



Looking ahead to 2024

By Richard W. Rahn

TRUMP MAY DISAGREE, BUT HUMAN PRODUCTIVITY IS ALREADY POISED TO LEAP

Most new cars sold in 2024 will have self-driving capabilities so that the number of auto fatalities will be falling rapidly. That is an easy prediction, because the technologies have already been developed and roll-outs of the new cars are being planned and, in some cases, are underway.

There will be many seen and unseen new technologies in the next eight years, so by the end of the Trump administration (assuming he is re-elected), the world will look very different. Unfortunately, economic advances take place more slowly, and political advances even more slowly — without much advancement in 2,000 years. President Trump has made many promises and, even if he is unusually skilled or lucky, some are unlikely to come about. For instance, his pledge to get rid of radical Islamic terrorism from the face of the earth is wishful thinking.

Mr. Trump has focused on the need to create more jobs at higher real wages — an obtainable goal, but not in the way that he has so far described. Removing counterproductive regulations and taxes and reducing wasteful government spending should lead to higher growth and, hence, more and better jobs. However, manufacturing jobs, as contrasted with manufacturing activity, are not coming back to the United States, nor are they coming

back most anywhere. New technologies have been rapidly eliminating manufacturing jobs everywhere — even in China. Robots and 3D printing increasingly will be able to manufacture most everything at lower costs — and without the monotonous and physically demanding labor that most manufacturing involves. In 2024, it is likely that U.S. manufacturing output will be significantly higher than today, but with far fewer workers.

If not in manufacturing, where will all the new jobs be? The truth is no one knows, but they are likely to appear as they always have in the past. Large numbers of people now have jobs that were rare or unknown three decades ago. When farm mechanization began 150 years ago, many argued that there would be massive permanent unemployment because more than 70 percent of all workers were employed on farms at the time. We are now at a point where machines and robots have or soon will replace virtually all farm labor (but not farms), and yet both the number of jobs and real wages rose all during the time of substituting capital for labor on farms.

Mr. Trump will soon find out that to increase the total number of jobs at higher real wages, the United States will need more trade rather than less. Trade increases the extent of the market, thus reducing unit costs, and allows for comparative advantage, making better use of labor (resulting in higher real wages) and capital everywhere.

Most cars spend much of their lives parked somewhere. They slowly lose value even when not moving and they take up a great amount of space. That is about to change with the advent of autonomous cars. These will be cars that you call on your smartphone and then almost immediately show up in urban areas, and take you where you want to go, without a driver. As a result, many people in cities will cease owning cars, freeing up the capital and space now tied up in them for a better use.

Some of the most radical changes will likely take place in education and medical care. As a result of the development of the smartphone, tablets and laptops, almost everyone on

the planet will have access, almost for free, to the world's best teachers, educational materials, and almost the entire stock of human knowledge. The old moss-covered educational establishment is about to be disrupted in ways it cannot image. High-cost, low-performance educational institutions are going to disappear at an increasingly rapid rate, while real education (as defined by the teaching of skills and transference of knowledge) is going to be better and cheaper for almost everyone. And as technological change moves faster and old jobs and professions cease to exist, most people will be “retrained” several times, but in interesting and low-cost ways.

Health care costs of most government budgets (Medicare and Medicaid) are increasing at unsustainable rates but, again, technology is likely to come to the rescue. New devices are already in the pipeline to work with your phone to measure many of your body's basic functions, catching problems early and, in many cases, providing people with low-cost solutions. Computers like Watson will be able to provide everyone with the world's best medical analysis and diagnosis, eliminating the need for much unnecessary testing and related fees. Two hundred years ago, two out of five children died before their fifth birthday, now almost none do. For 150 years, human life spans have been increasing, and now the rate of increase is about to greatly accelerate, so young people alive today can expect to live well over 100 years.

Human beings, being human, also have the capacity to mess most everything up — engaging in wars or failing to control government spending — but still the probabilities are that 2024 will be a better and more prosperous world than 2017.

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