Oakley, Ann. "Lament for Economics." *A Critical Woman: Barbara Wootton, Social Science and Public Policy in the Twentieth Century*. London: Bloomsbury Academic, 2011. 165–182. *Bloomsbury Collections*. Web. 26 Apr. 2023. <<http://dx.doi.org/10.5040/9781849664769.ch-010>>.

Downloaded from Bloomsbury Collections, www.bloomsburycollections.com, 26 April 2023, 10:57 UTC.

Copyright © Ann Oakley 2011. You may share this work for non-commercial purposes only, provided you give attribution to the copyright holder and the publisher, and provide a link to the Creative Commons licence.

Lament for Economics

Norbert Elias, born in the same year (1897) as Barbara Wootton, was a European sociologist most remembered today for his two-volume work on social attitudes and manners, *The Civilizing Process*. Elias fled Nazi Germany in 1933 and spent part of the War in internment camps in Liverpool and the Isle of Man. After the War, Barbara Wootton was one of those who facilitated his entry into British academia, initially through enlisting his help as a tutor for the London University extra-mural classes she was running.¹ Elias's autobiographical *Notes on a Lifetime*, published in 1984, begins by recalling how at a symposium of English sociologists held in the 1950s, Barbara had addressed the assembled sociologists, who were debating the strengths and weaknesses of contemporary sociology. She was somewhat bitter about something – Elias does not specify what. 'And none of you are proper sociologists,' he recalled her shouting, 'Look around you. You and you and you, none of you has ever studied sociology! You've all come in from somewhere else!'²

Sociology was a relatively new subject at the time, and poorly institutionalized, so it was bound to be the case that many of those who called themselves sociologists had 'come in from somewhere else'. Elias himself had started in medicine. Barbara Wootton had been trained in Classics, and then in Cambridge economics. She called herself an economist for many years. It was as an economist that she had lectured in Cambridge and then in London, startled the media by joining the Colwyn Committee on National Debt and Taxation in 1924, attended the League of Nations Conference in 1927, worked with William Beveridge on economic policy, and published many of her early works. But, during the 1920s and 1930s, there was a growing dissonance between her disciplinary allegiance to the language and theories of economics, and her desire to see academic expertise yoked to the practical promotion of human welfare. This dissonance broke out in the fever of the closely argued 322-page critique of conventional economics she published in 1938, *Lament for Economics*. It is a biting and intensely logical, but also in places humorous and personal, work. At the time when she wrote it, Barbara Wootton

was regarded in public circles as 'a distinguished economist',³ but the book marked the official end of this career and the beginning of her identification with the ranks of those who had come in from the cold to the relative warmth of sociology.

Lament for Economics takes the economics and economists of the time to task for a number of critical failings. Its target is 'neoclassical' economics, a term introduced by Thorstein Veblen in 1900 to distinguish the English tradition of economics under Alfred Marshall from other European schools of thought. The central features of neoclassical economics (often also called 'mainstream' economics) are a focus on markets, prices, and outputs, and the supposition that everyone acts independently to maximize their own self-interest. This was the approach that Barbara had learnt at Cambridge. *Lament for Economics* criticizes the neoclassical tradition on five main grounds: for being of no practical use; for being unintelligible to 'the plain man';⁴ for being riddled with, and weakened by, internal dispute; in its resolution to ignore reality; and for being at heart no more than an elaborate system of apologetics for capitalism. This formidable list of allegations appears in the first chapter of *Lament* which is appropriately called 'The Indictment'. It is not a polite book. Economists 'feed on their own tails by busying themselves with the analysis of imaginary worlds which they have themselves invented';⁵ they specialize in 'umbilical contemplation' rather than the methods of science;⁶ their inability to interpret concrete situations usefully is reminiscent of the behaviour of reptiles before they become extinct;⁷ and, in their addiction to outdated Victorian models, these 'paid sycophants of capitalism' 'live in a sort of perpetual regression ... like old people who are unable to let go the world of their childhood'.⁸ It was this chapter of *Lament* that housed one of Barbara's most famed remarks, recycled by Winston Churchill⁹ among many others, that 'Wherever six economists are gathered, there are seven opinions'.¹⁰

