There is nothing natural about economical access to "natural resources"—it depends on the cost-effectiveness of the relevant technologies, which keep improving.

But the prophets of inevitable, doom-laden scarcity need not be gloomy, not at all. Paul Ehrlich, whose 1968 bestseller *The Population Bomb* predicting imminent resource exhaustion turned out to be 100 percent wrong, gloriously remained the revered prophet (inevitably receiving a MacArthur Foundation Genius Award). Meanwhile, John Paul Holdren, who joined him in the famous (losing) ten-year bet against Julian Simon (who predicted increasing abundance), is at this writing the senior advisor to President Barack Obama on all science and technology issues in his capacity as Assistant to the President for Science and Technology, Director of the White House Office of Science and Technology Policy, and Co-Chair of the President's Council of Advisors on Science and Technology.

That is where the perversion comes in. If those who desperately long for scarcity control government policies, they can make scarcity happen.

—Edward N. Luttwak

See further comments, p. 40



One hundred percent wrong: **Paul Ehrlich,** *whose 1968 bestseller* The Population Bomb *predicted imminent resource exhaustion.*

Japan's Headache

The share of Japanese households with no financial assets rose to a record high of 31 percent. Falling incomes forced people to spend their savings. The major reason for this rise: declining regular income.

—Bank of Japan survey

Squeezing Human Capital

Since the 1980s, the "labor share" of national income has plummeted across the world. The OECD, a club of mostly rich countries, reckons that in the 2000s, labor captured 62 percent of all income, down from 66 percent in the early 1990s.

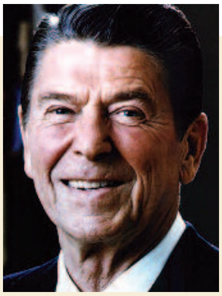
—Organization for Economic Cooperation and Development

A Surprising Shrinking of U.S. Federal Work Force

The U.S. federal government employs 2 percent of those people employed. In 1966, the figure was 4.3 percent, more than twice that.

—New York Times

Barack Obama



Ronald Reagan

Obama's Good News

Under Barack Obama, Standard & Poor's 500-stock index so far is up 120 percent. The same market under Ronald Reagan's eight years jumped 118 percent.

—*Rich Peterson,* S&P Capital IQ

Good News/Bad News

"Profits have been booming in America, reaching the highest proportion of GDP since the second world war. … The ratio of business investment to GDP has picked up since the depths of the financial crisis, but is still close to the lows of previous cycles. Instead, businesses are handing cash back to shareholders, a tactic once reserved for executives who had run out of ideas. … In the early 1970s American companies invested fifteen times as much cash as they distributed to shareholders; in recent years the ratio has dropped back to below two."

—The Economist

The Italian Stallion

"Only two economies have grown less than Italy's. One was Haiti, which continues to suffer from its 2010 earthquake, and the other was Zimbabwe, which continues to suffer from Robert Mugabe."

—*Beppe Severgnini,* International New York Times

Did the Tea Party Win?

"Discretionary spending has been falling. Federal-employee head count is down. And since 2010, deficit reduction has been more rapid than in any three-year period since the demobilization following World War II. Discretionary spending (i.e., spending excluding transfer payments and interest) will fall even more in the decades ahead…. The nonpartisan Congressional Budget Office projects that, under current law, by 2038 total spending on everything other than the major health-care programs, Social Security, and interest will decline to the smallest share of the economy since the 1930s."

—*Bloomberg Businessweek*

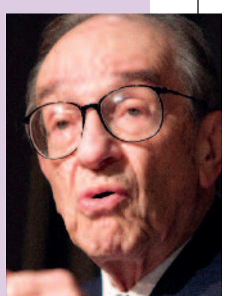
"Vindictive" Regulation

"The critical issue is contagion. You can have a financial system with banks making all sorts of horrible loans, but if they're well capitalized, all of the losses go to the shareholders."

"So you changed your opposition to banking regulation?"

"Of course. I was wrong. You have to regulate the system. My concern about regulation is that it's more vindictive than curative."

—**Alan Greenspan,** former chairman, Federal Reserve Board, in *Time*



Alan Greenspan