

Book Reviews

Economics and Economic Policy in Britain, 1946-1966 by T. W. Hutchison. London: George Allen and Unwin, 1968.

Professor Hutchison is a very distinguished historian of economic thought who has hitherto written little or nothing in the field of economic policy-making. In this book he is concerned not so much with economic policy as with economists as advisers on economic policy. His method is the method of the historian of economic thought. He looks at different economists recommending and criticising policies, looks at the outcomes of policies and sizes up the value of the advice.

As one of those whom among many others he has chosen to dissect in this way, I have no ground for complaint. My fellow specimens differ in different periods. Those who most frequently appear on his paper include Harrod, Balogh, Robertson, Hicks, Joan Robinson, Kahn, Johnson, Warswick, Dow, Kaldor, Day, Paish. He looks at what was written during various periods and in relation to the issues of those periods: the early post-War phase of adjustment to the post-War world and the devaluation of 1949; the post-Korean expansion and the new monetary policy of 1951-55; the development of growth consciousness and of persistent inflation during 1955-60; the continuing problems of growth and those of entry into the common market during 1960-66, where his story ends. It is fascinating, particularly for the victims, to look again in hind-sight and see where one was reasonably right and where one was obviously wrong.

But Professor Hutchison's purpose is not the entertainment of his victims. It is the more serious purpose of trying to draw lessons about economists as policy-makers or policy advisers. He is, I feel sure, right in showing where political value-judgements would seem to have got entangled in serious economics, where particular writers would appear to have insisted out-of-season as well as in-season on recommending particular and sometimes rather obviously inappropriate panaceas. But I am not at all sure that he is right in his final judgements as to the morals to be drawn.

Professor Hutchison's conclusions, though they are set out at considerable length, I find it difficult to interpret, because I am not sure that I know at the end of it all what he wants us to be doing about it. He is insistent (and rightly so) that economics is a serious subject to be thought about and to be

written about seriously. He is concerned to appraise "the 'fruit' in terms of policy conclusions yielded by economic theorising of one kind and another", and leads a reader to infer that measured by all the omniscience of hind-sight we rated very badly. He lists five principal issues in particular: the level of activity at which to run an economy (from 97 per cent to 100 per cent employment); the types, sources and causes of inflation; the sources and causes of high and low rates of economic growth; the text strategies of commercial policy; exchange rates and the effects of devaluation. "The trouble is [he quotes] that no accepted body of knowledge exists".

I do not believe that Professor Hutchison has thought his problem through. Let us assume that no adequate body of knowledge exists. What then is the right thing to do. Surely to argue about the problem. Economics develops through argument. Nearly all the problems that Professor Hutchison lists are problems regarding which theoretical analysis has needed to be strengthened, and when it has been strengthened it has needed to be applied by conscientious applied economists competent to quantify the factors at work and reach reasonably trustworthy quantitative estimates.

Of the economists that Professor Hutchison has chosen to pillory, a majority are some of the most distinguished economic theorists who have in fact over the period been helping us to see more clearly what are the factors at work. But several of them are essentially "model-builders" rather than applied economists, whom I myself would trust less implicitly in the world of quantitative applied economics than in the world of "theorizing". They have chosen to write in the field of applied political economy and Professor Hutchison has every right to examine their performance and to rate them pretty badly. But if the moral is that they should have kept quiet, I find myself disagreeing rather vigorously. There is only one certain recipe for being perfectly right: to be perfectly silent. It is simultaneously the recipe for being perfectly ineffectual. I would myself prefer to help to make progress by being occasionally wrong than to spend a life of perfect ineffectualness and perfect uselessness.

The moral that I myself would draw is a rather different one. Nearly all the issues which Professor Hutchison is considering are essentially matters of quantitative judgement. They are matters on which I would trust only the judgement of someone who has mastered not only the "theorizing" but also scalled himself in the quantitative data. Most of us in private know that we take only half seriously the essays into political economy of some of those whom we most respect as theorists. It surprises me that Professor Hutchison quotes almost nothing from some of those whom one takes most seriously. How comes it that Professor Reddaway who, as editor of the London and Cambridge Economic Series, has written more and better than any of us virtually escapes mention? Am I wrong in supposing that he provides few examples for Professor Hutchison's amusement? And if so, are these hidden value-judgements

even in this book? Is Professor Hutchison querrying for particular sorts of economics that he happens to dislike? My own moral is not the virtue of silence, but the immense importance of reinforcing "theorizing" by equally professional quantitative analysis and quantitative judgement. It is only then that we shall get good economic advice.

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