

ECONOMIC PROGRESS AND SOCIAL SECURITY

BY
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By Allan G. B. Fisher

THE CLASH OF PROGRESS AND SECURITY (1935)

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PREFACE

IN 1934 I wrote a book, *The Clash of Progress and Security*, "the rather simple theme" of which, as one reviewer put it, was that "economic progress was impeded by resistance to change". The ideas which I there attempted to elucidate had their origin in a conviction that the belief at that time almost universal in "new" countries such as Australia and New Zealand, that statesmen there should plan for an indefinite expansion of rural population engaged in agricultural and pastoral production, ran directly counter to the requirements both of material progress and of social security for these economies. Further reflection upon this problem suggested the usefulness of a study of the causes and consequences of the widely varied influences which everywhere from time to time impede the adjustments in our economic structure without which the attainment of higher standards of living is impossible.

Whether or not this examination was well done at the time, the urgency of the problem does not, ten years later, seem to have appreciably diminished. Many, perhaps most academic economists have not been unaware of the importance of the issue involved, but the influences of fashion, which are sometimes scarcely less noticeable in the realm of economic theory than in ordinary commerce, have had the unfortunate effect that after the existence of the problem has been formally recognised, it has often been pushed on one side, and no serious attempt made to do anything about it. It therefore seemed worth while to attempt a re-statement in the light of current events and trends of thought. In so doing particular attention has been paid, first to the unhappy tendency displayed in many of the excited discussions of the new world which planning offers to us to neglect the overwhelming importance of flexibility in our economic structure, and, secondly, to the impediments placed in the way of the development of orderly and harmonious international relations by the stubborn and short-sighted determination of national economies to protect themselves from the necessity for structural adaptation. The task

of restoring the world's productive capacity after a long and destructive war will tax to the full our powers of far-sighted organisation, and unless we pay much more serious attention than in the inter-war period to the damaging effects of the powerful influences which try to keep the structure of production as it is, our efforts will fall far short of the measure of success which otherwise might reasonably be expected. For no economy, moreover, is this truth more important than for Great Britain. I am, I hope, under no illusion that action based on the principles outlined in this book would by itself be sufficient to ensure the solution of our post-war economic problems. Many issues of first-rate importance are here almost entirely neglected, and many other things, not here referred to, also need to be done. But the utmost skill and care in dealing with these other things will, it is believed, be ineffective, unless we also provide more effectively than in the past to ensure that the forces which resist structural changes are kept under control.

I owe much to my friends with whom I have from time to time discussed many of the issues under consideration, though they might not in every case easily now recognise the stimulus which their observations have afforded. I am particularly indebted to my former colleague, Mr. Barnard Ellinger, and to Professor Eugene Staley, both of whom have read a large part of the manuscript at one stage or another, and whose comments and criticisms have been most valuable. Professor Staley also kindly allowed me to profit from the perusal before publication of his *World Economic Development: Effects on Advanced Industrial Countries* (International Labour Office, Montreal, 1944).

My greatest debt is, however, to the Royal Institute of International Affairs, and to Sir Henry Price, whose generosity made possible the establishment in 1937 of the Price Chair of International Economics, of which it has been my privilege to be the first occupant. The broad-minded and enlightened policy of the Council of the Royal Institute has made the period of my association with it as a member of its staff an educational experience of the utmost value which it would have been impossible to enjoy by any other means. In particular, during the last twelve months, at a period when with straitened personnel

resources the Institute was engaged in many other current activities of great importance, it generously allowed me to devote practically the whole of my time to the preparation of this book, and also took the trouble to facilitate a visit to the United States, where the further experience gained has also been of great value in attempting to look at the broader issues of international economic policy in a clearer and more accurate perspective. In its own publications it is customary to state that "The Institute, as such, is precluded by its rules from expressing an opinion on any aspect of international affairs; opinions expressed in this book are, therefore, purely individual", and it is perhaps proper to state here formally that the same principle applies to the present work.

Much of the analysis in the present work is concerned with matters which on a superficial view might appear not to fall within the province of a specialist in international economics. No apology, however, is needed for this extension of the range of our interest. Both experience and general reasoning have by now demonstrated with abundant clearness the intimate organic relations between internal and international policy. Strictly speaking, there is no such thing as International Economics. There is only Economics, one and indivisible. And if anyone preferred to revert to the terminology of an earlier generation and describe the present work as an essay in International Political Economy, its author would raise no objection.

ALLAN G. B. FISHER

CHATHAM HOUSE

May 3, 1944

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These ye ought to have done, and not to have left the other undone.

Matthew xiii, 23

If anyone asks me if I am a socialist, and demands an answer, yes or no, in the rude way ill-informed people have, I say no. But if anyone asks me if I am an anti-socialist or an individualist, I say no with equal readiness. I am not an anti-socialist, because I think progress involves a great extension of conscious organisation, and I do not object to that extension and try to hinder it as much as possible. . . . On the other hand, I refuse to call myself a socialist, because . . . I am not prepared to take the line of advocating or opposing things simply on the ground that they seem to be in accordance with a general principle.

EDWIN CANNAN, *The Economic Outlook* (1912), pp. 281-2

If anybody asks whether there should be more socialism or Government planning or more free enterprise, my answer is that there ought to be a great deal more of both.

MR. OLIVER LYTTTELTON, April 26, 1942