

The End of Progress: How modern economics has failed us

Graeme Maxton

London: John Wiley & Sons; 2011, £20.00, h/b

September 1984 saw the then British Chancellor, Nigel Lawson, in Washington for a meeting of the International Monetary Fund. A safe distance from home, he made a speech that rather let the cat out of the bag in terms of Tory labour-market policy. Many of the jobs of tomorrow, Lawson said, would not be 'high tech'. They may not even be 'low tech'. Instead, they would be 'no tech'.

To have some idea of the impact of this speech, you have to recall that a future of high tech jobs was the Government's great alibi at a time of chronic unemployment, then standing at more than three million (I refer to the claimant count, currently about 1.6 million, not the broader measure that seems always to register Eighties-style levels of joblessness). Yes, we were told, the old was dying in terms of work, but the new was being born in the 'sunrise industries' of the future.

Ministers were forever lauding modestly-sized businesses with names such as Com-Vac or Micro-Digital, and even a relatively minor expansion of a semi-conductor plant on a remote industrial estate would be presided over by a grinning politician babbling about the 'silicon chip' while reporters worked their way through white wine and *vol-au-vents*.

At the time, I was business correspondent on an evening paper, and chatted about the Lawson speech to a thoughtful man who helped run the local trades council. There was no way, he said, of bringing about a Third World, souk-style economy in a country geared up for complex modern living.

Well, no. Not then. But as the years grind by, and Britain becomes less competitive, could we not, bit by bit, see our standing decline, not only in relative terms, not even only in absolute terms but in terms of relegation from developed-

world status to something closer to what was then known as the Third World?

Graeme Maxton seems to think so, although it is not only Britain that he sees heading into the relegation zone but pretty much the whole developed world. Water, food and energy are about to become scarce. So is money. The flabby, over-indebted west is in no position to compete in the sharp-elbowed climate of tomorrow. Britain, perhaps, is one of the least well-equipped in this department.

Furthermore, Maxton warns, post-industrial Britain will not be some downshifter's paradise, in which the breadwinner drops out of the rat race, moves the family to an old gamekeeper's cottage and pulls fish from the local stream while their wife bakes wholesome cakes and their children eschew computer games and play instead in the woods. Instead, life will become more urban (as petrol cost rises make transport more expensive), diets will worsen (as people eat more cheap, filling food) and so will health (as the price of medicines rises).

'Ration coupons will help ease the transition and make it fairer,' he writes. 'Black markets will spring up to profit from the shortages.'

Not so much the good life, more like the bad life.

Intriguingly, Maxton is not coming at this from an especially left-wing or green perspective. Indeed, he used to work for *The Economist*, Citigroup and American Express, all of which suggests at least some sympathy with the notion of a market economy. So it is perhaps unsurprising that both his diagnosis and his suggested remedies have their roots firmly in the soil of the 18th century Enlightenment, of Adam Smith and all that.

Maxton argues as follows:

'During the last 30 years, we have taken many of Smith's principles and trashed them. We have invented, instead, a new and distorted set of ideas with which to run our world; these are the source of many of our difficulties.....We have warped his ideas, as well as other

enlightenment principles – including those of democracy, social responsibility and justice – to suit our own ends.’

He adds:

‘We were persuaded that there were no limits to growth. We thought we did not have to care about the consequences of our actions. We believed that the responsibility to borrow money within our limits, or the obligation to use the world’s resources considerately was for others. As we are about to learn, that was wrong.’

His solutions, as tends to be the case at the conclusion of this type of book, suffer from a certain prolixity, but are, in the main, well grounded: economies need to be ‘right-sized’ in line with shrinking resources, we need to price those resources correctly and profits need to be ‘fair’. There is the occasional eccentricity, or worse, as when he follows a proposal for universal birth control with the grossly illiberal suggestion to ‘ban the activities of many religious groups’ on the ground that ‘all they do is encourage even more people to believe in a dream that cannot come true’.

That’s funny. I thought the standard critique of religion was that it made people too accepting of poverty and oppression in this world by holding out the promise of happiness in the after-life.

That said, this is a book for our time. It will do well. Ironic, really, given the bleakness of much of its content. But then, nearly 40 years ago, a book entitled *Small is Beautiful* become one of the biggest sellers of its time.

Funnily enough, had we heeded the warnings in that first book, we may never have needed this one.

Dan Atkinson

Dan Atkinson blogs at <<http://atkinsonblog.dailymail.co.uk/>>

