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# The Future of the Economy

## *Self-Fulfilling Prophecies*

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P. J. O'ROURKE

What will the economy be like fifty years hence? At a microlevel, for those of us in the age cohort that reads about economics for pleasure, it will be depressed. We'll be dead.

For the living, my prediction is that the economy will be what it is predicted to be. Like all social sciences, economics is a self-fulfilling prophecy.

The idea of a self-fulfilling prophecy has existed at least since the Oedipus myth. The concept was put into formal academic terms in 1949 by Columbia professor Robert K. Merton in his book *Social Theory and Social Structure*.

The self-fulfilling prophecy is in the beginning a *false* definition of the situation that evokes a new behavior that makes the original false conception come *true*. This specious validity of the self-fulfilling prophecy perpetuates a reign of error.

“Reign of error” is as good a definition of economics as any.

Robert K. Merton was the father of modern sociology. He was also the father of Robert C. Merton, who won the Nobel Prize in Economics in 1997 for his work on the Black-Scholes formula—that staple of prediction that calculates futures option pricing for hedge funds. Robert C. Merton was a partner in the Long-Term Capital Management (LTCM) hedge fund, which lost \$4.6 billion in 1998.

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P. J. O'Rourke is an American political satirist, journalist, author, a member of the Board of Advisors at the Independent Institute, and H. L. Mencken Research Fellow at the Cato Institute.

*The Independent Review*, v. 20, n. 3, Winter 2016, ISSN 1086-1653, Copyright © 2016, pp. 417-423.

Not that Robert C.'s predictions didn't come true. He predicted hedge funds could make a lot of money using highly sophisticated mathematical models. All the other hedge funds began using highly sophisticated mathematical models. Some hedge funds made a lot of money. LTCM didn't happen to be one of them.

As the poet Robert Burns put it in "To a Mouse, on Turning Her up in Her Nest with the Plough,"

But Mousie, thou art no thy lane,  
In proving foresight may be vain:  
The best-laid schemes o' mice an' men  
Gang aft agley,  
An' lea'e us nought but grief an' pain  
For promis'd joy!

Still thou are blest, compared wi' me!  
The present only toucheth thee:  
But och! I backward cast my e'e,  
On prospects drear!  
An' forward, tho' I canna see,  
I guess an' fear!

I guess and fear our predictions will come true. Humans have remarkable predictive skills. The secret, of course, is to be as vague and obscure as the Delphic Oracle, one of whose prophecies was, "Get out, get out of my sanctum and drown your spirits in woe."

Another expert in vague obscurity was Nostradamus, the sixteenth-century apothecary with a drug store that also dispensed prescriptions for the future. I gather that—if one puts one's mind to it—Nostradamus's abstruse quatrains can be interpreted to foretell everything from the Great Fire of London to the end of the world that we experienced in 2012 due to the expiration of the Mayan calendar.

But we must give the man some credit. In *Les Propheties*, published in 1555, Nostradamus says, "Many rare birds will cry in the air, 'Now! Now!' and sometime later will vanish." Here is Rachel Carson's *Silent Spring* 407 years *avant la lettre*.

Nostradamus also predicted plagues, earthquakes, wars, and floods. Check, check, check, and check. Plus invasion of Europe by Muslims—now a *fait accompli*, though accomplished by asylum not by assault.

The last book of the Bible, the Revelation of St. John the Divine, is the oldest and most important predictive document of Western civilization. (And, with all respect to the China boom, it's still Western civilization that controls the mind and means of the world's economy.)

But it isn't easy to tell—especially in economic terms—what Revelation is revealing. Is the book allegorical? Yes. "And there appeared a great wonder in heaven; a woman clothed with the sun, and the moon under her feet, and upon her head

a crown of twelve stars: And she being with child” (Rev. 12:1–2). This description is clearly symbolic of everything about pregnant celebrities that two millennia later would fill TMZ, E! Online, and all other forms of news media.

Is Revelation admonitory, intended to scare the hell out of us about the future, like the encyclical letter *On Care for Our Common Home* by Pope Francis? Again, yes. Sacrilegious human-induced climate warming resulting from “the wrath of God . . . mingled with fire” causes the polar ice caps to melt, or something. (Apocalypse science is open to criticisms of uncertainty, and its experiments are difficult to replicate.) But, anyway, “every living soul died in the sea” (Rev. 16:3).

Or is the book “a history of the future” meant to be taken literally? Yes, once more. If the current upward trend in consumption of new synthetic hallucinogens such as K2, Spice, and Molly continues, someone will eventually “behold a great red dragon, having seven heads and ten horns” (Rev. 12:3). Back in the 1960s, all we had were regular old hallucinogens, and I saw something with seven heads and ten horns plenty of times in my East Village pad.

As for 666, the “Mark of the Beast” (Rev. 13:18), the Good Book is right again. The numeral 6 is about where your nose is when you’re walking down the street with an iPhone pressed to your face but at the same time trying to look out for pedestrians, several of whom you nonetheless bump into, which results in triple 6 snout dials and getting damned to hell by those passersby.

