

DANGER - EXPERTS AT WORK

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A REMARKABLE article appeared in the *New York Times* on July 30, written by Professor Paul Samuelson, who is one of the most distinguished living economists. In this article, Samuelson gave a gloomy picture of the pressure rising in the United States for protective tariffs. Obviously Samuelson himself deplored this trend on economic grounds. Anyone who thinks that parliamentary democracy, for all its faults, is better than communism, can think of the likely world-wide repercussions, and will deplore it on political grounds as well.

What, then, is happening? The answer may be given in two words: Trade Recession.

This same trade recession is being felt in our own country. Here, the effect is that strong business pressures are being exerted for entry to the Common Market. What is the use of telling people that we shall need to import half our food from outside Europe whether we join the EEC or not; that we shall have to pay a lot more for that food if we do join; that high food prices will bump up productive costs, and make it harder for the businessman to sell his goods in world markets? What is the use of pointing out that a large number of British businessmen who are currently rooting for the Market will land up in Carey Street if we do join?

The plain fact is that neither the

American nor the British reaction is based on sense or even self-interest. Both are based on panic. One of the commonest and most ghastly mistakes made by people who know a little history is that they look for deep-seated, subtle conspiracies. Conspiracies do indeed occur all over the place; but most conspiracies fail, and the more complicated they are the more likely they are to fail. Neither American protectionism nor British marketeerism is so much the product of conspiracy as of blunder.

Suppose you have a lot of people in a crowded theatre, and someone shouts, "Fire!" Perhaps the theatre is on fire; perhaps it is not. What is quite certain is that there will be a rush for the gangways. Now someone else shouts, "The exit is over here!" Sure as fate, most of the crowd will surge in the direction he is pointing, without asking themselves what reason he has for knowing, or whether the exit to which he is pointing is in fact blocked. As likely as not there is no fire, and as likely as not the people cannot all escape through the exit whether the fire exists or not. Nevertheless, it is a fair guess that a lot of people will be injured or killed in the rush.

Something like this happens in economic history. At a moment of crisis (like a war which is going badly, or a trade depression), someone shouts that he has found a solution. If he has a lot of people

organised to say, "Yes, how right you are!," the chances are that the particular "answer" he claims to have found will in fact be followed.

In 1846, this country had protective tariffs, and was in the middle of an economic depression. A lot of people who had been shouting "Free Trade" ineffectually for years were suddenly listened to. The Corn Laws were removed. In the ensuing couple of decades, the Protectionists were increasingly demoralised, and other trade restrictions were removed as well.

In 1931-2, when we had relative Free Trade, there was another economic depression. A lot of people who had been shouting "Protection" ineffectually for years were suddenly listened to, and whacking great tariffs were slapped on. In the period which ensued, the Free Traders showed just the same signs of general demoralisation as the Protectionists had exhibited eighty-five years earlier. As far as I know the weight of economic argument one way or the other on the Free Trade - Protection issue had changed precious little in the intervening period.

In 1917, the Russian armies were being defeated in the field. A philosopher called Marx had argued that the economic system called feudalism would eventually give way wherever it existed to an economic system called capitalism, and that capitalism in its turn

would give way to an economic system called communism. Many people in Western capitalist countries had read and been convinced by Marx's arguments. A much smaller number of people in Russia had done so. Russia, however, was predominantly a feudal country, with only the beginnings of capitalism. On any Marxist view, Russia had to pass through a prolonged capitalist stage on its way to communism. Nevertheless, the name of Marx was invoked, to start a thoroughly un-Marxist revolution in Russia. Today, fifty-five years on, a lot of other countries have experienced what they are pleased to call Marxist revolutions. With one or two arguable exceptions, these countries were feudal and not capitalist when the revolutions occurred. In spite of all the efforts of the American leaders to drive people in the communist direction, thus far the "Marxist" revolutions have shown little sign of popping up where Marx said they should pop up, and have been popping up like billy-oh in the places where he said they would not.

What is the moral? When people are in a mess (or think they are in a mess), they will latch on to any idea which happens to be floating around. It need not be a sensible one. It need not be designed for their condition at all. It may make their condition better, but it is at least as likely to make it worse. The fact that a lot of apparently experienced and clever people happen to shoot off in a particular direction is no argument for the view that they are acting wisely for their own interests, still less that they are acting in a way which will benefit others. Most people



make far too much allowance for human wickedness, and nothing like enough allowance for human folly.