Such accusations need reinforcing with argument and evidence, and this Barbara does in four chapters concerned with how economic theory relates to the real world; its non-status as a science; its veiled function as a defence of capitalism; and its fatal over-dependence on the notion of the atomized individual. Much of what is transacted under the heading of economics is simply a study of market processes: the business of buying and selling, of demand and supply, of price and value. Moreover, most economists assume that people's behaviour in market economies is always strictly rational, that it is always geared to maximizing personal utility and satisfaction; that individuals always behave rationally as independent units, and the markets in which they so behave are places of 'perfect' competition. Left sufficiently to itself, the free play of market forces – the old doctrine of *laissez-faire* – will produce a state of equilibrium in which supply equals demand, and this is a

condition that will benefit everyone equally. However, if economics is about the ordinary business of life, the attainment of the ‘material requisites of being’ to quote Marshall’s *Principles of Economics*, which Barbara Wootton had first read as a girl before anyone allowed her to study the subject properly, then it is clear that it *ought* to be about more than the kind of market system currently prevailing in countries such as Britain and the USA, and it *ought* to allow for the irrational behaviour of the real world. Features such as tradition and nepotism and gross inequalities of capital and power underlie how labour and commodities are *actually* valued and exchanged for money.

The quarrels of *Lament* with the shortcomings of economic orthodoxy did not come out of nowhere. The notion of economics being about more than public markets had been aired for many years, and notables such as William Beveridge, in his departing address as Director of the LSE in 1937, were complaining that controversies in economic theory very rarely referred to empirical evidence.¹¹ It was clear even to the layperson in the 1930s that the famous default equilibrium of the industrial economies idolized by the neoclassical economists was repeatedly failing to materialize. The economists’ main suggested remedy – the lowering of wages – made neither political nor social sense. All this would be put right, eventually, by the Keynesian revolution. Like Barbara Wootton, or perhaps she like him – after all, they had shared the same nanny in childhood – Keynes understood that the world is not made up of isolated units, independently motivated, but by interlocking networks and institutional structures. These operate within a framework bounded not by rationality, but by uncertainty. It is because people do *not* know the consequences of their actions that things happen to the economy, not because they do. Barbara Wootton regarded Keynes’ illuminations as couched in unnecessarily complex language,¹² but she must surely have chuckled at some of his remarks about the absurdities of the neoclassicists, for example, that they ‘resemble Euclidean geometers in a non-Euclidean world who, discovering that in experience straight lines apparently parallel often meet, rebuke the lines for not keeping straight’.¹³

Barbara’s contemporary Cambridge economist, Joan Robinson, once remarked that, ‘The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists’.¹⁴ *Lament* exorcizes this deception. However, one of the criticisms that can fairly be levelled at it is that its focus is narrowly on a particular school of English economists. This is a point made vociferously by some of the book’s reviewers, who noted Barbara Wootton’s disregard of the way economists outside England (particularly in Belgium, Sweden and Australia) did grapple with real world problems.¹⁵ Barbara

also paid insufficient attention to institutional economics in the USA, a distinctively different approach from the neoclassical one, and one which put forward similar arguments to hers: that the social and power relations embedded in institutional structures, not markets, are the main regulators of the economy.¹⁶

Lament was specifically targeted at the LSE school of economists, particularly at Frederick Hayek, whose opposition to socialist planning had provoked Barbara's *Freedom Under Planning*, and Lionel Robbins, arch-champion of neoclassical economics. The title of Chapter 3 of *Lament*, 'The Nature and Insignificance of Economic Science', is a play on Robbins' much-acclaimed text, *An Essay on the Nature and Significance of Economic Science*, published in 1932 and already in a reprint of its second edition by 1937. Robbins' *Essay* is best known for its still-used definition of economics as 'the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses'.¹⁷ This definition fitted very well with the rational choice model of economics, and with an approach that defended theory against the erosions of empiricism. Robbins and others regarded economics as a science because they considered it distinguished between means and ends – economists were properly only concerned with the latter – and because it was a system of logical deduction from first principles. Its basic propositions, deductions from 'simple assumptions reflecting very elementary facts of general experience' are 'on all fours', argued Robbins in his book, with the propositions of the other sciences.¹⁸ Barbara Wootton disagreed. She could not see in the practices of most economists anything that resembled science. Did they examine their theories by close and accurate observation of phenomena? Did they develop hypotheses from observable facts? Did they test generalizations before proclaiming them? No, the only contribution of the real observable world to their treatises was in suggesting the hypothesis whose hypothetical consequences would then be elucidated without any empirical reference. The belief that important truths can be discovered merely by thinking is not what science is about. Some of this critique also applied to sociology, but economics suffered from an additional failure in that it did not acknowledge that the mechanisms of a capitalist market economy are limited in time and place. Neoclassical or mainstream economics, the target of Barbara's attack, was not about human experience in general but about some human experiences in particular: 'If the "science" is dumb except in relation to the conditions of the Western world in the seventeenth to twentieth centuries,' she noted, 'then it does seem to be an odd sort of a science indeed'.¹⁹

