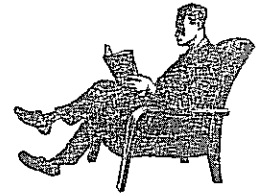


# Another New Look

By N. K. GARDNER



"BRITAIN'S ECONOMY will not be put right until the ordinary man and woman can grasp what ought to be done and insist that the government of the day shall carry it out."

This passage in the first chapter of Dame Juliet Rhys-Williams' last book\* can perhaps be taken as her motive for adding this latest contribution to the vast stock of popular exposés of economic policy. This, she hastens to add, "does not mean that more and more people should start thumbing over old-fashioned textbooks on the subject. On the contrary, this can do a great deal more harm than good and it would be much better to think out the problems afresh, with up-to-date ideas." She sweeps away a great deal of economic theory as old-fashioned and irrelevant; it is surprising, in fact, how little of economic theory remains undisturbed by this latest new broom.

The gains from trade can no longer be taken for granted, it seems, and some readers may be surprised to learn that "it was by protecting her industry and supporting her farms that America became the richest country in the world." In spite of which, we are told, "British amateur economists, true descendants of Canute, continue to advocate unilateral free trade." But the free traders are not alone in being put in their antediluvian place, and it turns out that the old-fashioned text books against which we are warned include a great deal of Marshall and Samuelson as well as Adam Smith and Henry George. Any old-fashioned notions we might have had concerning supply and demand take a pretty severe knock when we learn that a fall in demand that leads to short-term working is bound to lead to a rise in price!

Having swept away everything (except Keynes!) Dame Juliet starts with enthusiasm on her task of thinking out the problem afresh. The interest of this book, to me at least, was to see how an intelligent, knowledgeable and influential person tackles this task of rebuilding. From the opening chapters one is led to expect that the author might feel free to question, and if necessary reject, anything that is taken for granted in current thinking on economic policy. This granted, the result could not fail to be interesting and perhaps refreshing. It is disappointing, however, to find that most of the well-worn tenets of protection and economic nationalism are accepted without question. For example, "Britain cannot pursue a growth policy, protect her interests and expand her trade while she is constantly borrowing money from her competitors." The author does not say why not, but merely advances

this statement as obvious by business analogy. She similarly finds it obvious that it is harmful to lend British capital abroad.

There is, however, an explicit statement of a new protectionist argument. "The classical concept of world division of labour breaks down now that some industries produce goods of infinitely more value than others. To monopolise high-value production (such as aircraft) is to perpetuate a have and have not world and must ultimately restrict the level of trade." Not a very analytical argument, perhaps, but no doubt it will be added to the protectionist armoury, nevertheless. Dame Juliet is not, however, an all-round protectionist, and there is certainly novelty in her proposal to restrict imports from high wage countries but not from low wage countries. She is, indeed, scathing about Common Market protection at the expense of low-wage developing countries. An "I'm all right Jack" attitude, she calls it.

On monetary matters we get the same mixture of unquestioning acceptance and of sweeping innovation. As a starting point we have "the creation of new wealth requires the provision of money in advance of production... savings alone will not suffice." The problem of growth is stated as "... how to increase purchasing power on a national level without increasing imports more than exports." So here we have another protagonist of the "just enough but not too much inflation" idea. Dame Juliet's solution is a currency based on the "Production — Index Standard." The issue of money under this scheme is based upon "calculations of the NEDC concerning potential output... making due allowance for weather variations..."

There are chapters on every "with it" subject from international liquidity to automation, and a chapter on the author's scheme for combining National Insurance with Income Tax. There is also a good deal about what an incomes policy could achieve if it could be made to work. The book provides, in fact, a quick survey of all the economic subjects that are discussed in the Press. The style is discursive rather than analytical, giving the impression that it is the sort of thing you might hear as intellectual after dinner conversation.

For myself, the book suggests a more modest aim for teachers of economics than that quoted at the beginning of the review. The challenge of persuading a person of Dame Juliet's undoubted ability of the validity of their approach is the type of challenge they must meet before any hope can be entertained of influencing the ordinary man and woman. This book provides a measure of the severity of this challenge.

\* *A New Look at Britain's Economic Policy* by Juliet Rhys-Williams, Penguin Special. (Penguin Books Ltd., 4s. 6d.).