

Population and Standard of Living



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Overpopulation: Why I'm For It



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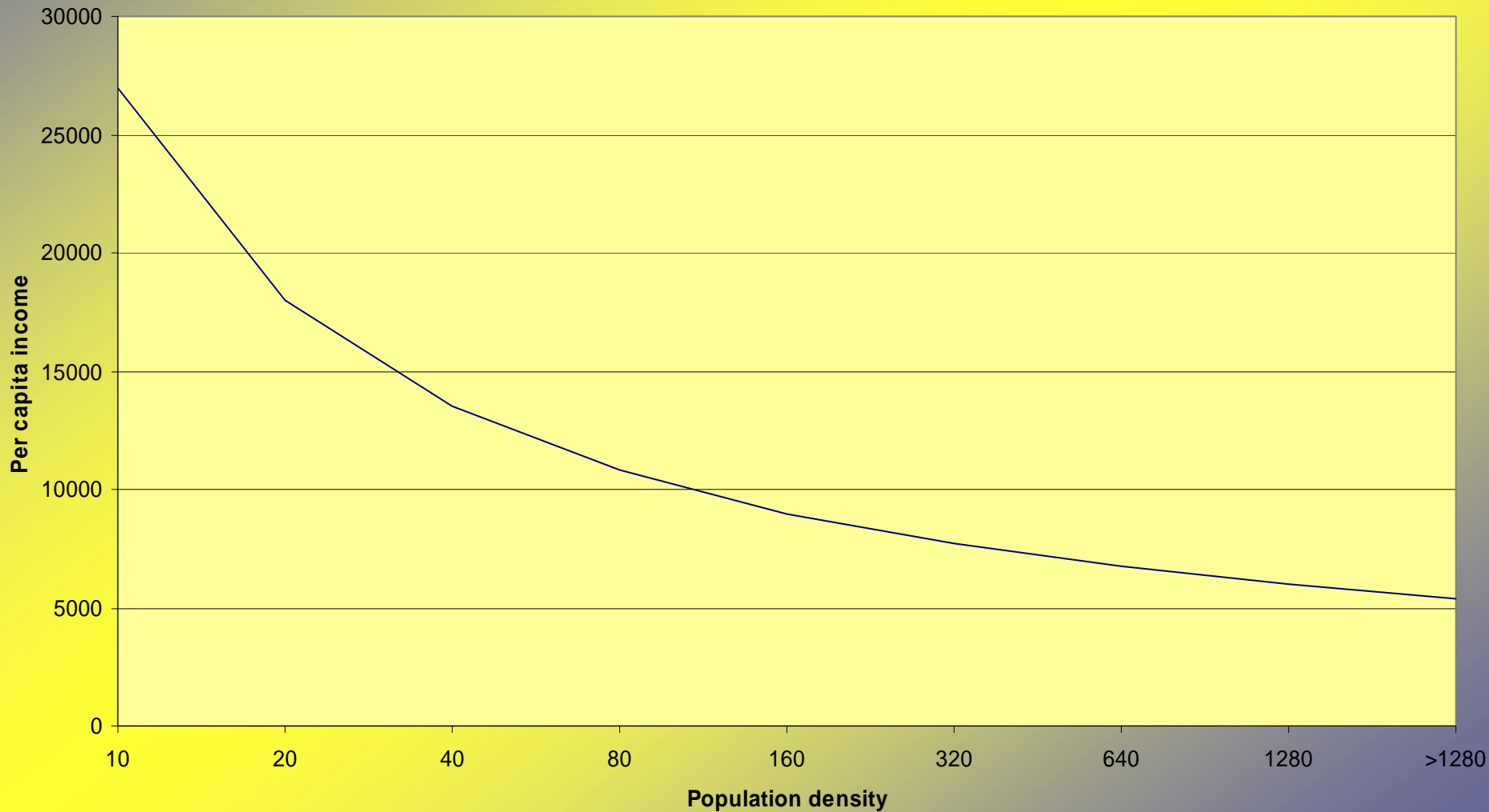
What is the relationship between
population density and standard of
living?

