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Colin Clark: A Conservative as Radical

By C. HARTLEY GRATTAN

TO ECONOMISTS Colin Clark is the Briton who wrote *The Conditions of Economic Progress*, a work fundamental to the understanding of a major preoccupation of our time. To alert readers of more general interests he is either the man who in the autumn of 1953 stirred up violent controversy on both sides of the Atlantic by asserting that the United States would suffer a depression in 1954 unless drastic corrective measures were taken, or the man who some years ago asserted that if taxes take more than 25 percent of the national income, inflation will ensue and productivity be checked,¹ or, more vaguely, simply as a man who somehow commands great attention and respect but whose pronouncements invariably provoke dispute. None of these identifications does Mr. Clark justice. There is far more to him than is exhibited in the incidental controversies he has provoked, and even than can be deduced from his ingenious and exciting book. He always argues from a well-founded, but not commonly understood, general position, and it is that position which really

¹1954—*Recession . . . Depression . . . Recovery?*, published by the National Industrial Conference Board (New York, 1954) presents Clark's argument about the economic prospect for 1954, together with a counter-argument by W. S. Woytinsky. The point about taxation was presented popularly in an article in *Harper's Magazine* for December, 1950.

C. HARTLEY GRATTAN is not only acquainted with Colin Clark's writings but has had an intermittent personal association with him since they met in Australia in 1937. Economics and Australia are two of Mr. Grattan's chief interests; on the latter, he is probably the chief authority in America. He is a former Contributing Editor to *Harper's Magazine*.

makes him a significant figure of our day. He expresses a radical conservatism that has very few spokesmen in the world today of his range, competence, and daring.

Clark's capacity for provoking controversy, trivially useful as it may be in gaining publicity, does not stem from a bristling and contentious personality—he is actually a mild-mannered, courtly-courteous man of the type whom women describe as “sweet”; rather it arises from his unusual intensity of conviction, a reasonably rare quality among scholars of this era of caution and widespread acceptance of the idea that everything is somehow relative. His convictions are not fashionable and the mere statement of them provokes shocked surprise and the wish to slap them down. Although what he says on particular issues may suggest the riposte that he is a crackpot, either of the right or the left, he cannot with justice be so brushed aside. For actually he is a middle-of-the-road conservative, though his conception of the middle is one arrived at by his own triangulation of the stars. The originality of his stance makes him a radical *vis à vis* almost every other economic orthodoxy.

Clark's ideas have undergone an evolution which must be understood if his present outlook is to make sense. As a worker in the statistical vineyard his course has been steady from the beginning, but the context of his general thinking has radically changed. What he has consistently sought has been a secure foundation for an ethical judgment of society and its problems, and a program for realizing a society more in conformity with that judgment than any currently in existence. A biographical sketch will make this clear.

He was born in London in November, 1905, son of an Australian from Queensland. He was educated at Winchester, Oxford, and Cambridge. While taking an M. A. in chemistry at Oxford he taught himself statistics by studying the work of expert practitioners. He then shifted to Cambridge and took an M.A. in economics. He is not a Ph.D.

His teacher at Cambridge was A. C. Pigou, heir and successor of Alfred Marshall. Pigou deeply influenced Clark, especially as he was able to fortify his ethical outlook. The approach to economics reflected in Pigou's book *The Economics of Welfare* strongly appealed to Clark. For to Clark economics is what John Maynard Keynes once said it was, simply an “apparatus of the mind” designed efficiently to deal with certain ranges of social data, particularly those flowing from the

production, distribution and exchange of goods and services usually exchangeable, or actually exchanged, for money. Moreover, Clark's statistical interests led him to emphasize the "collection and examination of the actual facts of the economic world," rather than "speculations and theoretical reasonings." However, he has lived in and through the speculative climate created by Lord Keynes, has learned from Keynes, and enjoyed his friendship. His lengthy and too little known obituary of Lord Keynes² is immensely respectful, but it is a perceptible distance the shady side of idolatry and includes some sharp thrusts at Keynes's moral derelictions as Clark sees them. The net of all this is that Clark is often praised in British circles for having corrected Keynes's theoretical bias by his heavy and persistent emphasis on collecting the facts and reasoning from them. When he reasons from them, however, he is famous for the daring of his hypotheses. He has linkages with the great English economists of his time, but his master is Pigou, not Keynes.