The elision between what is and what ought to be is the next problem. Why, after all, should economizing – making a little go as far as possible, the basic precept of economics – be preserved in aspic as commendable, 'rational', behaviour? How

does such a theory connect with the observable fact that human beings live in societies whose complex networks and levels of influence affect their behaviour, so as to render the notion of the atomized individual simply another redundant abstraction? When we look at people's real experiences of markets, what do we see? Contrary to the idea that people are always selfishly maximizing their own satisfaction, economic decisions can have many other motives. Most importantly, we know what these motives are only through empirical study, by asking about them. In studying market behaviour, we must examine from their own subjective standpoints how both producers and consumers behave. In the case of consumers, for example, the business of selecting between scores of varieties of the same product is extremely arduous, and one which it is difficult to conduct intelligently: 'As a purchasers of jams, for example,' observed Barbara, domestically, 'I am quite incapable of deciding for myself which varieties are made of fruit and which of synthetic substitutes, nor do I even know, at all accurately, how far the substitutes are, on the one hand, actively pernicious, or on the other hand, just as good as the commodity which they replace'.²⁰ She is making a very important point here. The neoclassical case rests on the assumption that people know what they are doing, economically – that, after all, is the essence of rationality. But consumer choice is often, and increasingly, uninformed, because of the complexity of markets and of products, and it cannot therefore be deemed reasoned choice. The claim that markets faithfully direct resources into producing only those things that are really wanted is manifestly absurd.

Facts about the *dissatisfactions* experienced by many people living in politically unequal industrial systems impressed Barbara much more than the abstract elegance of economists' invented theories. Towards the end of *Lament*, she formulates the key problem: the important thing is 'to know what kind of enquiries are likely to be fruitful in terms of social welfare'. What she recommends is a programme in which economic analysis is applied to the imperfect market economies that do exist; there is sufficient empirical study of social situations and trends; and the focus is on the sorts of social and economic goals that will promote human welfare. She wants to know about the social structure and about the circumstances in which people live, and she suggests that there should be a regular body of investigators charged with just this task. She wants to find out about human needs, from the various standpoints of all who have them. She considers it important to establish whether people want freedom of choice, and how their opinions and choices may be conditioned by influences such as politically vested interests or advertising and other media persuasion. All this would mean redefining economists as students of social welfare.²¹ And this in turn would mean economists' direct involvement in

questions about the ultimate aims of public policy, and in particular their obligation to take seriously the observable fact that England, nominally a democratic country, was depriving many citizens of the wealth and opportunities afforded to some. In short, Barbara Wootton's *Lament for Economics* leads with an iron logic to the conclusion that all economists should become more like her. It was perhaps one of the intellectual tragedies of her life that this did not happen.

The book could be seen as a justification of her own move away from economics, and this would certainly explain one aspect of its impact, which on the development of economics was zero. It is not mentioned in histories of economic thought or methodology,²² and it is strangely missing from biographies of her professional contemporaries, such as Keynes and Beveridge.²³ Reviews at the time in the popular press were enthusiastic, regarding it as a decisive exposé of the flaws inherent in all economics.²⁴ *The Times* reviewer deemed it, 'vigorous, witty and outspoken',²⁵ and *The Manchester Guardian* called it a 'sprightly onslaught' designed to strip economists of 'their last rags of self-respect'.²⁶ In Australia, *The Argus* observed that nothing was more satisfying for women than being able to say that men had made a mess of it, and that was what Mrs Wootton said.²⁷ Academic opinion was much more mixed. The American reviews were most charitable: the book was amusing, 'spirited', 'gossipy', although somewhat too personal: in one sentence on page 190 the pronoun 'I' was used seven times.²⁸ On the other hand, the reviewer at the University of North Carolina could not quarrel with *Lament's* 'commendable keenness, fairness, and humility'.²⁹ A Pennsylvanian economist considered her case interesting and thought-provoking, although would not her conception of economics as the study of social welfare turn all of them into sociologists, which would be a mistake?³⁰

