

reviews

THIS book is precisely what it claims to be: a defence of economic growth. It is written with wit and verve, in a forensic style which would do credit to a barrister defending a criminal before a jury. The prosecution witness (the mass media, fuddy-duddy scientists, young radicals, and the middle classes) are battered by facts, arguments and ridicule. It is, as Beckerman frankly warns his readers, a one sided contribution to a debate. The issue is familiar enough. Should economic growth be curtailed or even phased out as a deliberate social policy, in order to prevent pollution and to conserve resources for future generations? And, to anyone interested in this issue, Beckerman's views are familiar enough too. Market forces, either working naturally or modulated by a system of taxation, will continue, as they do at present, to regulate the level of pollution and the use of resources. Zero growth would exacerbate the inequalities between rich and poor; it would be of dubious benefit to future generations, and in any case it would be politically impossible to achieve in a democratic society.

Many people, including some scientists, do not realise that the economist, dealing with the theory of choice in the allocation of resources, is (or tries to be) as neutral over value judgements as the chemist is when he deals with the theory of valency. It is not the economist's professional business to moralise about how the national product should be allocated among such items as present consumption, investment in the future, and conservation of the environment. His business is to say what the economic consequences will be for different patterns of allocation. Thus in the mind of the economist pollution is not 'good' or 'bad' any more than arsenic is 'good' or 'bad' in the mind of a chemist. The notion that conservationists have to defend the environment against hordes of economists, hell-bent on maximising economic growth, is, as Beckerman convincingly argues, nonsense. The economist is interested in the logic, not the ethics, of choice.

A clear distinction has to be made between two dimensions of choice: one is how to allocate resources at any moment of time (for example, as between public and private transport); the other is how to allocate resources over a period of time (for example, as

Simple guide to welfare economics

In Defence of Economic Growth. By Wilfred Beckerman. Pp. 287. (Cape: London, June 1974.) £3.95.

between 1975 and 1995). The controversy over economic growth lies in the second of these two dimensions. It is, crudely, the choice between on the one hand, more consumption now and possibly (though Beckerman disputes this) less for our grandchildren: and, on the other hand, some sacrifice of present consumption and (again only possibly) more for our grandchildren.

The evidence of history is that improvement in economic welfare has been accompanied by improvement in social welfare. As nations have become more affluent their citizens have, on the whole, become more healthy, enjoyed greater security, shared more fully those immaterial benefits we associate with 'quality of life'. So, argues, Beckerman, continued economic growth is in the best interests both of today's poor and of posterity. As for the social costs of economic growth, for example pollution and disfigurement of the landscape, the economists have an elegant formula as a guide to policy. Pollution (which Beckerman selects to exemplify his views) should not be minimised: it should be optimised at the level above which the marginal cost of more abatement would exceed the marginal cost of the damage done if it were not abated. And to ensure that the cost of disposing wastes into the environment is internalised, just as the cost of labour is, Beckerman proposes a hit-or-miss taxation system which would aim at optimising pollution.

The trouble about the economists' elegant formula is that they cannot quantify it in a way which would command the confidence of anyone accustomed to the rigours of scientific

method. The costs of abating pollution can be measured. But estimates of the damage done by pollution which try to quantify the disamenity of fogs and dirty rivers and smells are (to my mind) totally unconvincing. Beckerman himself emphasises that economic welfare is only part of social welfare. The task of politicians is to promote the whole of social welfare. The issue which his book raises is a fundamental one. Is social welfare so conditioned by economic welfare that politicians can exclude the unquantifiable components of social welfare? Or—and this is Beckerman's view—should one go on trying to quantify the whole of social welfare, in money terms because money is a convenient symbol of value? After all, he says, it was a long time before physicists learnt how to measure heat. Or are the unquantifiable components in the cost-benefit equations of social welfare so important that this whole quasi-scientific approach to social policy ought, for the time being, to be regarded as under suspicion?

Beckerman, quite rightly, withers with criticism the specious precision of computer simulations about the prospects for mankind. But is he not himself exposed to a somewhat similar, though much milder, criticism? There is growing evidence that social welfare includes much more than economic welfare and that in affluent societies the correlation between the two (let alone causation) cannot be assumed to be strong. Much of what social welfare means cannot be quantified. Is there not a risk that the value-free approach to welfare economics will over estimate the quantifiable components and under estimate the others and, in doing so, distort the issues instead of clarifying them?

One puts this challenging book down with the impression that economists, just because they are liable to become involved in social policy, cannot remain as disengaged from value judgements as scientists can. The scientist can exclude from consideration phenomena he cannot quantify. He would discard an equation for which he could not supply data. The economist analysing social choice is tempted to go on using the equation even though he cannot supply the data. Beckerman has not altogether resisted this temptation.

E. ASHBY