

cent. lived below the emergency level! This represented a slight easing of the 1951 figures "due primarily to the fact that the Bureau of Labour Statistics ceased collecting data for calculations after 1951, and the only available statistics are somewhat less comprehensive." (One wonders why the Bureau ceased collecting data!)

"The poor remain and will likely increase in number in the near future," says Professor Kolko. "The predominantly prosperous middle class society is only an image in the minds of isolated academicians."

Many other aspects of economic and social life receive Professor Kolko's attention. Education is one, and he says: "One thing is certain; the thesis that distribution of income reflects distribution of intelligence has no factual basis."

Contemporary social theorists (who are mostly "liberals"!) are criticised by Professor Kolko for their complacency. Believing the equalitarian society now exists, they "hail the accomplishments of the status quo," and their implication is that "no changes are needed."

Professor Kolko concludes: "It was not my purpose to recommend any partial laws or reforms with which to meet the far-reaching problems I have described. Rather, I have attempted to focus attention on the economic realities of our society, and on the disparity between

them and the dominant theories on equality and economic justice in the United States.

"Perhaps the idea of a social and economic democracy — the type of society erroneously said to exist in the United States today — will at least serve as the stimulus for its ultimate creation."

Interestingly, Norman Thomas is quoted on the book's jacket as commending the author for his thesis. This is rather ironic as Mr. Thomas has said that the New Deal had accomplished so much of the Socialist Party's programme that the party was no longer needed — the very New Deal that has accomplished nothing at all! Norman Thomas does admit that "we shall have to do some hard new thinking." Let us hope that this stimulus and this effort will lead many people to the doors of the Henry George School — where they will find in *Progress and Poverty* the "Genesis" of Professor Kolko's "Revelation"!

NOTE: Another new book on the same subject has just appeared. It is *The Other America* by Michael Harrington (Macmillan), and shows that the extent of poverty in the United States is much greater than has been supposed. If we are going to have a rash of such books, this is a welcome antidote to the "affluent society" type of books that have been coming out in recent years.

Essays In Debunking

By E. P. MIDDLETON

ESSAYS IN ECONOMICS by ELY DEVONS

(Geo. Allen & Unwin, 25s.).

THE author of this fascinating exposé of the fantastic world in which economists live and move, opens his book with this statement of disarming candour:

"Although I have been an 'applied economist' for many years and have frequently tried to be introspective about my activities, I am, I fear, not yet able to give a clear and methodical account of what it is I am applying. My readers will have to be satisfied, therefore, with random, not very clearly formulated thoughts, almost personal confessions, rather than a carefully worked out systematic treatment. The main questions I would like to answer are: 'What is it one applies in applied economics?'; 'What is the nature of the understanding of reality one gets through this application?'; 'What use, if any, is this understanding in the formulation of policy?'; and lastly, 'What are the best ways of teaching this applied economics?' As I have already indicated, I cannot give satisfactory answers to these questions, but I hope that you agree that they are interesting and important questions."

It need not be assumed from this, however, that we are really to be treated to the naive confessions of impotence and confusion the words might, in the light of the flow of verbiage from economic writers these days,

lead one to suppose. For Mr. Devons, in his pleasantly persuasive style, does a very thorough job of pulling the insubstantial supports from under a number of current economic sophistries and sends a good healthy blast of fresh air through the fancy but shaky architecture of the statisticians.

"There is," he says, "a passion for statistical information in relation to any and every issue of economic policy. Yet how often we do really honestly ask ourselves what we get out of the figures?" And he devotes many pages, in fact one whole chapter, to showing just how much, or how little, value most of the statistical information being produced in such quantities has in the process of constructive economic thinking. In a delightfully satirical, but devastating passage, he subjects to the statistical method the experience of falling in love, demonstrating effectively what an inadequate and unreliable tool statistics can be. Reflection on the use to which statistics are being put in, for instance, the determining of Government policy today, leaves one with the cold horrors. Mr. Devons does little to relieve this feeling. His examination of a research paper on the statistical analysis of road accidents, for example, he sums up in this biting

comment: "This is case of quantification gone mad." 'Misguided' and 'ludicrous' are other unfriendly adjectives that appear in the course of his remarks.

