## From birth to death

The Demise of **Neo-Realism** Dr Abdalla E Sidahmed Minerva Press

£12.99



In writing The Demise of Neo-Realism the author attacks the microeconomic origins of the theory of neo-realism defined by Dr Kenneth Waltz. Knowing nothing about Waltz or his theories it is difficult to judge the truth of this criticism.

However, the work throws light on the utility of theories in the world of academia. As Dr Sidahmed says: "Theories always incapacitate each other. They die due to time's passage, advancement in knowledge, the nature of new problems and man's brain development."

In examining the way governments fund public services and transport in particular, he asserts that government funding encourages the public to feel they shouldn't pay for something that is for the public good. This, he says, describes the behaviour of consumers of collectively consumed goods and explains why the financing of such public goods on a private payment basis is so difficult to achieve. And it gives rise to the question of how authorities can properly fund services economically without limiting access.

This sort of debate gives birth to economic theory, and Dr Sidahmed attempts to bury the ageing theory of neo-realism. But



Ricardo: Arguing for a balanced view of economics

wherever economists are attracted to justice and prosperity in economic dealings, they look not for ever-changing theories but immutable principles such as those Henry George bequeathed to the world.

When David Ricardo was challenged by

## Worth the investment

**On Fairness and Efficiency** The privatisation of the public income over the past millennium Dr George Miller

Bristol Policy Press, 2000 £55

THE SEEDS OF modern poverty were sown over the past 1,000 years, according to the author of this impressive chronicle of British history.

Dr Miller is Professor of Epidemiology at one of London's leading medical research and teaching hospitals. He has little doubt that the root cause of unemployment and the associated psychological and physical ailments are related to the maldistribution of the nation's wealth.

The record of the past century proves his point. Despite massive

income redistribution in the welfare state, the life chances of people at the bottom of the class structure have not improved in relation





to those who command most of the nation's resources. So the claim by Prime Minister Tony Blair that Labour would abolish poverty within 20 years is almost certainly going to turn out to be a hollow one.

Dr Miller realises the explanation is difficult for people to swallow - they have been weaned on the conventional wisdoms. So he devotes a chapter to the careful exposition of the theory of rent, to enable readers to analyse for themselves the impact on their lives of rent privatisation.

This book may be expensive, but it is worth the investment. It constitutes one of the few works of reference to which social activists can turn for authoritative documentation of the evidence in support of the argument that modern governments should base public finance on the rent of land and natural resources.

The author takes us back to pre-Norman times, and traces the evolution of the modern system of land tenure by demonstrating an exhaustive knowledge of law, economics, politics and social history, as well as his own discipline of medicine.

The story is a complex one of interactions that culminated in the experiment known as the Welfare State. But the assumptions

Thomas Malthus to justify his opposition to the theory that population always tends to outrun the means of subsistence, he said: "It appears to me that one great cause of our difference in opinion on the subjects which we have so often discussed is that you have always in your mind the immediate and temporary effects of particular changes, whereas I put these immediate and temporary effects quite aside, and fix my whole attention on the permanent state of things which will result from them. Perhaps you estimate these temporary effects too highly, whilst I am too much disposed to undervalue them."\*

This argues for a balanced view of economics and is a point that the theorists of our time would do well to assimilate.

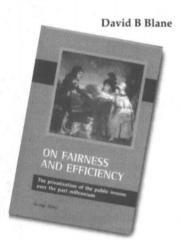
It suggests the need for a new kind of realism in a subject that has suffered too much from shifting theories in preference to unchanging principles of the kind that guided George.

John D Allen

\*John Maynard Keynes, Essays in Economics, Thomas Robert Malthus, Royal Economic Society Edition, 1972

and aspirations on which that experiment is based are now being seriously challenged. A new paradigm is needed to guide policymakers, and Dr Miller believes that the heart of the new approach in the 21st century must be driven by the determination to re-base public finance on that most immobile of resources - land.

Without such a shift in policy, argues Dr Miller, millions of people will continue to be deprived of their natural right to health and wealth.



# **Buy the bestseller**

Although Progress and Poverty was written in 1879 it is still causing ripples. It is an inspiring masterpiece drawn from Henry George's life and observation of San Francisco's rise from a collection of tents into a thriving metropolis. George's thinking was profound and lucid. It is these two strengths that saw his book become a bestseller around the globe and necessary reading for such luminaries as Einstein, Tolstoy and Friedman.

Progress and Poverty was written at a time when American society was becoming industrialised with resultant unemployment and social injustice. In today's climate of acute awareness of finite land resources, the book offers a solution to problems ranging across issues political, environmental and social.

Its economic thinking is experiencing a resurgence with the falling off of free-market economic models. As George's granddaughter writes in her preface to the centenary edition "Henry George was a lucid voice... that pointed out basic truths, that cut through the confusion which developed like rot. Each age has known such diseases and each age has gone down for lack of understanding. It is not valid to say that our times are more complex than ages past and therefore the solution must be more complex. The fact that we now have electricity and computers does not in any way controvert the fact that we can succumb to the injustices that toppled Rome."

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Henry George

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