Conventional Wisdom

- Natural resources are finite
- More people means dividing the wealth more ways
- Therefore increasing population means decreasing standard of living, perhaps hyperbolic curve



Conventional Wisdom Graph



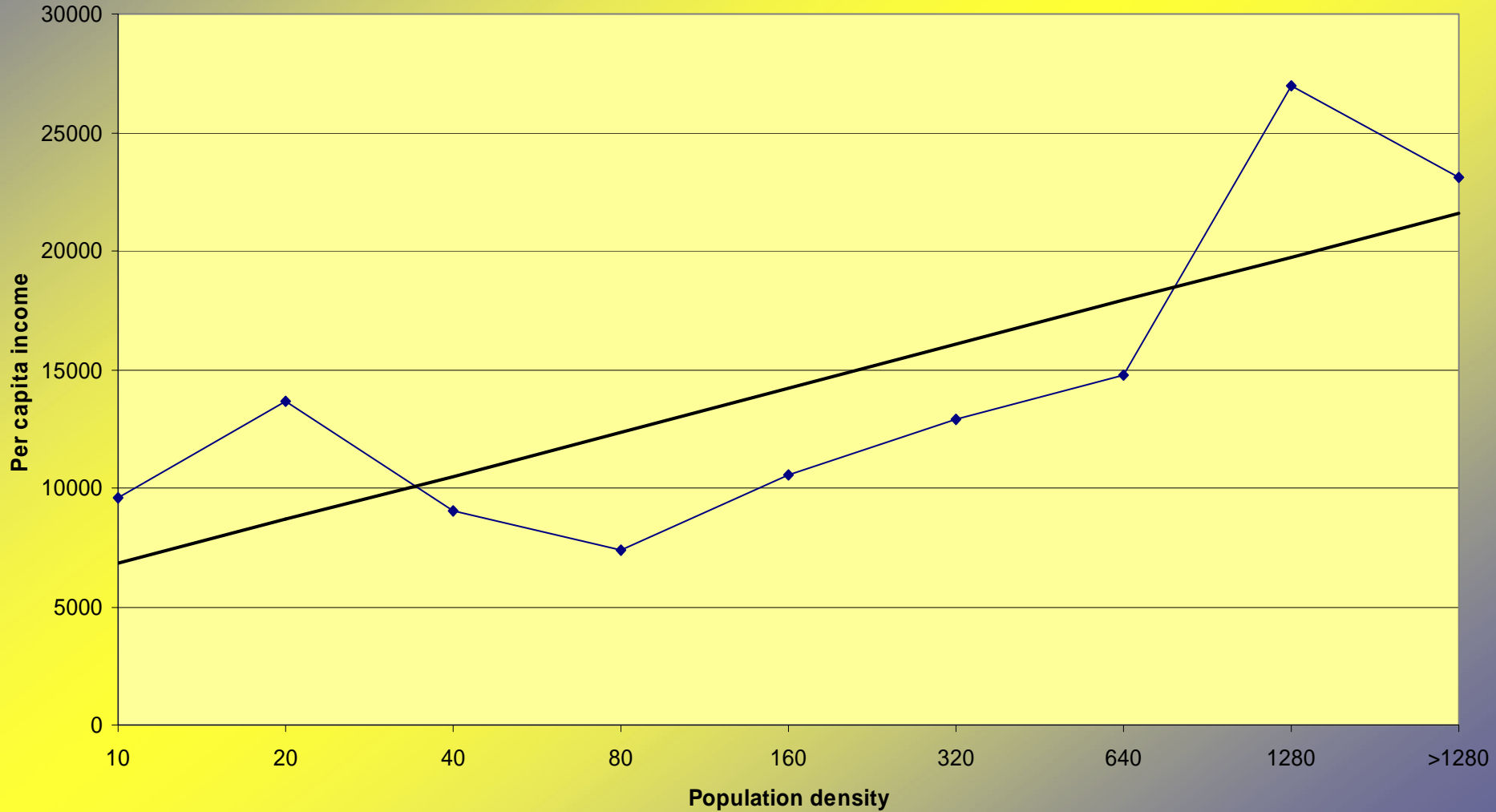
Criteria for analysis

- Use standard reference for data
- Don't cherry-pick data
 - Include all places for which reference has applicable data
- Simple analysis
 - No fancy statistical techniques

