

THE PROSPERITY PARADOX

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MEDIA

[VIDEO TRANSCRIPT]

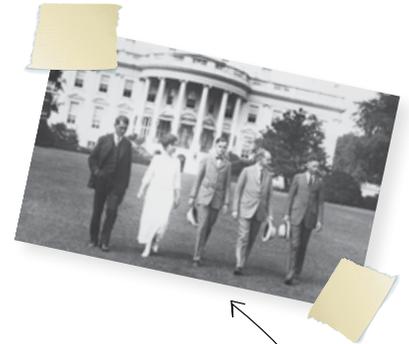
A 16-year-old boy gets a blister...and is dead within a week.

A man in his 50s ends up in the grave...because he can't get antibiotics that cost just a few cents.

We've all heard stories about the horrors of extreme poverty. But these aren't those stories. At least not in the way you think.

Because the 16-year-old boy was the son of the sitting President of the United States.¹

And the guy who couldn't get antibiotics...was the richest man on the planet.²



How rich exactly? It's difficult to make financial comparisons across long periods of history, but [biographer Niall Ferguson](#) estimates that Nathan Mayer Rothschild's fortune was 160,000 times Britain's per capita GDP at the time. The comparable amount in modern America? Over \$10.1 billion.

You're probably not either of those things. So how is it that you live better than them?

There are two things you need to know about America...

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1. **We've got a lot of money.** We're the richest country on the face of the planet.³

2. **None of us think we've got a lot of money.** In fact, one survey found that only 13% of America's millionaires consider themselves wealthy.⁴

Now, this sounds objectively nuts. But here's the thing: When we get more money, we tend to spend more money, which...leaves us feeling like we have less money. So, regardless of income, we don't necessarily feel wealthy, because we're still defining ourselves by all the things we just can't quite afford.

(Someday you will be mine, \$460 Prada paper clip. And, oh, the documents we will collate together.)

We all see the problem here, right? As your standard of living increases so do your expectations.

And, really, it's even worse than that. **Research has shown that the typical American judges his level of wealth not by objective standards like how much income he brings in, but by relative ones: how much money he has compared to his peers and neighbors.**⁵

Interestingly, **research suggests** that this phenomenon is more pronounced the more neighbors there are. Comparative judgments about wealth are more intense in countries with higher population densities.



In other words: We get a little bit of satisfaction from making money. We get a lot of satisfaction from making more money than the bastard next door. And if the bastard next door is Jeff Bezos... we're gonna be pretty miserable.

Not only does thinking about money this way lead to unhappiness at the individual level, it leads to a total lack of perspective at the national level.

In a 2017 Pew poll, 41% of Americans said life in the United States is worse today than it was 50 years ago.⁶ Which is—to use the scientific term—absolutely crackers.

During those 50 years, Americans' incomes increased by nearly 150%.⁷ The average size of our homes went up over 60%.⁸ Our life expectancy shot up by almost a decade.⁹



One measure of just how good we've got it: An [analysis by the economist Mark Perry](#) concluded that the amount of energy used by the average American for things like cooking, electricity, transportation, etc. equals the manpower of a nearly 600-person team of servants.

Not that we've solved every problem: We still have plenty to do to combat poverty and economic hardship. But what's remarkable about the progress we have made is that it applies across the board. Regardless of whether you're rich or poor, your standard of living is vastly higher than it was half a century ago.

Go back longer than that and it's even more stark. **Before the early 1800s, western nations barely saw any economic growth at all.¹⁰ The amount of growth over a century was less than what modern America has seen in some years.**

How dramatic has the shift in the past few centuries been? World per capita GDP in the year 1 AD has been estimated at \$467. By 1820, it had only grown to \$666. The figure for 2020? [Just under \\$11,000.](#)

The result of all that growth: If you're a typical, middle-class American, you, in many ways, have a higher standard of living than even the wealthiest people of earlier generations.

You're not gonna die from a lack of antibiotics. A blister is something you can solve with a trip to your neighborhood drug store. In fact, we live in an age of such abundance that your biggest problem may be that the receipt from that drug store is something you can wallpaper your house with.

Seriously, does anyone know why we do this?

Actually, plenty of people have investigated the [mystery of the massive CVS receipts](#). The answer? Ostensibly, it's about advertising the benefits of the chain's membership program; however, many observers suspect it's a way for the drug store to garner media mentions. What can we say? We fell for it.



Sure, there are still nice things the wealthy have that we don't, but even there: It's not that we'll never have them. It's just that we'll have them once they're better and more affordable.

Case in point: In 1987, this was what a super-rich guy's cell phone looked like (see right). At the time the movie *Wall Street* was released, less than 1/10 of 1% of Americans owned cell phones.¹¹ Today, 97% do.¹² And if you think your smartphone is pricey, this one would run you nearly \$10,000 in today's money.¹³



And what would you get for that \$10,000? A pretty disappointing product, at least by today's standards. [The Motorola DynaTAC's](#) battery took 10 hours to charge—at which point it had enough power for about 30 minutes.

So while it might seem like you're missing out, **those rich suckers are actually paying the premium that will eventually get a more affordable version of the same product into your hands.** And in recent decades the time it takes for those kinds of items to go from pricy luxuries to affordable necessities is shrinking dramatically.¹⁴

There's just one catch to all of this progress: It's not inevitable. If you take away people's ability to innovate and be creative, you take away a country's wealth.

Venezuela used to be the richest country in Latin America. Now its economy is in a total freefall.¹⁵

Lebanon used to be called the Switzerland of the Middle East. Now they have power outages that can last 23 hours a day.¹⁶

North Korea's economy is underperforming...by the standards of the 12th century.¹⁷

That's not a gratuitous insult. Their economic growth is actually lower than the estimated growth in the 12th century.¹⁸



The openness and creativity of the American economy has served us well. We live much better lives than almost any humans who've ever inhabited the planet.

The result: You'll never have to worry that a minor ailment will put you at death's door.

You'll never know poverty of the type your ancestors accepted as normal.

And you'll never-ever-look this stupid holding a cell phone.

[END OF SCRIPT]

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