

A Lead for Liberals

TO MANY PEOPLE the case for free trade and sound money will be entirely new, but nearly everyone will find some new arguments for a free economy in the context of the modern world in a new IEA publication, *Rebuilding the Liberal Order*.*

This booklet contains the texts of three speeches—one by the Earl of Cromer, former Governor of the Bank of England, one by Professor Harry G. Johnson, who combines the Chairs of Economics at the London School of Economics and the University of Chicago, and one from Mr. D. H. Barran, Chairman of Shell Transport and Trading. The speeches were delivered at a dinner attended by two hundred academics and businessmen early this year.

We often bemoan the fallacies and stupidities of much modern economic "thought," but the fact that the arguments contained in this publication can now be advanced with impunity by men of the highest distinction is an indication that ideas are beginning to move again towards the doctrines of the free economy. Ten years ago the propagation of such ideas by men of such calibre would have been most unlikely; twenty years ago it would have been unthinkable. The fact that it has now happened is to no small extent due to the wonderful spadework done by the Institute of Economic Affairs, and it is appropriate that it should be they by whom the dinner was organised and the booklet published.

There will be some people, no doubt, who will protest that most of the arguments are essentially adaptations of those that exist in the writings of George, or Ricardo, or even Adam Smith. This is true enough, but it misses the point. Men with exceptional minds embrace ideas because they are convincing; most people embrace ideas because they are fashionable among the recognised

leaders of thought of the day. Even people who are willing to flout fashion are usually unwilling to express views which do not receive the imprimatur of some really first-rate minds. *The Wealth of Nations* was published in 1776; the Corn Laws were not repealed until seventy years later, when a combination of fashion and panic forced the hand of the government. The protectionist reaction of the first world war and after did not come because new circumstances or new arguments had made free trade inapplicable, but again because of a combination of fashion and panic.

We want people to do the right thing; but we must not hope that masses of people will do so for the right reasons. Lord Cromer and his distinguished associates are, of course, doing the right thing for the right reasons. Others, no doubt, will follow them, for all the wrong reasons.

We should rejoice at the indications here provided that unilateral free trade and the simple morality of a sound, freely-convertible pound are again coming into fashion. But we should do more. We should consider how best to disseminate this excellent fashion among others, and ponder how other ideas that we hold—like the taxation of land values—may again be rendered fashionable.

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Some of the "uneconomic" policies pursued by poorer countries call to mind the story of the man who sees his rich neighbour get drunk and draws the conclusion that he can become rich by getting drunk. Such an argument is particularly persuasive for people inclined to dipsomania. — Professor Harry G. Johnson.

**Rebuilding the Liberal Order* by D. H. Barran, Harry G. Johnson and the Earl of Cromer. Occasional Paper 27. Institute of Economic Affairs, 5s. 0d. (32 pp.).

KEEP THINKING

DESPOTISM begins from the time people stop thinking of compulsion from above as evil, and begin to regard it as normal.

Uneconomic Education

PERHAPS the most serious criticism that may properly be levelled against *Economic Aspects of Student Unrest** is the choice of title, for only about two pages in all relate directly to student unrest, although it is arguable that the whole text has an indirect bearing on the problem. A more felicitous and descriptive title might be "University Economics."

It is inevitable that a product of the Institute of Economic Affairs should make considerable and useful reference to the special problems of the "Free University," in which so many of the leading IEA figures are strongly interested, but much valuable light is also thrown on general problems of university economics, and some important proposals are made.

The most original of these is a completely new approach to the matter of student and university grants. At present the universities receive large contributions direct from the state. Under the Peacock-Culyer scheme, the students would receive grants for tuition as well as grants for other expenses, and the students would pay their university. In other words, the economics of the universities would be geared to the demands of the consumer, rather than to the satisfaction of the producer.

There are plenty of other stimulating suggestions, which should be examined in the original rather than in a review, but what is of particular interest is the way in which the authors seek to apply the principles of market economy to university education. We may not be completely satisfied with all the suggestions but the authors bring powerful and original minds to bear on a very pertinent problem.

**Economic Aspects of Student Unrest* by Professor Alan T. Peacock and A. J. Culyer. Occasional Paper 26. Institute of Economic Affairs, 3s. 6d.