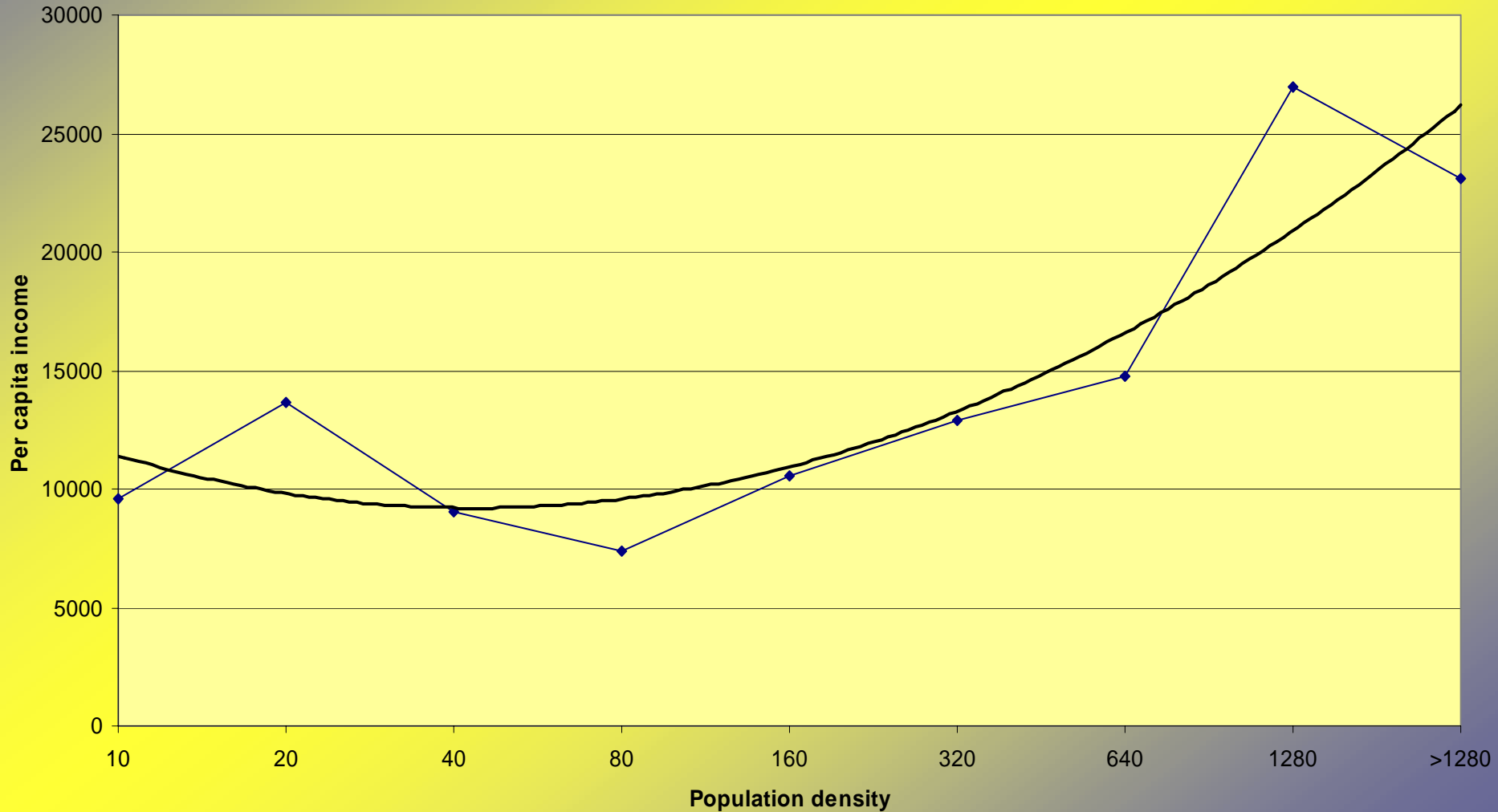
Analysis decisions

- Use CIA data
 - Available electronically
(<https://www.cia.gov/cia/publications/factbook/index.html>)
 - Gives purchasing power along with exchange rates
- Calculate average for ranges of population density
 - Group logarithmically