Lament was used in some contemporary American discussions of the relationship between theory and applied subjects in economics teaching.³¹ Unsurprisingly, the most negative responses came from the British economists who had been the main focus of her criticism. A long review by L.M. Fraser from Aberdeen commended 'Mrs Wootton' for reminding him and his colleagues to pay more attention to the concrete problems of economic life, but she went too far. She gave into emotion and prejudice and spoiled perfectly sound arguments with 'absurd over-statement'.³² Roy Harrod, Oxford economist and friend and biographer of Keynes, did not quite say this in his Presidential Address to the British Association in Cambridge the year *Lament* came out, but he did refer to 'Mrs. Wootton's jeremiad': 'While her case against too grandiose claims for our subject is unassailable,' he pronounced, 'I am confident that a circumspect statement of its achievement and utility would be proof against her shafts'.³³ Harrod's reference to *Lament* may have had something to do with Keynes, who had corresponded with Harrod about his plans

for this address, and had warned him off the subject he had selected – the scope and method of economics – as being too ‘serious and academic’ for an occasion that would get a lot of press attention. ‘Couldn’t you give the whole thing rather a different twist,’ Keynes had asked, ‘dealing, for example, with such matters as Barbara Wootton has handled I gather (I have not yet read the book) in her *Lament for Economics*, though I hope yours would be a Laurel for economics.’³⁴

What explains the treatment Barbara Wootton’s *Lament for Economics* received, and why it has disappeared virtually without trace? The timing of the book was appalling, published eighteen months before the Second World War. *Lament* is unashamedly a plea for the empirical grounding of academic work and an argument for understanding all human interactions in their social context. But neoclassical economics in the 1930s was attentive to neither of these orientations. It had evolved as a specialist theoretical subject with an internal technical language and a fixed model of self-interested economic behaviour. English economists acted in their own interests by creating closed professional networks promoting this or that theoretical school. One function of Robbins’ work, for example, was to establish the LSE school as different from, and superior to, the Cambridge economists, who took a more lenient and practical view of economics under the influence, still, of that great master, Alfred Marshall, of ‘welfare economics’ as professed by those such as Pigou, and now of the policy-oriented work, set to bring about a revolution in economic thinking, of John Maynard Keynes. Just as Barbara Wootton was not interested in these intra-professional conflicts, those who engaged in them were not interested in her. Perhaps they also could not find the time for her ‘doggedly empiricist’ philosophy of science.³⁵ Had *Lament* been attached to more formal articulations of the then fashionable logical positivism of A.J. Ayer and the Vienna Circle, such as Terence Hutchinson’s *The Significance and Basic Postulates of Economic Theory*, published the same year as *Lament*, it might have done as well in being regarded as essential reading for economics students decades later. Barbara Wootton’s impatience with theory, and with the pretensions and preoccupations of the academic world, did her no service with her professional colleagues. *Lament*’s marginalization was aided by her absence from the debating platform of economic theory, unlike, for example, that generation’s other famous British female economist, Joan Robinson, whose work was much better known because she engaged with American theorists such as Samuelson and Solow and with those abstract arguments about monopolistic competition much loved by professional economists at the time.³⁶ Barbara’s independence from any particular school of thought was a strength, but also a weakness when it came to maximizing the utility of her own work. And it allowed it easily to become the victim of a general historical tendency among academics

to ignore the contributions of women. Her *Lament* entered a field in which the names of significant key economics thinkers had already faded from the collective institutional memory – Clara Elizabeth Collet, Charlotte Perkins Gilman, Rosa Luxemburg and many others;³⁷ a field in which classic texts of economic history written by women such as Alice Clark, Ivy Pinchbeck and Eileen Power also tended to be sidelined or ignored.³⁸ Joan Robinson's critical commentary on the formalism and scientism of neoclassical economics, for example, although acknowledged as valid by many in the profession at the time, was subsequently largely ignored.³⁹