Early in the book we are given an illuminating statement of his general thesis: "In as far as economic theory is useful in enabling us to understand the real world . . . it is the simple, most elementary and, in some ways, most obvious propositions that matter." And from this excellent base he proceeds to cut wide swathes through the weed crops of economic myth with which economists in general have covered the landscape of modern thought. For instance, on "the great controversies about the clash of domestic and foreign trade policies, about the risks that should be run in having unemployment, about the advantage or disadvantage of a rising price level and the effect of these on the level of economic activity and the rate of economic progress," his verdict is: "The present contribution that theories make to the analysis of these problems is not far short of trivial.

"Arguments between economists advocating one policy rather than another can usually be explained more significantly in terms of politics rather than economics. They develop into unedifying slanging matches in which each faction picks out those elements or that formulation of the problem which leads to the conclusion it favours." This alone should make this book required reading for all students preparing for economics courses at our universities. It might conceivably have the effect of discouraging large numbers of them from going any further down the dismal, dismaying road such courses represent. And it might divert the truly enquiring mind to look elsewhere for the economic truth it seeks. One wishes, however, that the high hopes engendered by this refreshing start to Mr. Devons' book were justified by its total effect. The truth is sadly otherwise.

Perhaps the high-light of the book is his chapter on planning, which offers a brilliant but destructive analysis of the theory behind the question: "The Government planned the use of our economic resources successfully during the war; why shouldn't it be able to do so equally successfully in peace-time?" Here we are shown with irrefutable fact and logic, firstly, that war-time planning was very far from being the success it is commonly held to have been, and, secondly, that even had it been, such success would provide absolutely no basis for the assumption that the process could, or should be applied in peace-time. Space compels us to resist the temptation to quote at length from this first-rate exposition which should shatter for all time the complacency of all the devotees of government economic planning, of whatever political persuasion. One must be content to summarise his arguments on peace-time planning thus:

Assume that there is such a thing as "the economic purpose of the nation," assume we are prepared to leave to the government the decision as to what that purpose is; how does the government work out a co-ordinated and consistent plan in all its detail and secure its execu-

tion? First of all, the making of the plan must be left to someone with enormous power, infinite wisdom and adequate time. If, as is inevitable, given human limitations, he delegates the functions of interpretation and execution, how can he achieve the co-ordination and consistency essential to success? How, for instance, would a contract system, an essential feature of war-time planning, be applied to export policy? How would the problems of a wage policy and incentives be dealt with? Devons' conclusions on the sheer hopelessness of ever resolving such problems, even partially, without producing worse ones in their train, are composed of phrases such as: "an illusion, likely to have dangerous consequences" and "a problem infinitely more complex and unmanageable." To the inventor of NEDC, National Economic Development Council, and those engaged in setting up and attempting to work its rickety mechanism, Mr. Devons' massive blows at its very foundations must be disconcerting in the extreme.

And yet: lest the impression he gained that in Ely Devons we have an example of an iconoclast, swinging a giant axe at the foundations of that greatest of all spurious fabrications, modern economics, let me conclude with two depressing statements which show how out of line this much-sought authority for economics seminars and leading journals, really is. The first of these is a quotation, given with approval, from Keynes (introduction to the Cambridge Economics Handbooks), "The Theory of Economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method, rather than a doctrine, an apparatus of mind, a technique of thinking, which helps its possessor to draw correct conclusions." We may be thankful, at any rate, that there is no misuse of the term 'science' in this context.

The other, a remark made in the chapter "Economic Planning in War and Peace," is sufficiently self-illuminating to need no comment of mine: "The appropriate method of securing redistribution (of incomes) is through taxation, for the use of controls and rationing for this purpose not only restricts the field of individual choice and is, therefore, wasteful, but also means that the extent of redistribution is quite uncertain. The reply is often made that to secure the necessary redistribution through taxation in a free economy would involve such a high level of taxation that incentive would be very much blunted. I would suggest that there is no evidence for believing that redistribution through controls and rationing is any less harmful in this respect."

FREE TRADE — AMERICA'S OPPORTUNITY.

By Leland D. Yeager. Lucid exposition of free trade theory contrasted with U.S. protection in practice. Counters false reasoning, answers objections, provides up-to-date facts valuable for free traders. 1954. 88 pages. 2s.