Actual Graph



Actual graph - Parabolic Trend

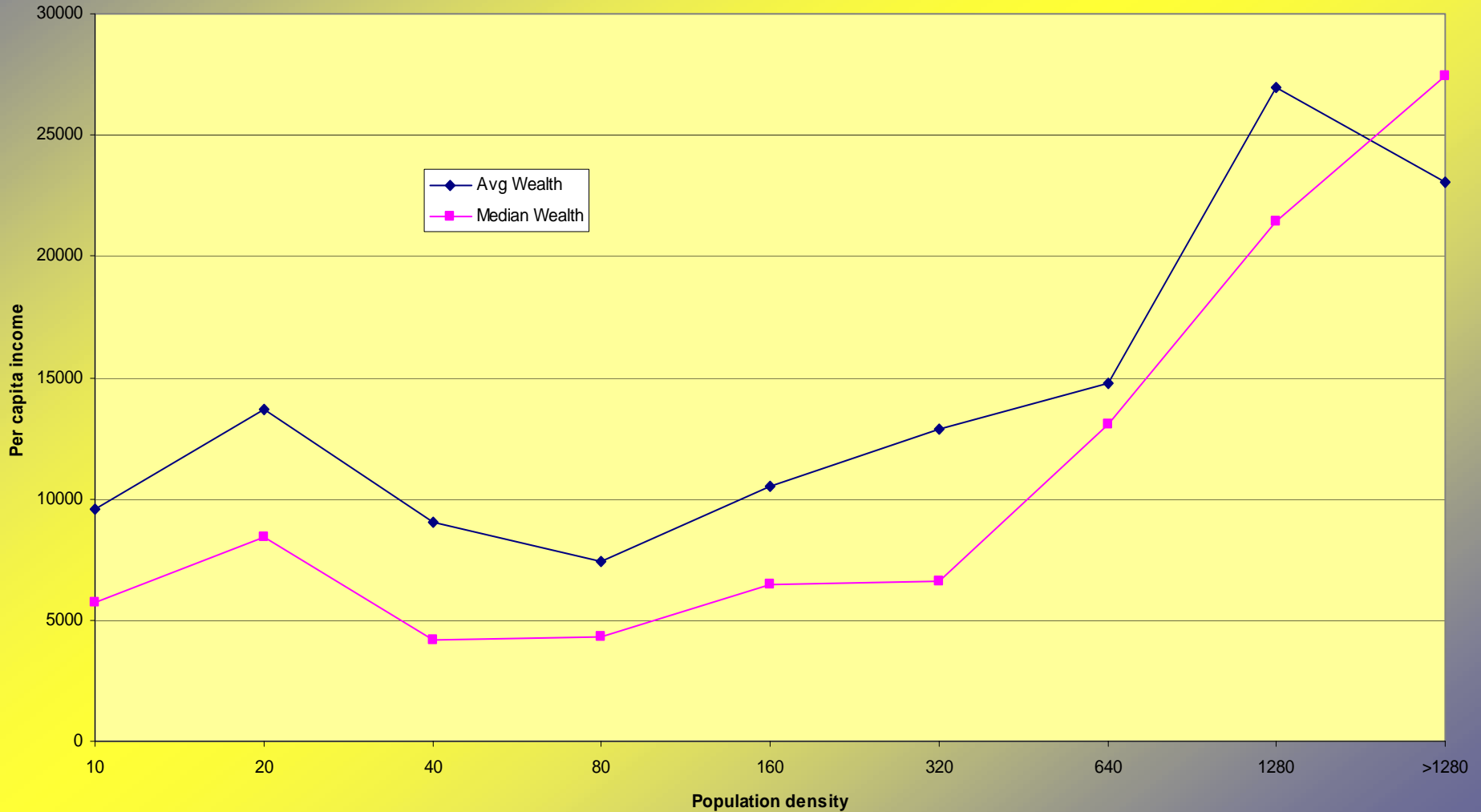


Data problems

- Data for Cyprus is inconsistent, but doesn't really affect trends
- 11-20 range distorted by two very rich countries, Norway and Equatorial Guinea (would be \$10,000)
- >1280 range distorted by one very poor place, Gaza Strip (would be \$27,600)

Median Plot

Not a whole lot different ...



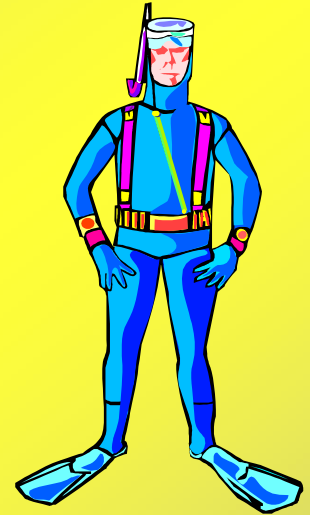
Theory

- Thus, the data indicate that greater population density – more crowding – is associated with *more* wealth
- Why is this?
 - Suggest two contributing factors

Specialization



- Are you good at ...
 - Singing?
 - Scuba diving?
 - Programming computers?
 - Performing brain surgery?



- Do you like to ...
 - Cook?
 - Fix cars?
 - Speak in public?
 - Mow lawns?

