

[Home pdf](#)

ECONOMIC EFFICIENCY: Social Darwinism,
by Jay Hanson, www.dieoff.com

(Permission to reprint explicitly granted.)

"There is an assumption in economics that the market system handles resource allocation in an efficient manner unless proven otherwise."
-- **ENERGY PLANNING AND POLICY**, Thomas H. Tietenberg

"All this was inspired by the principle -- which is quite true in itself -- that in the big lie there is always a certain force of credibility."

-- **MEIN KAMPF**, Adolf Hitler

DEFINITION

When an *engineer* uses the word "efficiently", it means "efficient use" -- a physical concept -- i.e., getting the most output for the least input. [1] But when an *economist* uses the word "efficiently", it means "efficient distribution" -- a political concept -- i.e., Social Darwinism.

Economic efficiency means that the "correct people" (those who can afford it) will get the "correct goods and services" (whatever they want). Economic efficiency allocates resources to people who are the most successful at gaining social power. In the economist's ideal world, *the rich get richer and the poor get poorer*.

INEVITABLE OUTCOME

If one can think like an engineer (social scientists will have difficulty doing this), one can deduce from first principles, history, and observation that a society based on "economic efficiency" will crash and dieoff. Here's how:

1). Visit the astronomy department at your local university and verify that Earth is indeed spherical. All spheres are finite, thus Earth is finite. Therefore, you can deduce that Earth's energy resources are finite too -- finite "energy stocks" (e.g., oil) and finite "energy flows" (e.g., wind).

2). Visit the physics department and verify that:

Energy is the capacity to do work (no energy = no work). Thus, the global economy is 100 percent dependent on energy -- it always has been, and it always will be. There are NO exceptions to the laws of thermodynamics.

The First Law of thermodynamics tells us that neither capital nor labor nor technology can "create" energy. Instead, available energy must be spent to

transform existing energy stocks, or to divert an existing energy flow into more available energy.

The Second Law of thermodynamics tells us that energy is wasted at every step in the economic process. The engines that actually do the work in our economy (so-called "heat engines", such as diesel engines) waste more than 50 percent of the energy contained in their fuel.

Energy resources must produce more energy than they consume, otherwise they are called "sinks" (this is known as the "net energy" principle). About 735 joules of energy are required to lift 15 kg of oil 5 meters out of the ground just to overcome gravity -- and the higher the lift, the greater the energy requirements. The most concentrated and most accessible oil is produced first; thereafter, more and more energy is required to find and produce oil. At some point, more energy is spent finding and producing oil than the energy recovered -- and the "resource" has become a "sink".

3). Visit the ecology (or population biology) department and verify that "overshoot", "crash", and "dieoff" are common in nature. Dieoff occurs when animals run out of energy stocks (food). H. Sapiens is running out of energy stocks (fossil fuel first, and then food).

Now that you have deduced the dieoff scenario from the science, turn on your TV set and observe that "dieoff" is already underway in Russia and Africa.

The only remaining question is when will "dieoff" come to a location near you? Many industry experts expect it in less than ten years. Some say it is here already. See <http://dieoff.com/synopsis.htm>

THE POLITICS OF ECONOMIC EFFICIENCY

"Economic efficiency" means "economic anarchy" (no government regulations). Economists are literally advocating "Social Darwinism" -- survival of the economically fittest -- the rest can suffer and die. In the words of Economic Nobel Laureate Milton Friedman: "Pinochet has supported a fully free-market economy as a matter of principle. Chile is an economic miracle." [2]

Although the first advocate of Friedman's Social Darwinism was the Dominican Friar St. Thomas Aquinas (1224-1274), [3] the British economist Thomas Malthus (1766-1834) was the first to really understand and record the real-world implications of Thomistic Philosophy:

"A man who is born into a world already possessed, if he cannot get subsistence from his parents on whom he has a just demand, and if the society do not want his labor, has no claim of right to the smallest portion of food, and, in fact, has no business to be where he is. At nature's mighty feast there is no vacant cover for

him. She tells him to be gone, and will quickly execute her own orders, if he does not work upon the compassion of some of her guests. If these guests get up and make room for him, other intruders immediately appear demanding the same favor. The report of a provision for all that come, fills the hall with numerous claimants. The order and harmony of the feast is disturbed, the plenty that before reigned is changed into scarcity; and the happiness of the guests is destroyed by the spectacle of misery and dependence in every part of the hall, and by the clamorous importunity of those, who are justly enraged at not finding the provision which they had been taught to expect. The guests learn too late their error, in counter-acting those strict orders to all intruders, issued by the great mistress of the feast, who, wishing that all guests should have plenty, and knowing she could not provide for unlimited numbers, humanely refused to admit fresh comers when her table was already full." [4]

Here is a recent example of Malthus' Thomistic Philosophy (Social Darwinism) by the notorious former World Bank Chief economist and US Treasury Secretary Lawrence H. Summers:

"I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable... because foregone earnings from increased morbidity" are low. He adds that "the underpopulated countries in Africa are vastly underpolluted; their air quality is probably vastly inefficiently low compared to Los Angeles.... " [5]

By using everyday words in idiosyncratic ways, economists hijack normative "feel good" terms for their heinous "feel bad" political agenda: Social Darwinism. Economists are able to use both definitions simultaneously in order to "feel good" about their politics while deceiving others -- which is a splendid example of lying to oneself in order to tell more convincing lies to others. Economists provide the best examples of how the animal evolved as the apex "social predator" rather than the apex "engineer" (economists don't know anything about the real world -- and they don't care).

"POLITICAL EFFICIENCY"

The reality of the economist's political agenda is a curious mixture of politics and efficiency: "political efficiency". Economists are trained to believe that "money" has nothing to do with politics and is simply a medium of exchange. But even the casual observer can see that money is social power because it "empowers" people to buy and do the things they want -- including buying and doing other people: politics.

