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**THE CLASH OF  
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# THE CLASH OF PROGRESS AND SECURITY

BY

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## PREFACE

THE germ of the ideas which are defended in this book first developed in the author's mind in the atmosphere of intellectual discomfort created by the attempt to reconcile with the teachings of elementary economic science the view, at one time so common in Australia and New Zealand as to be practically universal, that any policy of sound economic development in "new" countries must provide for an indefinite expansion of rural population engaged in agricultural and pastoral work. This widely held view appeared to be so much at variance with what might reasonably be expected in a world where the rate of population growth was slowing down at the same time as the efficiency of production of foodstuffs and raw materials was rapidly increasing, that a brief attack on the whole position, under the title "The Bogey of the Urban Drift", was written in September 1926 for the *New Zealand Highway*, now unhappily defunct but at that time the journal of the Workers' Educational Association in New Zealand: "Instead of deploring the urban drift, we ought to rejoice at the evidence which it affords that the primary necessities of the whole population can be supplied by a steadily diminishing proportion of the people". The same thesis was developed in greater detail in an article on "The Drift to the Towns", published in November 1929 in the *Economic Record*, the journal of the Economic Society of Australia and New Zealand: "An increase in the number of farmers is not a suitable method for improving the economic

position of those who are already farmers. . . . As a community grew in wealth the proportion of farming to total population would steadily diminish. . . . To complain about the world-wide drift to the towns is to complain that the world as a whole is growing richer."

During the year 1931 I had an opportunity to make a study of the changes in relative incomes paid for different kinds of work in recent years, and it became clear that the problem which had originally presented itself as one of the relative rates of growth of rural and urban population was in fact much wider in its scope and significance. Improvements in the capacity for wealth-production, and in particular in education standards, were likely not only to stimulate a relatively rapid growth of urban population, but also a diminution of the customary differentials between the wages paid for skilled and unskilled labour. This point was elaborated in the *International Labour Review* in June 1932, in an article on "Education and Relative Wage Rates".

During recent years most economists, whatever their reading habits may have been in the past, have felt it necessary to pay increasing attention to the work of Böhm-Bawerk. His refusal to include in his theory of capital any consideration of what would happen if in the future men turned to types of consumption different from those which had been customary in the past (a change which was obviously certain to occur if standards of production were improved), strengthened the impression which had been growing in my mind, that it was impossible to reach sound judgments on matters of practical policy unless we thought constantly in terms of the changes in the structure of production, in the distribution of labour

and capital which were demanded by improvements in the general efficiency of production. Reflection upon this theme led to my writing an article on "Capital and the Growth of Knowledge" which appeared in the *Economic Journal* in September 1933; and the present work is an attempt to expound in a more systematic way the general problems which inevitably develop in any formulation of a concrete picture of the implications of material progress for the structure and organisation of industry as a whole.

Any reader who is familiar with the work of the late Professor Cannan will readily appreciate the extent of my debt to his teaching. It was he who first convinced me that the study of economic theory was something more than a mere intellectual toy, combining as he did a sturdy realistic common-sense with a profound understanding of the foundations of thought in economic science. It has not infrequently happened that, when I had imagined that I had in my own thinking come upon some neat or novel point, I have discovered that the same point had already been made by the late Professor Cannan in a sentence or paragraph which I had already read, but whose source I had forgotten.

Many points in this book have been discussed from time to time with friends in Australia and New Zealand, to whom I owe a good deal both by way of positive criticism or advice and also through the assistance which they sometimes unconsciously gave me in revealing the misunderstandings and errors which are the most serious barriers in checking the acceptance of sound doctrine. My greatest debt is to Mr C. V. Janes, who was my colleague during 1934 in the Economic Department of the Bank of New South Wales in Sydney, and who subjected the whole of my manu-



script to a careful, detailed criticism which enabled me to improve my work in many important respects. I have also to thank Mr H. D. Dickinson, of the University of Leeds, and Professor R. C. Mills, of the University of Sydney, who have read my manuscript and offered useful criticisms. Readers of the book are especially indebted to my wife, without whose persistent and tactful criticism my obscurities and harshnesses of style would have been still more numerous than they are.

ALLAN G. B. FISHER

UNIVERSITY OF OTAGO, DUNEDIN

*May 15, 1935*

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