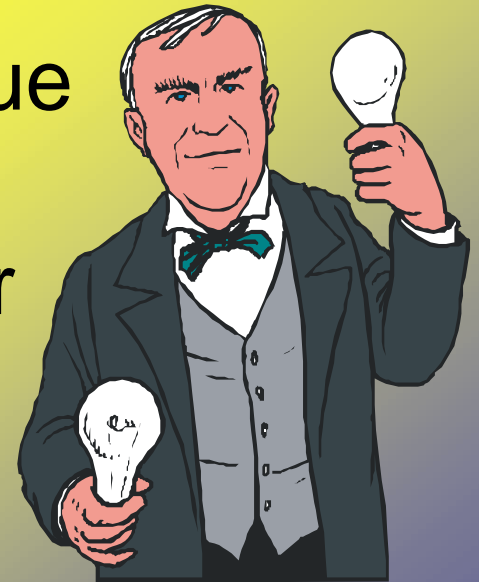


Specialization

- We can't all be good at everything
- We're more productive if we specialize
- Greater population allows greater specialization

Geniuses

- Geniuses, such as inventors & entrepreneurs, help everyone by inventing and distributing new products and services
- Question: How much is the value to you of a product or invention reduced by the number of other people using it?
 - Answer: None!



Geniuses

- Question: How is the number of geniuses affected by the size of the population?
 - Answer: Surely proportional to population
- Conclusion: More people means more geniuses, but their effect is not divided

Conclusion

- More people – greater population – provides a net benefit to the economy
- The data indicates that this benefit outweighs any economic disadvantages of “overcrowding”