More surprising in a way than *Lament's* absence from standard histories of economics, is its neglect in another corpus of literature: more recent radical critiques of neoclassical economics. An avalanche of works published since the 1980s crucifies mainstream theory for its 'religious' defence of market theory in the face of easily observable evidence that neither markets nor people nor economic systems behave like that: books with such titles as *Debunking Economics* (Keen), *The Death of Economics* (Ormerod), *The Rhetoric of Economics* (McCloskey), *The Vices of Economists* (McCloskey), *Counting for Nothing* (Waring), *Whole Life Economics* (Brandt), *Beyond Economic Man* (Ferber and Nelson), and *Towards a Gendered Political Economy* (Cook and others). As the latter titles suggest, a core element of this newer criticism is the masculinity of mainstream economic theory: the corporate fantasy of that autonomous mechanical being, Rational Economic Man, and the astonishing neglect of what is statistically the most important work in the world, the unpaid domestic labour of women, which inconveniently (for the orthodox economic theorists) lies outside the market-place. These considerations of gender highlight the function of mainstream economics as a justificatory system for a hierarchical power-driven status quo, and in this they add to the other objections: economic theories are signally bad at predicting anything;⁴⁰ co-operative rather than atomistic behaviour is common;⁴¹ important social and environmental values and costs are ignored;⁴² the texts of economists are replete with metaphors and rhetoric rather than science;⁴³ the objectivity of economics is hugely exaggerated and misleading, and its narrow frame of reference a superb example of *irrationality*.⁴⁴ Much modern economics said one female critic in 1996 – whose standpoint is interesting because she worked as a male professional economist for many decades – is about as useful as the games of small boys in a sandbox.⁴⁵

In an account of Barbara Wootton's *Lament*, and how it has most lamentably been ignored,⁴⁶ Australian economist J.E. King ends with a modern quotation from a completely different source – the complaints of disaffected economics students at France's leading higher education institution, l'Ecole Normale Supérieure.

In 2000, they wrote an ‘open letter’ to their teachers and other authorities about the endemic failure of economics to address real world problems:

We wish to escape from imaginary worlds! Most of us have chosen to study economics so as to acquire a deep understanding of the economic phenomena with which the citizens of today are confronted. But the teaching that is offered, that is to say for the most part neoclassical theory or approaches derived from it, does not generally answer this expectation... No matter how rigorous from a formalistic point of view or tight its statistical fit, any “economic law” or theorem needs always to be assessed for its relevancy and validity regarding the context and type of situation to which it is applied.⁴⁷

In the light of this modern lament, the ‘Woottonian image of economics’ seems remarkably fresh still.⁴⁸

She may have stopped regarding herself as an economist, but Barbara Wootton did not leave the subject alone, and her writings contributed to the propagation of Keynesian ideas during the 1940s. And then in her second major book on economics, *The Social Foundations of Wage Policy*, published seventeen years after *Lament*, she achieved a text which had a much greater longevity and influence. While *Social Foundations* continues her conversation with the neoclassical economists, it does so from a position much more decisively outside their territory. The word ‘social’ is in the title. As well as being a critique, the book is also a pioneering analysis and a proposal for a new approach to wage determination.

Its starting point is memorable, especially for all those economics students who were grappling with the verbose and abstract theories which made up much of their degree work. *Social Foundations* begins with a visit to Whipsnade Zoo just before the Second World War. Barbara picks up a brochure full of interesting facts and figures, from which she learns that the big elephant which gives rides to children earns exactly the same salary – £600 a year – as she does as Director of Tutorial Classes for the University of London. ‘I found myself wondering what other occupations stood upon the same rung of the ladder as the elephant and myself, which would be above us, and which below, and why.’⁴⁹ This train of thought led to fundamental reflections about the social and economic forces shaping the valuations attached to different kinds of work. Such reflections were intensified by her membership of an Arbitration Tribunal charged with making decisions about Civil Service salaries. How, she asked, could any such decisions sensibly be made without a framework of principles about how they *ought* to be made? As she had pronounced in *Lament for Economics*, the decisions made by markets are imperfect, often unfair and frequently

