



There's Always Hope

by Richard W. Rahn

DESPITE PROLIFERATING DOOMSDAY SCENARIOS, IT'S YET TO ARRIVE

For most people, particularly in the United States, things have never been better. Yet, the newspapers and airwaves are filled with stories of impending disaster. Many of the doomsday scenarios have been around for some time but doomsday has yet to arrive.

We were told by The New York Times, The Washington Post, CNN, MSNBC, etc. that the Trump election would be an economic calamity and that we would be in major new wars by now. None of this happened — in fact, just the opposite — but sometime the boom will end, maybe next month, next year; no one knows with certainty. Unemployment was supposed to have increased, but instead, we have a job shortage. Income disparities were supposed to have increased, but they have declined. Low-wage people are actually experiencing faster wage increases than the middle class.

Many articles have been published about “the fact” that robots are going to take all of our jobs and there will be nothing for future generations to do — but this is always said about new

technologies. Farms have been so automated that 1 percent of our workers grow virtually all of our food — where the figure was once something like 90 percent of the workers were on farms. It is not known from where all the new jobs will come, but come they will. How many people wrote code 50 years ago?

We are told that medical care will bankrupt us as the population gets older. But in all fields, except those micromanaged by government, things get faster and cheaper. Devices on or in our bodies will monitor our health on a real-time basis, allowing us to take care of most medical problems before they become big and expensive. If we allow the market to work, medical care will become better and less expensive.

People are now living to great ages and having fewer and fewer children, so pension systems based on government-encouraged or managed “Ponzi” schemes that depend on a growing number of workers and the early deaths of retirees will indeed go bankrupt. But privately managed pension programs in which workers can voluntarily, or even be required to, place some of their earnings into qualified pension savings accounts, as they do in approximately 30 countries ranging from Chile to Sweden, can go on forever.

For the past three or four decades, we have been told by environmental zealots that the end of the world is near — often 10 or so years out. The Arctic ice cap is still with us. Polar bears appear to be at record numbers. Cold, snowy winters are still with us. Rather than more drought, there has been more rainfall — record rainfall for this past winter for the entire United States, and the great Western drought which was supposed to get worse has all but disappeared. The number of hurricanes and tornadoes has declined, not increased. Ocean levels are rising no faster than they have for the past few thousand years.

Rationality may take hold when people begin to realize that mankind can engineer its way out of sea level rise and many other environmental problems, as it has always done. The City of Miami Beach, which was an artificial construct to begin with, is now raising the level of much of the city

because that was the cheapest and best option, rather than trying to change the world’s climate. The betting is Miami Beach will be with us for at least another century or two. Next-generation nuclear power and fracking natural gas can take care of much of the CO2 problem — if people can get over their unrealistic romance with “renewables” — which have only limited cost-effectiveness.

A major problem is the buildup of excessive debt by many of the world’s governments. At some point, the government bond market will die because of the lack of buyers, and governments will engage in partial or full defaults. Raising taxes will not be an option given that most tax rates are already above the long-run revenue-maximizing rate. Fortunately, just in time, the technology for private entrepreneurs to produce various forms of private money as a replacement for the increasingly discredited government monies. These private monies will be encrypted and circulate outside of the traditional banking system, making them very difficult for the government to tax.

Governments have a long record of doing stupid things, but the people have an equally long record of finding legal or illegal ways of getting around stupid governments. The Internet, advanced encryption, blockchains and all the rest may make it easier for individuals to solve problems caused by governments. Natural disasters have always and will continue to be with us, but again advanced communication and warning systems will increasingly mitigate surprises.

The good news is that the “end-of-the-world” crowd has a terrible track record, and there is no reason to believe it will get any better. Mankind has solved every problem that was supposed to end its existence. The bet is our collective wisdom will triumph.

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