

Technology, innovation and entrepreneurship

Higher standards of living through markets and competition

[Fadhel Kaboub](#) Mar. 29 . 2004

On Thursday Mar. 25, more than 100 UMKC students and faculty attended "Innovation and entrepreneurship - Impacts upon our standard of living," a lecture by Russell Roberts, Professor of economics at George Mason University.

"What was our standard of living 100 years ago? Are we better or worse off?" asked Dr. Roberts. "We're of course better off in terms of the average person's command over goods and services, and in terms of our ability to enjoy the material well-being."

Dr. Roberts argued that our standard of living today is 10 to 30 times higher than what it was in 1900. "Back then 40 percent of Americans worked on the farms; today the figure is less than 2 percent."



DR. RUSSELL ROBERTS (RIGHT)
SIGNING HIS BOOK AND
DISCUSSING WITH **UMKC** STUDENTS.

"The average work-load for people working on the farm was 74 hours a week in 1900, and the average work-load for people working outside the farm was 67 hours a week," said Dr. Roberts.

"An hour of work in 1900 is very different from what we call 'work' today where you go do your airline reservation online..."

Dr. Roberts argued that once could make the case that the average American today lives better than the richest American in 1900.

"What was the process by which we transformed our economy in the last 100 years?"

"It's not an act of nature that we are enjoying a better standard of living today. It is technology," said Dr. Roberts. "We know more stuff, we have accumulated knowledge."

The best part of it, said Dr. Roberts, is that there is no one in charge of technology. "Is there a Czar of technology? Is there a Ministry of Technology? Is there a U.S. department of technology?" No, said Roberts, "nobody planned it." It's through a process of trial and error that knowledge developed, productivity increased, consumers responded by purchasing new products, and competition ensured the continuity of this process.

It is markets, competition, and what Fredrick Hayek called the 'spontaneous order', said Dr. Roberts, "the order that comes from everybody trying to buy and sell." And the key to this system is the price system which ensures the flow of information between economic agents. "The role of prices and competition has to be preserved," said Dr. Roberts.

When asked about the increasing role of China and India in the world economy and how it might undermine U.S. economic power, Dr. Roberts said that there is no doubt in his mind that more trade with China and India is a good thing. "People are scared of India because their population is large, they speak English, and they don't look exactly like the average American; and the same feeling prevails about Chinese."

"The top four nations that do outsourcing in call centers are Canada, Israel, Ireland, and India," said Dr. Roberts, "but you don't hear anyone saying anything about the Canadians or the Irish because they look like us. It is an appeal to racism to scar people; it is disgusting, despicable, and false."

Dr. Roberts is the author of two popular books, *The Invisible Heart: An Economic Romance* and *The Choice: A Fable of Free Trade and Protectionism*. Both books are novels that explain fundamental economic ideas and are widely used in the classroom. The Choice was named one of the top ten books of 1994 by *Business Week* and one of the best books of 1994 by the *Financial Times*.

The event was cosponsored by the UMKC Activity & Program Council, Beta Alpha Psi, Delta Sigma Pi, Arvin Gottlieb Missouri Endowment, Department of Economics, and the Bloch School Student Association.

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