

theirview

The future of our economy

A smaller labour force is required to meet extant demand, leading to a vicious cycle of lower demand and employment

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The economy has not behaved the way economic textbooks prescribe ever since the global financial crisis broke over a decade ago. Economic policies are proving to be singularly ineffective in reviving the global economy. Governments have been running levels of fiscal deficits and public debt that most economists balk at. Central banks have been experimenting with unorthodox policies such as quantitative easing, zero interest rate and now negative interest rate policy. But all the king's men and horses have been unable to put Humpty Dumpty back together again.

Is this a temporary phenomenon or an indicator of structural transformation underway? If so, transforming into what exactly? What does our economic future look like? Where can we turn to get a glimpse of this?

Science fiction is perhaps our only source. Past experience indicates that human ingenuity is only limited by imagination. After all, several fanciful science fiction constructs have eventually come about, such as submarines, tanks, spaceships, robots and recently, 3D printers. Many more may do so in the future. We should never stop imagining this future.

Star Trek has long been acknowledged as one of the more thoughtful works of science fiction. Although originally set in the 21st century where the crew profile of *USS Enterprise* mirrored that of the ill-fated Columbia space shuttle, the subsequent *Next Generation* series is set in the 24th. In a new book, *Treconomics*, Manu Saadia has gleaned the kind of economy expected far into the future.

There is no such thing as money, the universal store of value and exchange, as this is a society of plenty rather than of scarcity. There is, consequently, no need for trade and markets. All these have been around since the dawn of human civilization. This revolutionary develop-

ment is made possible by the replicator, some kind of hardware that uses advanced computing power to materialize anything we can imagine in any quantity by rearranging atoms and molecules. The implication is that current economic theory, based on scarce resources, no longer holds. There would be no need to measure the rate of economic growth as a measure of well-being. The economic textbooks and Adam Smiths of the future remain part of the future for now.

Sounds utopian? But consider this: The global economy has for some time now been afflicted by demand rather than supply constraints. Consumer price inflation has been tamed, and central banks are currently finding it difficult to raise it to targeted levels. It was not long ago that they were struggling with just the obverse problem, of lowering inflation. How has this come about?

Part of the reason for subdued demand is technological advancement, leading productivity levels to reach a tipping point. A diminishing percentage of the labour force is required to meet extant demand. This has led to a vicious cycle of lower demand and lower employment. As competition increases, there is enhanced pressure to improve productivity, with information technology, automation, robots and artificial intelligence replacing human labour more and more.

At the current breathtaking pace of technological progress, an avalanche of resources is being made available. Consider energy. It was only a short while ago that oil prices had touched \$150 per barrel. With renewables increasingly available, the prognosis for oil prices is not bright. What happens if and when humans tap directly into the sun's energy, and atoms and molecules, the building blocks of all matter, are used directly in the production process? Surely the replicator cannot be more than a



couple of centuries away?

With the replicator comes a new *mentalité* and new forms of social organization. To begin with, there is no need for humans to work to make a living. There would be no need to steal or to possess things. This does not, however, turn humans into sloths as they nevertheless desire to work as a form of self-actualization and to win the admiration of peers by endeavouring to improve the overall lot of humanity. With everybody attaining the higher echelons of Abraham Maslow's needs hierarchy, the proportion of those in a position to contribute to advancing knowledge would rise dramatically, accelerating the rate of human progress. Global integration, a trend long underway, is assured—and with extraterrestrial contact, interplanetary cooperation is also eminently likely, on the lines of the united federation of planets in *Star Trek*. This is made possible by the invention of the warp drive (enabling intergalactic travel by beating the time barrier) and tele-transportation (that takes care of irritating last-mile connectivity).

Where *Star Trek* stands out from

most other science fiction is in its vision of man as ultimately cooperative and altruistic rather than dystopian. This is in keeping with the spirit of the European Enlightenment that underscored the perfectibility of man. It is easy to lose sight of this with talk of Brexit, nationalist resurgences and violence unleashed by small, marginal groups leveraging advanced destructive technologies—all of it seemingly escalating all around us. But while history has a pattern and direction, discernible retrospectively, this direction is never linear. Despite the current doom and gloom, humans are materially better off than when they started, and their future looks even brighter.

All these may seem notions on the fringes of our imaginative abilities. But if the past is any guide, as it should be—and if current economic anomalies are indicative of structural transition to something else—looking so far ahead may be no idle fancy. Neither the author nor the reader will be around to see these ideas come to fruition. But come they will.

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