Thank goodness for the young people, eh? [1]

Written by **Tim Worstall** [2] | Wednesday 4 July 2012

I've never really understood what Paul Mason of Newsnight is for. On which subject here is a good example. He complains bitterly about how the young people of today have been betrayed by their elders, how today's graduates are going to be poorer than their parents (an insane idea if there ever was one) and then comes to this point [3]:

> There are positives. As I've met young activists keen to tell me what their latest protest action's going to be, there is nearly always another story: they've set up an online magazine. No, it's not a collective, it's a business. They've set up a cafe, or a theatre group, or ? as in the Andalusian farm I visited ? seized abandoned land and planted vegetables.
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> All those tests, drills, teach-to-exam lectures, and the relentless vocationality of education, has made this generation highly entrepreneurial.
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> Rachel Rosenfelt, the 23-year-old New Yorker who set up an online publication called The New Inquiry [4], sums it up: "there is surplus population" of talented young people, with precisely skills a 21st-century infocapitialism would need if it took off. But it is stalled.
>
> Just as they created, out of nothing, forms of protest that broke with the past, this generation is creating forms of business and commerce, literature and art, that live in the cracks left by shrinking GDP and collapsing credit.

Firstly, this is hugely cheering. If we've managed to educate those young into being hugely entrepreneurial then obviously something, against all odds, has gone right with the education system. But it's the larger point (leaving aside the hyperbole of "shrinking GDP") which interests me more.

What does anyone think every new generation has to do in an economy? Look around at what is currently extant, figure out whether there are any gaps in it, look at new and old technologies to see whether they can aid in filling those gaps and then, well, go and be entrepreneurial and go and fill those gaps. That's what growing an economy is: that's how it works, how it happens.

In more formal terms, back to Bob Solow's point that increases in inputs, in resource use, led to only 20% of the 20th century's growth. The other 80% came from increases in total factor productivity. Tfp improvements are just what I've been describing, people looking around and wondering whether there might not be interesting ways of doing things more efficiently.

Mason's essentially describing exactly the processes that led to most of the 20th century's eightfold increase in living standards for the common man.

Now if I were an economics editor at the BBC that's the sort of point that I would be making. But Mason doesn't so what is he for?

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