

## **Economic Possibilities for our Grandchildren (1930)**

We are suffering just now from a bad attack of economic pessimism. It is common to hear people say that the epoch of enormous economic progress which characterised the nineteenth century is over; that the rapid improvement in the standard of life is now going to slow down – at any rate in Great Britain; that a decline in prosperity is more likely than an improvement in the decade which lies ahead of us.

I believe that this is a wildly mistaken interpretation of what is happening to us. We are suffering, not from the rheumatics of old age, but from the growing-pains of over-rapid changes, from the painfulness of readjustment between one economic period and another. The increase of technical efficiency has been taking place faster than we can deal with the problem of labour absorption; the improvement in the standard of life has been a little too quick; the banking and monetary system of the world has been preventing the rate of interest from falling as fast as equilibrium requires.

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The prevailing world depression, the enormous anomaly of unemployment in a world full of wants, the disastrous mistakes we have made, blind us to what is going on under the surface to the true interpretation of the trend of things. For I predict that both of the two opposed errors of pessimism which now make so much noise in the world will be proved wrong in our own time—the pessimism of the revolutionaries who think that things are so bad that nothing can save us but violent change, and the pessimism of the reactionaries who consider the balance of our economic and social life so precarious that we must risk no experiments.

My purpose in this essay, however, is not to examine the present or the near future, but to disembarass myself of short views and take wings into the future. What can we reasonably expect the level of our economic life to be a hundred years hence? What are the economic possibilities for our grandchildren?

From the earliest times of which we have record—back, say, to two thousand years before Christ—down to the beginning of the eighteenth century, there was no very great change in the standard of life of the average man living in the civilised centres of the earth. Ups and downs certainly. Visitations of plague, famine, and war. Golden intervals. But no progressive, violent change. Some periods perhaps 50 per cent better than others at the utmost 100 per cent better—in the four thousand years which ended (say) in A. D. 1700.

This slow rate of progress, or lack of progress, was due to two reasons—to the remarkable absence of important technical improvements and to the failure of capital to accumulate.

The absence of important technical inventions between the prehistoric age and comparatively modern times is truly remarkable. Almost everything which really matters and which the world possessed at the commencement of the modern age was already known to man at the dawn of history. Language, fire, the same domestic animals which we have today, wheat, barley, the vine and the olive, the plough, the wheel, the oar, the sail, leather, linen and cloth, bricks and pots,

gold and silver, copper, tin, and lead-and iron was added to the list before 1000 B.C.-banking, statecraft, mathematics, astronomy, and religion. There is no record of when we first possessed these things.

At some epoch before the dawn of history perhaps even in one of the comfortable intervals before the last ice age-there must have been an era of progress and invention comparable to that in which we live today. But through the greater part of recorded history there was nothing of the kind.

The modern age opened; I think, with the accumulation of capital which began in the sixteenth century. I believe-for reasons with which I must not encumber the present argument-that this was initially due to the rise of prices, and the profits to which that led, which resulted from the treasure of gold and silver which Spain brought from the New World into the Old. From that time until today the power of accumulation by compound interest, which seems to have been sleeping for many generations, was re-born and renewed its strength. And the power of compound interest over two hundred years is such as to stagger the imagination.

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From the sixteenth century, with a cumulative crescendo after the eighteenth, the great age of science and technical inventions began, which since the beginning of the nineteenth century has been in full flood—coal, steam, electricity, petrol, steel, rubber, cotton, the chemical industries, automatic machinery and the methods of mass production, wireless, printing, Newton, Darwin, and Einstein, and thousands of other things and men too famous and familiar to catalogue.

What is the result? In spite of an enormous growth in the population of the world, which it has been necessary to equip with houses and machines, the average standard of life in Europe and the United States has been raised, I think, about fourfold. The growth of capital has been on a scale which is far beyond a hundredfold of what any previous age had known. And from now on we need not expect so great an increase of population.

If capital increases, say, 2 per cent per annum, the capital equipment of the world will have increased by a half in twenty years, and seven and a half times in a hundred years. Think of this in terms of material things—houses, transport, and the like.

At the same time technical improvements in manufacture and transport have been proceeding at a greater rate in the last ten years than ever before in history. In the United States factory output per head was 40 per cent greater in 1925 than in 1919. In Europe we are held back by temporary obstacles, but even so it is safe to say that technical efficiency is increasing by more than 1 per cent per annum compound. There is evidence that the revolutionary technical changes, which have so far chiefly affected industry, may soon be attacking agriculture. We may be on the eve of improvements in the efficiency of food production as great as those which have already taken place in mining, manufacture, and transport. In quite a few years-in our own lifetimes I mean-we may be able to perform all the operations of agriculture, mining, and manufacture with a quarter of the human effort to which we have been accustomed.

For the moment the very rapidity of these changes is hurting us and bringing difficult problems to solve. Those countries are suffering relatively which are not in the vanguard of progress. We are being afflicted with a new disease of which some readers may not yet have heard the name, but of which they will hear a great deal in the years to come—namely, *technological*

*unemployment*. This means unemployment due to our discovery of means of economising the use of labour outrunning the pace at which we can find new uses for labour.