appallingly random. When the new Professor of Social Policy, Hilary Land, gave her inaugural address under the title 'What are Wages For?' at Royal Holloway and Bedford New College thirty-five years after *Social Foundations* was published, she updated Barbara Wootton's comparison between the earnings of the two types of mammals – elephants and professors. According to the Keeper of Mammals at the Royal Zoological Society in 1990, elephants were no longer employed to give rides to children, having been replaced by camels, but on the basis of camels' earnings there was now a substantial differential between animals and professors – it was considerably more profitable to be an animal than a professor.⁵⁰

Social Foundations mixes research, critique and prescription in a typically Woottonian mode. Having stated the problem and asked why some people, or animals, earn more than others, Barbara looks again at mainstream economics – here, at classical wage theory – for an answer. Her first quotation is the first sentence of a book suitably called *The Theory of Wages*, written in 1932 by J.R. Hicks, an expert in the microeconomics of consumer behaviour. For him it is simple: there is nothing special about wages. They are the price of labour, and so, like all prices, they are determined by the factors of supply and demand, and so, like all problems in economics, they demand those abstract models which postulate a world of pure acquisition and pure competition. Classical wage theory, argues Barbara, is always conservative, in that it justifies an existing situation by explaining an imaginary one, but it also cannot explain existing patterns of wage differentials – or similarities, as in the case of the elephant and the university professor. How does one account for the fact that in October 1951, a male non-graduate teacher at the start of his career earned £411 a year in London, about the same as a Civil Service executive officer with six years' service, a male staff nurse in a general hospital with seven, a prison officer with six, and a fireman with four?⁵¹ What, in any case, determines why some people earn *wages* while others earn *salaries*? And it is surely curious that the whole subject of personal income is shrouded in secrecy: a man's 'private economic parts' resemble other private parts in the powerful social taboo to which they are subject. Interestingly, secrecy is correlated with social status. It is much easier to find out what the lowest- than the highest-paid earn; a particularly telling demonstration of this for Barbara was one office where the salary slips of the monthly-paid staff arrived in sealed envelopes, while those of the weekly-paid were left open for all to see.⁵² Once one moves away from the neoclassical economist's obsession with monetary value, it also becomes clear that there are different ways of rewarding people for their labour – free uniforms or lunches, extra holidays, and, at the other end of the scale, substantial bonuses, including lump sum additions to pensions. As a key source of economic inequality, these sorts of benefits were

beginning to be investigated by Barbara's colleague at the University of London, Richard Titmuss, in the 1950s, though his book on income distribution, published in 1962, curiously makes no reference to her work.⁵³

The main canon of the argument in *Social Foundations* is that social factors – the standing of particular occupations, the valuing of some types of labour and some kinds of labourers above others – operate together with market forces to shape what people are paid, and these social factors are commonly excluded from the economist's range of vision. For example, classical wage theory stipulates that working hours and remuneration are related, so that those who work longest will be paid more. But is this actually what happens? Barbara computed figures for weekly hours and rates for the lowest grade of adult male workers in 86 industries in London over the period 1945–51, and from these she calculated the correlation coefficients. The result was an inverse relationship between hours and income: shorter working hours are more profitable. The key factor here is prestige: long hours and low pay go together because both signify low class status.⁵⁴ The realities of human social life also hold the key to how wage and salary rates are decided. There are three main mechanisms for this – collective bargaining, statutory regulation and arbitration tribunals, such as the one that, along with the elephant, set Barbara Wootton off on her enquiry. A feature of all three is the use made of moral justifications, such as this job, or this worker, is worth more than another one. Such justifications appeal to social categorizations of value which lie beyond the currency of economic theory. And a point about these – which leads directly to the final chapter of her argument – is that they are made in a vacuum: there is no established and accepted framework of principles within which wages and salaries can be adjusted fairly in relation to one another. Should the principle be movements in the cost of living, or changes in the general level of wages? Should there be a comparison between similar employments? Or should it be a matter of redressing some of the historical anachronisms and inequities resulting from 'the accumulated deposit laid down by a rich mixture of economic and social forces' which is what the contemporary wage and salary structure of Britain amounts to?⁵⁵