If employers have the freedom to pay workers less "political power", then they will retain more political power for themselves. Money is, in a word, "coercion", and "economic efficiency" is correctly seen as a political concept designed to conserve social power for those who have it -- to make the politically powerful, even more powerful, and the politically weak, even weaker.

Economists have adopted normative terms and idiosyncratic definitions to make them better liars. Indeed, to the economist, lying is effortless and automatic. It's a way of life:

"Economists have become a plague as dangerous as rabbits, prickly pear or cane toads.

Economists have become the cultural cane toads of Canberra, oozing over the landscape and endangering myriad indigenous species. Not only the economy but also mental health would be greatly improved if we could lift the fog of obfuscation on things economic. The first step is to take economists from their pedestal and to see them as the curiosities they are. The first step to reducing their power is to reduce their legitimacy.

How is this to be achieved? First, economists' outpourings should, as a matter of principle, be met with laughter, derision, benign paternalism. They should cease to be employed as media commentators. In the long term they should cease to be hired. Let them be pensioned off and die out. Extinction is a worthy end for a profession whose brief is rotten to the core."

-- Dr. Evan Jones, Economics Department, University of Sydney

REFERENCES

[1] Energy efficiency is the percentage of total energy input that does useful work in an energy conversion system.

[2] Cite in Newsweek, Jan, 1982.

SUMMARY: So what was the record for the entire Pinochet regime? Between 1972 and 1987, the GNP per capita fell 6.4 percent. In constant 1993 dollars, Chile's per capita GDP was over \$3,600 in 1973. Even as late as 1993, however, this had recovered to only \$3,170. Only five Latin American countries did worse in per capita GDP during the Pinochet era (1974-1989). And defenders of the Chicago plan call this an "economic miracle."

Read more about Milton Friedman's Social Darwinist utopia at <http://www.lakota.clara.net/myths/economy.html>

[3] "Particularly important was Aquinas' brief outline of the mutual benefit each person derives from exchange. As he put it in the Summa: 'buying and selling seems to have been instituted for the mutual advantage of both parties, since one needs something that belongs to the other, and conversely.'" [p. 10, **ECONOMIC THOUGHT BEFORE ADAM SMITH**, by Murray N. Rothbard; Edward Elgar, 1995; <http://www.amazon.com/exec/obidos/ASIN/1852789611/brainfood.a>]

St. Thomas Aquinas' free trade politics were finally perfected three hundred years later by the Jesuit Father Luis Molina (1535-1600): "If merchants paying and accepting market prices, made gains, this was all right, and if they suffered losses, this was bad luck or else a penalty for incompetence, so long as gain or loss resulted from the unhampered working of the market mechanism though not if it resulted, for example, from price fixing by public authority or monopolistic concerns." [pp. 98-99, **HISTORY OF ECONOMIC**

ANALYSIS, Joseph Schumpeter; George Allen,
1954; <http://www.amazon.com/exec/obidos/ASIN/0195105591/brainfood.a>]

Today, the religious disciples of St. Thomas are the Neoclassical economists: "Adam Smith's key insight was that both parties to an exchange can benefit and that, so long as cooperation is strictly voluntary, no exchange will take place unless both parties do benefit." -- Nobel Laureate economist Milton Friedman [p. 2, **FREE TO CHOOSE**, Milton and Rose Friedman; Harvest,
1980; <http://www.amazon.com/exec/obidos/ASIN/0156334607/brainfood.a>]

Of course, Friedman is wrong here. Everything Smith wrote derives from the Scholastics and the Physiocrats. Specifically, the ideology of "free trade" comes from St. Thomas. The early industrialists could hardly have sold Catholic religious teaching to Protestants, so they used Smith as a "shill" for Catholic theology. As might be expected from a discipline founded entirely on lies, economic students aren't even taught the true history of their discipline!

The entire religious program of the neoclassical economists is presented well in **REACHING FOR HEAVEN ON EARTH**, by Robert Nelson; Rowman & Littlefield, 1993; <http://www.amazon.com/exec/obidos/ASIN/0822630249/brainfood.a>

[4] AN ESSAY ON THE PRINCIPLE OF POPULATION, 2nd edition, Thomas Malthus

[5] The Memo DATE: December 12, 1991

TO: Distribution

FR: Lawrence H. Summers

Subject: GEP

'Dirty' Industries: Just between you and me, shouldn't the World Bank be encouraging MORE migration of the dirty industries to the LDCs [Less Developed Countries]? I can think of three reasons:

1) The measurements of the costs of health impairing pollution depends on the foregone earnings from increased morbidity and mortality. From this point of view a given amount of health impairing pollution should be done in the country with the lowest cost, which will be the country with the lowest wages. I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable and we should face up to that.

2) The costs of pollution are likely to be non-linear as the initial increments of pollution probably have very low cost. I've always thought that under-populated countries in Africa are vastly UNDER-polluted, their air quality is probably vastly inefficiently low compared to Los Angeles or Mexico City. Only the lamentable facts that so much pollution is generated by non-tradable industries (transport, electrical generation) and that the unit transport costs of solid waste are so high prevent world welfare enhancing trade in air pollution and waste.

3) The demand for a clean environment for aesthetic and health reasons is likely to have very high income elasticity. The concern over an agent that causes a one in a million change in the odds of prostate cancer is obviously going to be much higher in a country where people survive to get prostate cancer than in a country where under 5 mortality is 200 per thousand. Also, much of the concern over industrial atmosphere discharge is about visibility impairing particulates. These discharges may have very little direct health impact. Clearly trade in goods that embody aesthetic pollution concerns could be welfare enhancing. While production is mobile the consumption of pretty air is a non-tradable.