But this is only a temporary phase of maladjustment. All this means in the long run *that mankind is solving its economic problem*. I would predict that the standard of life in progressive countries one hundred years hence will be between four and eight times as high as it is. There would be nothing surprising in this even in the light of our present knowledge. It would not be foolish to contemplate the possibility of a far greater progress still.

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I draw the conclusion that, assuming no important wars and no important increase in population, the *economic problem* may be solved, or be at least within sight of solution, within a hundred years. This means that the economic problem is not-if we look into the *future-the permanent problem of the human race*.

Why, you may ask, is this so startling? It is startling because-if, instead of looking into the future, we look into the past-we find that the economic problem, the struggle for subsistence, always has been hitherto the primary, most pressing problem of the human race-not only of the human race, but of the whole of the biological kingdom from the beginnings of life in its most primitive forms.

Thus we have been expressly evolved by nature-with all our impulses and deepest instincts-for the purpose of solving the economic problem. If the economic problem is solved, mankind will be deprived of its traditional purpose.

Will this be a benefit? If one believes at all in the real values of life, the prospect at least opens up the possibility of benefit. Yet I think with dread of the readjustment of the habits and instincts of the ordinary man, bred into him for countless generations, which he may be asked to discard within a few decades.

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The strenuous purposeful money-makers may carry all of us along with them into the lap of economic abundance. But it will be those peoples, who can keep alive, and cultivate into a fuller perfection, the art of life itself and do not sell themselves for the means of life, who will be able to enjoy the abundance when it comes.

Yet there is no country and no people, I think, who can look forward to the age of leisure and of abundance without a dread. For we have been trained too long to strive and not to enjoy. It is a fearful problem for the ordinary person, with no special talents, to occupy himself, especially if he no longer has roots in the soil or in custom or in the beloved conventions of a traditional society. To judge from the behaviour and the achievements of the wealthy classes today in any quarter of the world, the outlook is very depressing! For these are, so to speak, our advance guard-those who are spying out the promised land for the rest of us and pitching their camp there. For they have most of them failed disastrously, so it seems to me-those who have an independent income but no associations or duties or ties-to solve the problem which has been set them.

I feel sure that with a little more experience we shall use the new-found bounty of nature quite differently from the way in which the rich use it today, and will map out for ourselves a plan of life quite otherwise than theirs.

For many ages to come the old Adam will be so strong in us that everybody will need to do some work if he is to be contented. We shall do more things for ourselves than is usual with the rich today, only too glad to have small duties and tasks and routines. But beyond this, we shall endeavour to spread the bread thin on the butter-to make what work there is still to be done to be as widely shared as possible. Three-hour shifts or a fifteen-hour week may put off the problem for a great while. For three hours a day is quite enough to satisfy the old Adam in most of us!

There are changes in other spheres too which we must expect to come. When the accumulation of wealth is no longer of high social importance, there will be great changes in the code of morals. We shall be able to rid ourselves of many of the pseudo-moral principles which have hag-ridden us for two hundred years, by which we have exalted some of the most distasteful of human qualities into the position of the highest virtues. We shall be able to afford to dare to assess the money-motive at its true value. The love of money as a possession -as distinguished from the love of money as a means to the enjoyments and realities of life -will be recognised for what it is, a somewhat disgusting morbidity, one of those semicriminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease. All kinds of social customs and economic practices, affecting the distribution of wealth and of economic rewards and penalties, which we now maintain at all costs, however distasteful and unjust they may be in themselves, because they are tremendously useful in promoting the accumulation of capital, we shall then be free, at last, to discard.

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I look forward, therefore, in days not so very remote, to the greatest change which has ever occurred in the material environment of life for human beings in the aggregate. But, of course, it will all happen gradually, not as a catastrophe. Indeed, it has already begun. The course of affairs will simply be that there will be ever larger and larger classes and groups of people from whom problems of economic necessity have been practically removed. The critical difference will be realised when this condition has become so general that the nature of one's duty to one's neighbour is changed. For it will remain reasonable to be economically purposive for others after it has ceased to be reasonable for oneself.

The pace at which we can reach our destination of economic bliss will be governed by four things-our power to control population, our determination to avoid wars and civil dissensions, our willingness to entrust to science the direction of those matters which are properly the concern of science, and the rate of accumulation as fixed by the margin between our production and our consumption; of which the last will easily look after itself, given the first three.

Meanwhile there will be no harm in making mild preparations for our destiny, in encouraging, and experimenting in, the arts of life as well as the activities of purpose.

But, chiefly, do not let us overestimate the importance of the economic problem, or sacrifice to its supposed necessities other matters of greater and more permanent significance. It should be a matter for specialists-like dentistry. If economists could manage to get themselves thought of as humble, competent people, on a level with dentists, that would be splendid!