Women over the moon, mass drowning, a dragon that can do the work of an orchestra’s entire horn section, and furious people on public sidewalks have, or will have, important economic effects. But as long as humans lived in societies that were mostly agrarian and materially static, economic progress was not the focus of prognostication.

Adam Smith was perhaps the first real economic forecaster. Among Smith’s many accurate projections was the abandonment of precious metal coinage in favor of paper money to replace “a very expensive instrument of commerce with one much less costly.” He foretold quantitative easing. “The banks, they seem to have thought were in honour bound to supply the deficiency, and to provide them with all the capital which they wanted to trade with.” And he worried, too rightly, about what would happen to “the Daedalian wings of paper money” if it became fiat currency untethered to any measure of value ([1776/1976] 1981, 292, 308, 321). Smith is sometimes faulted for not foreseeing the Industrial Revolution. He didn’t foresee it because he knew it was already happening. “Every body must be sensible how much labour is facilitated and abridged by the application of proper machinery. It is unnecessary to give any example” ([1776/1976] 1981, 19). Smith was friends with the inventor of the steam engine, James Watt.

Karl Marx was also, so to speak, on the money. Not about communism, obviously. But that was just a harebrained idea he had. His predictions are another matter. In *The Communist Manifesto*, published in 1848, he showed great prescience, making the call on

Disappearance of the middle class: Read all about it in each and every Paul Krugman *New York Times* column.  
Confiscation of bourgeois property: The IRS called.  
Heavy taxation: See above.  
Liberation of women: Done.  
Dissolution of the nuclear family: Tick that off the list.  
Working without material incentive: Have been meaning to talk to my boss about this.  
Free public education: And worth it.  
Centralization of banking and credit in the hands of the state: Were *you* invited to the last Fed meeting?  
Combination of agriculture with manufacturing: How do those factory-farm chicken fingers taste?  
Raising the proletariat to the level of the ruling class: See Hillary. See Hillary go. See Hillary go in the camper van.

Jules Verne wrote *From the Earth to the Moon* in 1865 and *Around the Moon* in 1870. He was wrong about the mechanics of space travel. Shooting Apollo 11 out a cannon wouldn't have worked. But he was right about a Florida blastoff and a Pacific splashdown. And Verne was an absolute visionary concerning the public's socio-economic attitudes toward lunar travel. He had his own moon-voyaging protagonists express the view that it costs too much and that there's nothing up there, so why bother to go again?

In *Looking Backward: 2000–1887* by Edward Bellamy, published in 1888, the narrator arrives somehow in the year 2000 and is filled in on what's happened in America since Grover Cleveland was elected.

All industries have been subject to nationalization. Or—as we prefer to call it—EPA, NLRB, SEC, FTC, OSHA, EEOC, and Consumer Product Safety Commission regulation.  
Delivery of commercial goods is almost instantaneous, in case you thought Jeff Bezos was ahead of his time.  
Working hours have been drastically reduced. Bellamy isn't specific about how this was done, but Facebook, Twitter, free porn sites, and computer solitaire in office cubicles have, in fact, reduced working hours to practically zero.  
Everyone retires at forty-five. This has not quite happened, but the balance sheets for Social Security and Medicare sure make it look as if it has.  
Crime has become a medical issue. That's been true at least since Dan White's "Twinkie defense" during his trial for the murders of San Francisco mayor George Moscone and city supervisor Harvey Milk in 1979.

Plus, according to Bellamy, there's a socialist utopia in America, which we don't have—yet. But not for lack of trying by President Obama.

H. G. Wells was a prolific describer of the future. His novel *The Time Machine* (1895) takes the reader all the way to A.D. 802,701, by which era the blue-collar class and the elites have evolved into different species, the Morlocks and the Eloi.

There was no reason for Wells to jump so far ahead. The Eloi are skinny, vague, naive, entitled, feckless, and childlike. They consider themselves beautiful, do nothing for a living, and eat only fruit. Malibu vegans!

The Morlocks are brutish, apelike troglodytes who know how to make and repair everything, do all the work, and eat Eloi alive. Republicans!

Wells would later adopt what he thought was a more positive attitude to the future. In *Men Like Gods* (1923), 3,000 years of progress have led to peaceful withering of the state—as if we don't have that already, minus the peaceful. A supposedly more advanced race practices telepathy—as if the Internet weren't enough of a sewer dive into the minds of others. And there's no money. What with credit and debit cards and the Daedalian wings of the Federal Reserve, there's hardly any money now. It's not going to take us another 2,908 years before there's none.

In 1933, Wells wrote *The Shape of Things to Come*, a purported history of the world from 1934 to 2016. It is a creepy book. As is often the case in utopian fiction, there's world government. Think of the slaughter and misery caused by little national governments. And futurists want to expand that to planetary size?

But Wells was right in a sense. We'll probably somehow manage to get globalization to do all the damage world government would.

The world government of *The Shape of Things to Come* has repressed all religion—instead of doing what we're doing and just waiting until the last person who still goes to church dies. But we have some holdouts in Muslim lands who are, alas, doing their best to make us see the world government's point.

