

Steve Jobs's Unveiling of the iPhone Holds a Timeless Economic Lesson

Steve Jobs was a great visionary. But just how far did his vision extend? If you examine the history of the iPhone, it turns out his vision didn't extend as far as we might think.

In his book [*Digital Minimalism*](#), computer science professor Cal Newport reveals that the original vision Jobs had for the iPhone was an iPod that could make calls. At the time, iPods were ubiquitous; with the iPhone, you'd no longer need to carry two devices – a phone and an iPod.

[In his 2007 keynote](#) introducing the iPhone, Jobs began by saying, "Every once in a while, a revolutionary product comes along that changes everything." Apple aimed to make the iPhone "way smarter than any mobile device has ever been and stupid easy to use." Listening to his talk, it's clear that Jobs had only a partial view of all that would change.

As Newport observes, Jobs thought he had built a better iPod:

Accordingly, when Jobs demonstrated an iPhone onstage during his keynote address, he spent the first eight minutes of the demo walking through its media features, concluding: "It's the best iPod we've ever made!"

Newport points out that Jobs was also "enamored of the simplicity with which you could scroll through phone numbers, and the fact that the dial pad appeared on the screen instead of requiring permanent plastic buttons."

"The killer app is making calls," Jobs exclaimed during his keynote.

At about 13 minutes into his presentation, Jobs introduced, to tepid applause, a rear-facing camera. The first iPhone had no video recording capability, and it was not [until the iPhone 4](#) that a front-facing camera was introduced. No one in the audience that day imagined the role smartphones would play in the social media revolution.

Not until he was about 31 minutes into his presentation did Jobs demo text messages. At about 36 minutes he highlighted, to more tepid applause, the phone's Safari web browser and integration with Google Maps.

Isn't that extraordinary? Jobs was Apple's greatest cheerleader. He was said to ["cast spells" on audiences](#), and yet there was mere tepid applause for what was truly revolutionary – a powerful minicomputer in a handheld device at a fraction of the cost of a much larger device a mere generation ago.

Fast forward a mere seven years. [Bret Swanson noted](#) that "the computing power, data storage capacity, and communications bandwidth of an iPhone in 2014 would have cost at least \$3 million back in 1991."

In short, neither Jobs nor the audience had the vision to anticipate what would become the dominant uses for the phone. The real revolution would unfold. Jobs and the audience could mostly see what was already known and most visible – an iPod that made calls.

Newport confirmed Jobs' limited vision by speaking with one of the iPhone's developers:

To confirm that this limited vision was not some quirk of Jobs' keynote script, I spoke with Andy Grignon, who was one of the original iPhone team members. "This was supposed to be an iPod that made phone calls," he confirmed. "Our core mission was playing music and making phone calls." As Grignon then explained to me, Steve Jobs was initially dismissive of

the idea that the iPhone would become more of a general-purpose mobile computer running a variety of different third-party applications. "The second we allow some knucklehead programmer to write some code that crashes it," Jobs once told Grignon, "that will be when they want to call 911."

We've Just Started

In his seminal work [*The Constitution of Liberty*](#), Nobel laureate F.A. Hayek challenges our assumptions about how civilization develops:

Man did not simply impose upon the world a pattern created by his mind. His mind is itself a system that constantly changes as a result of his endeavor to adapt himself to his surroundings. It would be an error to believe that, to achieve a higher civilization, we have merely to put into effect the ideas now guiding us.

Hayek continued, "If we are to advance, we must leave room for a continuous revision of our present conceptions and ideals which will be necessitated by further experience."

Jobs probably never read Hayek, but shortly after 21 minutes into the presentation, Jobs wryly smiles and says, "We've just started."

Little did Jobs know.

Did Jobs direct consumers or did consumers direct Apple as their use of text messaging and mobile browsing began to dwarf the use of the iPhone as a better iPod? Hayek explained that human reason cannot stand outside of experience:

The conception of man deliberately building his civilization stems from an erroneous intellectualism that regards human reason as something standing outside nature and possessed of

knowledge and reasoning capacity independent of experience.

“The mind can never foresee its own advance” is one of Hayek’s most quoted lines. Hayek adds, “Though we must always strive for the achievement of our present aims, we must also leave room for new experiences and future events to decide which of these aims will be achieved.”

Politicians Know Nothing of the Future

If Steve Jobs couldn’t imagine how the use of his iPhone would morph, he was smart in learning from what users would teach him. And if he were ever tempted to impose his will, the 2008 introduction of Android with an open-source operating system would have disabused him of such folly. Android’s open-source operating system allowed for rapid innovation.

Every day, evidence of how society advances is overlooked by voters and politicians. Many people, voters and politicians alike, imagine the mind can foresee its own advance. Voters rally behind politicians claiming to know just what society needs to advance and promising to lead us step-by-step into their envisioned future. Little do voters understand how little politicians can “foresee.”

The future is largely unforeseeable. For that reason, Hayek explains, liberty is essential to advancing civilization:

Liberty is essential in order to leave room for the unforeseeable and unpredictable; we want it because we have learned to expect from it the opportunity of realizing many of our aims. It is because every individual knows so little and, in particular, because we rarely know which of us knows best that we trust the independent and competitive efforts of many to induce the emergence of what we shall want when we see it.

“We rarely know which of us knows best,” so why would we want to vote for politicians who proclaim they do?

It is no shortcoming of Steve Jobs that he could not foresee the advances made possible by the iPhone. Politicians couldn’t even conceive of an iPhone.

Because each of us has a limited view of the future, Hayek instructs us that “the case for individual freedom rests chiefly on the recognition of the inevitable ignorance of all of us concerning a great many of the factors on which the achievement of our ends and welfare depends.”

Dee Hock, the legendary founding CEO of Visa, fostered innovation to grow a global credit card company by decentralizing control around simple rules. Hock [led from this belief](#): “From no more than dreams, determination, and the liberty to try, quite ordinary people consistently do extraordinary things.”

The case for liberty is hidden in plain sight in our phones and a million other things our lives depend on.

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