In its earliest expression Clark's ethical outlook took a form characteristic of his generation. He was close to the outlook of the Fabian socialists, as his early association with G. D. H. Cole and Hugh Gaitskell in the New Fabian Research Bureau illustrates. He responded fully to the prevailing politico-ethical influences of the early '30's and engaged in such characteristic professional activities of that time as working on the New Survey of London Life and Labour and the Social Survey of Merseyside. As a statistician, he was lecturer at Cambridge and followed a steadily ascending line of accomplishment and influence, notably in the pioneering of national income figures. Then in 1937, at the age of 32, he quit England and went to Australia where he remained for over fourteen years.

His first publication in Australia was a study of the national income, made with John G. Crawford, the distinguished specialist in agricultural economics. He became chief of the Bureau of Industry of the State of Queensland, a statistical operation, and served simultaneously as adviser to the state treasury. Much of his work was of wider than Queensland reference and the Bureau's monthly, *Economic*

²See *Economic News* (Brisbane, Australia), Vol. 20, Nos. 6-7, June-July, 1951. For Clark on Pigou see his essay in *The Development of Economic Thought*, edited by H. W. Spiegel (New York, 1952).

News, was indispensable during his control to all students of economic conditions in Australia. Some extremely ingenious statistical exercises of a pioneering nature were performed in its pages. It was in Australia, too, that Clark wrote, rewrote, and began a second rewriting of *The Conditions of Economic Progress*, a classic illustration of what happens when one believes that economics should be concerned with the "collection and examination of the actual facts of the economic world." First published in 1940 in London, the second edition appeared in 1951, and the second rewriting began in Clark's private periodical, *Review of Economic Progress*, published in Brisbane from January, 1949 to December, 1952. A year before *The Conditions* he published *Critique of Russian Statistics*, a pioneer assault on the devious dishonesties of the figures put out by the Russians, and a declaration of war on Communist economic pretensions that has never ceased.³ Two years after *The Conditions* he put out *The Economics of 1960*, the most extraordinary of all his many essays in prophecy and one likely to be examined and re-examined until 1960 really comes. These books, even more than his studies in the national income of the United Kingdom, brought him a world-wide reputation. It was a reputation, however, that rather obscured than illuminated the moralist that at bottom he is.

In Australia his ethical-welfare orientation suffered a sea-change. He was converted to Roman Catholicism. The Colin Clark we now have is a parallel in economics to, say, Graham Greene in literature. His acceptance of Roman Catholicism caused him to reject the ideological *olla podrida* which is British (and Australian) laborite socialism and to construct an alternative social outlook just as comprehensive in its coverage of the problems of the present day but, to his new sense, more searching and more moral. A man of notably restless mind—at bottom, a man with the mind of a radical—his Catholicism did not lead him step by step to a passive acceptance of the *status quo*, or to a flight from it to the extreme right, but to the elaboration of a new position at the middle-of-the-road, to a radical-conservatism. Many of those who followed his work still saw him as simply a fascinatingly fertile statistician and never perceived the fundamental change in his thinking about social questions, much as if literary people, dazzled

³See his contributions to Irving Kristol, ed., *Soviet Economics* (New York, 1956).

by Greene's technical virtuosity as a novelist, had overlooked his Catholicism, or dismissed it as an irrelevance.

During Clark's entire period of service, Queensland was governed by Labor; it is indeed the Australian state most closely controlled by the Labor Party. Thus he was, while serving Labor, growing away from the Labor orientation, even the highly flexible *socialism sans doctrines* of Australian labor. At the same time he was gaining a world-wide audience as a statistical investigator of economic facts; and after World War II concluded, he was continually travelling the world, advising and counselling, a conspicuous member of the horde that, as he put it, stimulated the hotel trade in underdeveloped countries. But as his professional fame burgeoned, his discomfiture at home increased. Always he had rubbed some Australians the wrong way, either professionally by his statistical daring—the phrase was that something or other could be done “with the help of God and a few Clarkian statistics”—or in a more personal fashion. Insofar as he worked out his new orientation in public, he managed to infuriate many conventional, rigid minds. Thus as the years passed the tension between Clark and the Australian environment constantly increased. The break finally came late in 1951 when he resigned his government posts because of policy disagreements. Shortly the Australian pigeons were free of that particular cat. In 1952 he was appointed director of the Agricultural Economic Research Institute at Oxford and he returned to England.