World government gets rid of religion and nationality, imposes an oligarchy of intellectuals, dictates the rule of “science,” enforces English as a universal lingua franca, and does many other things that Wells deems good. All this is accomplished by means of the “Air Police.” Drones will suffice.

During the twentieth century, there was, Wells aside, a change in thinking about what the future portended. Predictions went from an optimism that was, sadly, accurate to a pessimism that was accurate, sadly.

Aldous Huxley published *Brave New World* in 1932. The action takes place in the twenty-sixth century. There's that world government again, but at least Huxley had the sense to know it's not a good thing.

Artificial fertilization and fetal genetic manipulation have come a long way from the turkey baster.

Children are bred and conditioned to occupy one of five “castes”—Alfa, Beta, Gamma, Delta, and Epsilon. Call them A-list celebrities, *New York Times* op-ed page

columnists, Democratic presidential contenders, people you find on Angie's List to fix the toilet, and members of the NRA. Either that or *Rolling Stone* articles about college fraternity misbehavior are being prefigured.

In this and many other ways, *Brave New World* seems old-fashioned. People in the year 2540 stay youthful until age sixty. Hah! We have octogenarians doing Iron Man triathlons. In the novel, all sex is strictly recreational, but S&M, B&D, LBGT, and Curious sex has not been invented.

Education is conducted by a "hypnopaedic" process. As if school hadn't always put kids to sleep. And the point of this elaborate educational process is to give children subconscious messages about self-esteem. One required reading assignment would have done the trick. Is Maya Angelou's *I Know Why the Caged Bird Sings* out of print in the year 2540 or something?

High art, deep culture, and serious literature no longer exist. Ho-hum. Entertainment deals only with shallow emotions. Same old, same old. People take a drug to make them happy. Big whoop.

In a few remote geographic areas, "savages" are left to their own devices. Thank goodness President Obama got "boots off the ground" in Iraq and Afghanistan.

And George Orwell's *Nineteen Eighty-Four* (1949) is completely antiquated and moss grown.

First, Orwell missed the mark by three decades. The real 1984 was a *bonum anno*. Inflation had been curbed. Unemployment was falling. Gross domestic product growth was 7.3 percent (three times its present rate). Apple introduced its Macintosh personal computer. MacDonald's sold its 50 billionth hamburger. And—"Where's the beef?"—Ronald Reagan was reelected, carrying forty-nine states.

The United States, thanks to a boycott by the Soviet Union, won 174 medals at the Summer Olympics. My Detroit Tigers beat the left-coast loseroid San Diego Padres four to one in the World Series. Hulk Hogan defeated Iron Sheik to become WWF champion. In related news, Iran and Iraq were at war with each other instead of with everybody else in the Middle East. There were nude pictures of Miss America Vanessa Williams. *TV's Bloopers and Practical Jokes* debuted on NBC. And Michael Jackson's hair caught on fire.

But we've caught up with George and surpassed him. WAR IS PEACEKEEPING. FREEDOM IS SLAVERY REPARATIONS. IGNORANCE IS STRENGTH IN STANDARDIZED TESTING. Three international superstates in perpetual conflict and shifting alliance? We've got four, counting jihadists. *Two Minutes Hate*? Watch *Keeping Up with the Kardashians*. And the telescreen that watches us while we watch it has nothing on the cookies imbedded in that Mac introduced in the real 1984. If you're a man my age, Google anything and watch the Cialis ads pop up.

Our students, teachers, intellectuals, public figures, and even ordinary citizens posting anonymous social media shaming don't need Thought Police because policing thoughts has become a mass DIY project. Examine any history textbook to see the Memory Hole at work on a scale undreamed of by Winston Smith doing

his job at the Ministry of Truth and turning former luminaries into unpersons. Sally Hemings is now more revered than Thomas Jefferson. And Orwell's Inner Party comprised 2 percent of the population—grossly inclusive by the standards of our global 1 percent.

The Ministry of Peace is what our Defense Department has been reduced to, if even. The Ministry of Plenty is our entire government. The Ministry of Love is our whole political class; just ask them when they're running for office. And the Ministry of Truth, like the Thought Police, is no longer needed. Its functions have been outsourced to the variously aforementioned *New York Times*.

Will the economics of living and acting and thinking be even worse in 2065 than they are in 2015, let alone in Orwell's 1984? This is up to the self-fulfilling prophecy that is America.

I personally can't imagine a future American who is in any way like me sitting and staring at a "Big Brother Is Watching You" poster with tears streaming down his face for love of Admiral Michael S. Rogers, director of the National Security Agency. But, then again, so far today I haven't had as much to drink as Winston Smith at the end of *Nineteen Eighty-Four*.

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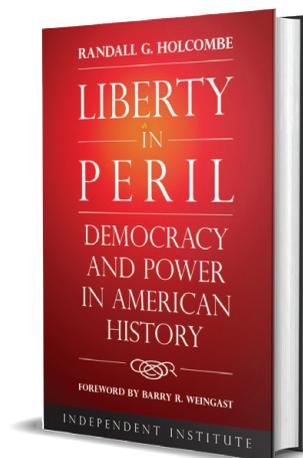
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