The first step in formulating a rational wages policy is bringing the whole subject out of the cupboard as a proper topic of political debate. Personal incomes may be regarded as personal, but the *distribution* of income is a public issue, and hence politicians, who are responsible for public policy, must engage with it. A compelling observation made much later by another economist was that, as a subject, income distribution has been treated with general disdain by professional economists: it has never been a mainstream interest.⁵⁶ Over the period since she last lamented economics, Barbara Wootton noted in *Social Foundations* a growing silence on the

subject of egalitarian ideals. This was connected with changes in the trade union movement – in the 1950s less a defence of underprivileged manual workers than a professionalized bureaucracy representing a range of sectional interests – and with changes in the Labour Party, which had become more independent of the unions, and had thus acquired a broader and less socialist base. Both these were changes to be deprecated on the explicitly political ground that gross economic inequalities are an offence to human dignity. Her suggestions as to how to make future wage policy more rational are also designed to make it more just: for Barbara Wootton, throughout her life, these two terms were intimately related. The only rational society is one that affords the same opportunities to all its citizens, and the appeal of equality lies precisely in its appeal to reason. To put it the other way round, one could say that it is *unreasonable* to deny opportunities to some in order to heap them on the shoulders of those who already have them.

As with *Lament*, the immediate reception of *Social Foundations* found economists of different persuasions disagreeing about whether her analysis of the shortcomings of critical wage theory was ‘remarkably lucid’⁵⁷ or demonstrated a rather weak comprehension,⁵⁸ whether it yielded ‘perceptive answers’⁵⁹ or disappointed because of its outspokenly reformist slant.⁶⁰ J.R. Hicks, whose wage theory Barbara had taken as emblematic of the deficiencies displayed by all orthodox economic reasoning applied to wages, responded with a paper oppositely titled ‘*Economic foundations of wage policy*’.⁶¹ It was the political orientation of economists as much as their technical approaches which set the tone of their responses to *Social Foundations*. The LSE reviewer, Henry Phelps Brown – a man after Barbara Wootton’s own heart as he was also a fiction-writer⁶² – found the issue of wage differentials ‘not a useful object of negotiation or policy’.⁶³ What was anathema to many economists – the consideration of social influences on people’s relative earnings – was applauded by other readers who praised the book as ‘lucid, penetrating and timely’.⁶⁴ *The Political Quarterly* – a journal Barbara herself had helped to found – appreciated most of all its socialist devotion to equality: she had always excelled in the puncturing of humbug, but in this book she had also advanced a rational policy of equality in incomes ‘that is of the utmost importance to socialists today’.⁶⁵

Barbara continued to advertise the arguments of *Social Foundations* in a variety of formats, for example in a talk for a ‘London Calling Asia’ radio programme in 1958,⁶⁶ and in her Eleanor Rathbone Memorial Lecture, ‘Remuneration in a Welfare State’, given at the University of Liverpool in 1961. Eleanor Rathbone’s work for the status and rights of women and financial benefits for families (a good use, noted Barbara, of the considerable financial fortune Rathbone had inherited from her own family) had led her, like Barbara, to the conclusion that the price of welfare was

eternal vigilance. But was it not, inquired Barbara, perpetually astonishing that a so-called 'welfare state' should so consistently refuse to take responsibility for equal justice in relation to the incomes of its citizens? In this lecture, as in other places,⁶⁷ Barbara criticized the practice of trade union collective bargaining which had, she said, the effect of maintaining rather than challenging existing differentials, as well as causing price inflation: 'The collective bargain can I think justly be described as the last stronghold of complete *laissez-faire*'.⁶⁸ It was an extraordinary tactic for any true socialist to support. Her wrath about this hardened over the years: in 1980 (at the age of eighty-three) we find her in a discussion series issued together with colleagues by the Low Pay Unit reviewing the years of 'smash and grab' interspersed with periods of 'hastily improvised and temporary "incomes policies"' and concluding that the result has been neither social justice nor economic sense. Pay settlements are far too important to be left to the parties concerned; the public interest demands that they must be controlled.⁶⁹ By this time, she was given to such 'kite-flying ideas'⁷⁰ as that nobody should earn more than eight times as much as anybody else and inherited fortunes should be taxed out of existence within three generations. Such a programme, which materialized as a Fabian tract *In Pursuit of Equality*,⁷¹ enlivened the dullness of much left-wing thinking in the 1970s.