Economics, says Clark, must find its place in a hierarchy of disciplines dealing with socio-economic affairs in which it has its superiors and inferiors. The superiors are political science (“for without political order men cannot live together in communities at all”), history (“for it is only by historical methods that we can assemble all the necessary facts of political, cultural and religious history”), and ethics (“not only to avoid evil, but to promote good by making justice and charity the ultimate objectives of all social action”). The inferiors of economics on the other hand are “all sciences whose main object is the production and exchange of useful goods and services,” as for instance engineering, agricultural science, industrial chemistry, and accounting. These economics should “dominate and coordinate.” Economics is, then, vital to proper social governance but insufficient in itself. For this reason, while Clark mostly talks in economic terms, his value judg-

ments are often not of economic derivation. For example, he sees as the "fundamental truth on which all economic and social science must rest," a statement quoted from Pope Pius IX: "Man, endowed with a social nature, is placed here on earth in order that, spending his life in society, and under an authority ordained by God, he may cultivate and evolve to the full his faculties to the praise and glory of his Creator; and that, by fulfilling faithfully the functions of his trade or other calling, he may attain both to temporal and eternal happiness."

What Clark aims at in the temporal realm is a society of free men, their freedom based upon property ownership, preferably of the means of production, with maximum personal control over the expenditure of earned income and remunerative work constantly available, the value of money and the worth of savings to be as constant as can be managed. In such a society the constant point of reference is the welfare of the family. Much that he favors by way of social policy is designed to fortify the family; much that he opposes is rejected because it invades family prerogatives.

The world today, in Clark's view, is offered two schemes for governing the production of goods and services, Communism and Capitalism. Communism he defines in an ordinary way, but to the meaning of Capitalism he gives a personal twist which, until his meaning is grasped, opens him to unfortunate misinterpretation. Communism is "that state of affairs in which effective ownership of all the means of production (with minor exceptions) is in the hands of the political authority and is denied to individuals (though individual ownership of certain consumption goods may be permitted)." This he rejects absolutely, indicting it as inhuman and inefficient. Capitalism, by contrast, is "that state of affairs in which ownership, or at any rate effective ownership, of the greater part of the means of production is in the hands of a small section of the people." Clark declares himself against capitalism as here defined, but by measuring the extent to which a society is capitalist by the extent of the divorcement of the working population from ownership of the means of production, he gives a rather uncommon twist to the term. His conception of the desirable social norm leads him to this.

"The reasonable norm of human affairs," he writes, "from which both Capitalism and Communism are unpleasant aberrations, is the working proprietor, who prevails in many parts of the world today,

who prevailed among our ancestors, and to whom we shall eventually return." His norm is capitalist; his objectionable deviation is simply one variant of capitalism. By identifying the variant with capitalism, he makes himself appear far more radical than he actually is. Everything turns, then, upon the *distribution* of ownership of the means of production. A liberal distribution of consumption goods would be no substitute for a proper distribution of ownership of the means of production. To be sure he recognizes that a liberal distribution of ownership of consumer goods is a positive value of considerable significance; he is especially interested in widespread home-ownership (which impinges directly on family welfare); but he still insists that an equitable distribution of consumer goods is a kind of second-best, though a vitally important second-best. Nor is he prepared to settle for a widespread ownership of shares of stock in corporations controlling the means of production. This would be nominal ownership, not effective, and it is on the latter that he insists. He is therefore anticapitalist insofar as he is an enemy of concentration of ownership of the means of production; he is strongly procapitalist in his insistence that ownership of the means of production must be widespread.

