The most astonishing economic change going on around us [1]

Written by **Tim Worstall** [2] | Saturday 13 October 2012

Almost at random from my RSS feed two little bits of information that tell of the quite astonishing economic changes going on around us at present. The first, that the world is now pretty much wired [3]:

> According to new figures published by the International Telecommunications Union on Thursday, the global population has purchased 6 billion cellphone subscriptions.

Note that this is not phones, this is actual subscriptions. It's not quite everyone because there are 7 billion humans and there's always the occasional Italain with two phones, one for the wife and one for the mistress. But in a manner that has never before been true almost all of the population of the planet are in theory at least able to speak to any one other member of that population. The second [4]:

> The most recent CTIA data, obtained by All Things D, shows that US carriers handled 1.16 trillion megabytes of data between July 2011 and June 2012, up 104 percent from the 568 billion megabytes used between July 2010 and June 2011.

Within that explosive growth of basic communications we're also seeing the smartphone sector boom. Indeed, I've seen figures that suggest that over half of new activations are now smartphones, capable of fully interacting with the internet.

One matter to point to is how fast this all is. It really is only 30 odd years: from mobile telephony being the preserve of the rich with a car battery to power it to something that the rural peasant of India or China is more likely to own than not. Trickle down economics might have a bad reputation but trickle down technology certainly seems to work. The importance of this event is very difficult to over-estimate. There has been good and solid research showing that an increase in 10% of the population having a mobile phone (the simle, not smarthone kind) boosts economic growth by 0.5% of GDP each and every year. That's the power of being able to communicate about prices, supply and demand, in an economy where there is no landline network and thus no swiftly efficient market.

The second is that smartphones are moving even faster than simple mobiles. It's been shown that the smartphone is the fastest to be adopted technology ever: all the way from fire and agriculture to cars and computing. They are, after all, only a decade or, if you mark it from the iPhone, only 5 years old. The two together, what I think is the obvious likely position in a decade or so, of near everyone, rich or poor, having access to both communications and the store of information that is the internet is going to rather change things.

But not, perhaps, all that noticeably. I'm not expecting revolutions, just slight and incremental increases in the efficiency with which things get done. These will be greater in those places without comms systems until recently, greater where there is less access to knowledge. In the poor places that is. But effects there will indeed be and they will be cumulative. That's the thing about cumulative changes though. 0.5% of GDP might not seem like much but if half a population have phones then GDP doubles every generation, every 30 years or so, from this one single cause alone.

My expectation is that by the time I reach my scheduled check out time the world will be a much richer and better place. And all because people can chat to each other: ain't that great?

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