Clark is, of course, not the first to take up a position in favor of the working proprietor, but he differs from most with whom the writer is acquainted in not favoring the working farmer-proprietor as the chosen exemplar of the type, or the type to be deliberately multiplied in the future. Clark knows too much about agriculture and the trends within it to be taken in by the agrarian mysticism that has trapped so many of similar outlook. While he is highly sympathetic to agriculture, as an informed and astute economist he foresees opportunities for proprietorship in the future chiefly in the services, with small-scale manufacturing a lesser resource. Agriculture can offer little opportunity, manufacturing not much, and only the services in highly developed economies a truly open prospect. This is in accordance with his belief that the proliferation of enterprises at the tertiary level is a mark of a mature and rich society. He has made a considerable contribution to the understanding of the tertiary, or service, industries, their significance in economic progress, and their role in the creation of the national income, so it is but logical that he should select them as principally offering opportunities for working proprietors. But he does not see anything inevitable about such an exploita-

tion of the prospect. He does not allow any economic determinism to sneak in at this point. "The determining factor, in the long run, must be the working of the human will, and of the forces of good and evil that influence that will." The choice of a society in which the working proprietor plays a central, rather than a peripheral role, will be an act of will, an ethical choice based on a true understanding of the moral significance of ownership.

Yet even in a society in which working proprietors are far commoner than they normally are today, there would still be a large working population divorced from effective ownership of the means of production they man. To protect their interests Clark assumes the continuance of trade unions, to which he would assign certain tasks not theirs today, as we shall see below. Similarly, he would encourage the continuance of cooperatives, to offset the undesirable power of concentrated ownership. But however one might contrive correctives, there will, in Clark's view, inevitably remain numerous areas of production occupied by large-scale organizations in private hands. If they efficiently serve the public interest, he would leave them alone, but if they fail to do so, he would nationalize them. Plainly, Clark is more pragmatic than doctrinaire on the issues of social policy, however much he may differ in primary emphasis from, say, the British Labor Party.

As he favors the working proprietor to insure the diffusion of economic power, so he favors also the wide diffusion of political power. "As a fundamental principle of decentralization," he said a few years ago in Australia,

we should accept the premise that for a higher authority to undertake any function that a lower authority is capable of doing is wrong in itself. This applies not only to the position between the Commonwealth [i.e., the federal government] and the States but also the position between the States and local government authorities. Similarly, a local government body should not seek to assume duties that are capable of being performed by the family unit.

The family unit—that is Clark's point of reference—the social unit the power of which he would seek by policy to strengthen beyond its present condition. He aims at a family-oriented society, with all other institutions designed by policy to support and sustain the family in healthy functioning.

He is against "bigness" in the economy and in government, not on grounds of efficiency but on moral grounds. His moral principles tell him that bigness is socially unhealthy, menacing the family, proletarianizing the people.⁴ This is a perception that many men have had, looking at the problem from a very different perspective from Clark's, but few have been so ingenious in devising schemes for dismantling what they heartily dislike. Mostly the objections remain on paper and when political parties allegedly sympathetic to the point of view actually attain power, they do little more than trim off an excrescence here, and tidy up a "mess" there, leaving things in general pretty much as they found them. Clark both objects to what is and has bothered to evolve a program for changing it radically. That program has an interest, and a significance, quite separate from the particular religious-moral stimulus of its birth.⁵

Starting from the twin propositions that in Britain taxes are too high—the 25 per cent thesis—and that the centralization of government is excessive, Clark sets out a scheme for reducing taxes and decentralizing responsibility and authority. Actually, with all his contriving, he is able to reduce the cost to the family of what the taxes now buy only a little, but he argues that the reduction, plus a re-designing of the way in which taxes are collected, will be enough to stimulate a ten per cent rise in production in a very short time. The material benefits he promises will, therefore, chiefly come from a rise in productivity. His proposals for decentralization will be more directly effective in their consequences.

Recognizing that the United Kingdom has heavy fixed expenses and responsibilities which must be taken largely as they are found today, notably defense, national debt service, and war pensions, Clark concentrates on ways of reducing the cost of certain social services, or collecting the charges in ways either less harmful economically or better morally, and on decentralizing responsibility for the operation.

⁴For his reflection on the contemporary proletariat, its cause and cure, see his article in *diogenes*, no. 2, Spring 1953.

⁵The ideas and proposals in this scheme occur in many places in Clark's writings, but a fairly elaborate summary of them is to be found in his *Welfare and Taxation*, an 80-page pamphlet published by the Catholic Social Guild, Oxford, England, 1954.

He is not concerned to escape the society in which he finds himself so much as to make it morally more acceptable and materially more beneficial to his primary unit, the family. Thus he suggests that—

Unemployment insurance be undertaken by the trade unions which can administer it cheaply and with little risk to themselves in a full-employment society, a kind which, of course, Clark assumes as the obligatory best.

Health insurance be handled by voluntary organizations (notably the friendly societies) . . . the large hospitals needed to be run by cooperatives.

Old age and widowhood insurance be turned over to a national cooperative formed by the trade unions and the friendly societies acting together.

Schooling be assigned to the churches. Arguing that while the state must require a minimum of learning for ordinary citizenship, and that “the first need in education is to impart religious knowledge,” it is Clark’s view that the state has no duty to impart the minimum civic knowledge itself and of necessity finds it “difficult or impossible” to handle religious training. Therefore, pass the schools to the churches, authorize them to collect fees from the parents (i.e., make them a family responsibility) and make them deductible from income tax. Higher education should be state-subsidized and made available to those who cannot meet the cost through *competitive* scholarships. But the principle of higher education for all who wish it, simply because they wish it, without regard to competence for it, should be firmly rejected.

At the same time as all this is done, Clark would take away from the central government and assign to the local governments any and all functions of government the latter can successfully perform. To enable them to carry the new burden, the local governments should be locally elected and staffed, placed close to the people, not manned by nominees or agents of the central government and subject to its detailed direction. They would also be supplied with ample income by a rearrangement of the flow of income from taxation, particularly by being given a large share of the land tax (see below) and by being given authority to levy a local income tax.

Clark would do the following things, either to whittle down taxes or more effectively collect and spend them—

—confine taxation to income and property, aiming to tax spending more heavily than savings. Levy a land tax on Henry George principles (but not as a single tax). Abolish death duties as bearing inequitably on capital accumulations. Levy a tax on capital, but keep it low, and make it weigh even at a low level most heavily on old, inactive capital accumulations and

least heavily on new and growing accumulations. Allow the deduction of land and capital taxes from current income before assessing income tax. Assess income tax on the basis of average income per person in the *family*. Abolish all excises except those on automobiles, gasoline, and coal (see below).

—make the roads self-supporting by earmarking automobile and gasoline taxes for their construction and maintenance.

—abolish the National Coal Board, rent out the mines to groups of miners (the rent then being a tax on coal), rent to be calculated on a sliding scale in accordance with the ease or difficulty of mining the coal. All coal to be sold on a free market. If this results in a rise in price, the increase will spur the discovery and use of economical methods of burning coal, a net gain for society.

All these suggestions are designed to create a society in which “the citizen who owns property, educates his own children, insures against serious ill-health, unemployment and old age through independent trade unions and friendly societies which are under his control” occupies the central position. It would be a family-oriented society, decentralized both economically and politically, and presumably immune to proletarianization and the ills flowing from that condition.

Of course the prescriptions are one and all debatable. It does not take very sharp vision to see that Clark has put more than one very formidable cat among the pigeons, including the very ancient pussy of religious control of education, but the defined end must command almost universal approbation. The scheme preserves the essentials of the modern, advanced economy and its welfare emphasis, but it promises an escape from Big Industry, Big Government, and the concomitant Mass Man. Working back from the end through the means one cannot fail to be impressed by the careful way in which each single means is articulated with all the others and with the controlling ideal of a family-oriented society, demonstrating conclusively that Clark is not a thing of controversial shreds and patches but a man possessed of a powerful and tightly integrated mind. It is in this light that he must be viewed if justice is to be done him. Only when he is seen whole can the full weight of his worth and contribution be understood and assessed. On any candid assessment he must be conceded to possess one of the truly distinguished and provocative minds of his generation.