Barbara Wootton was forty-one when she wrote *Lament*, fifty-eight when *Social Foundations* was published, and seventy-seven at the time of her third major excursion into the territory of professional economists. Her *Incomes Policy: An Inquest and a Proposal* continues with the theme of *Social Foundations*, and is an attempt to come up with a practical solution to the problem of the 'smash and grab' ethos whereby incomes are determined on the basis of who shouts loudest and with the most social power. It had given Barbara much satisfaction to write 'I told you so' in the Preface to the second edition of *Social Foundations*, which was issued three years before *Incomes Policy*.⁷² The trends that she had analysed in the book's first edition had continued fast and furiously: the crisis of escalating inflation and unemployment, epidemic wage demands, and labour deficiencies in the public services, which she had prophesied, had all come to pass, taking her fellow economists by surprise: 'It seems that what the Baroness thought a long while ago, the rest of us may get round to seeing tomorrow', as a commentator in *New Society* observed.⁷³ In fact, the first edition of *Social Foundations* 'probably did more than any other private effort to stimulate discussion of the wage-policy problem'.⁷⁴

Incomes Policy is a short book, and, although described in the Preface as a 'non-specialist essay for non-specialists',⁷⁵ it reads very much as a technical exposition of an idea, and one which makes few concessions to the non-specialist reader. It is written against a background of disillusionment with the efforts of Labour and

Conservative Governments in Britain between 1966 and 1972 to establish some sort of anti-inflationary control over incomes and prices. All their proposals, points out Barbara Wootton, were based on voluntarism, and most of the time 'income' meant only 'wages' – it did not cover salaries, or business income, or profits, or benefits in kind, and, despite Labour flourishes in the direction of equity, they did nothing to establish a framework of principles that would achieve this. 'Death from short-sightedness'⁷⁶ was her verdict. In *Incomes Policy* she put forward the idea of an Income Gains Tax (IGT). This built on the proposals she and her colleagues on the Colwyn Committee on National Debt and Taxation had examined in the 1920s for increasing taxation and using the tax system as a mechanism for greater economic equality. An IGT would be administered by the Inland Revenue and levied on personal incomes according to a graduated scale; smaller incomes would be allowed higher tax-free gains than larger incomes, and there would be a hundred per cent tax rate on any increase above prescribed maximum percentages in any financial year. Such a tax would mirror the already existing capital gains tax, but would tie allowable increases in personal incomes to increases in domestic output. In that sense, earnings would reflect efficiencies in the economy. But a second principle would also be built in – that of social justice: larger IGT-free exemptions would be allowed for the lowest earners. The proposed IGT would therefore have an exceptional combination of goals: it would be anti-inflationary at the same time as reducing economic inequality.

Barbara first articulated her ideas about an IGT in 'Why Not a Tax on Income Rises?', an article in *The Observer* in 1970. Among the other revolutionary suggestions she put forward was the proposal that manual workers should enjoy the same system of annual increments as was customary in professional employment.⁷⁷ There had been considerable interest during the 1970s in tax-based incomes policies both in Britain and in the USA, where they were even briefly floated as a proposal by the White House in 1977.⁷⁸ *Incomes Policy* spells out how a British version of the tax would work, and how exemptions to it and exceptional cases would be handled. Barbara was at pains to emphasize the main point, which is that the primary objective of an IGT is to ensure that 'nobody, not wage-earner, not shopkeeper, not industrial tycoon, not speculator in houses or raw materials or currency or anything else' should be able to enrich himself from inflation so as to have an interest in perpetuating and accelerating it.⁷⁹ Her effort in working out the scheme for an IGT was largely wasted, however. The idea did not catch on politically. In this, it shared a similar fate with the tax-based incomes policy proposed by American economists;⁸⁰ such proposals simply posed too much of a threat to established wealth and power structures. But Barbara

also felt the dice were stacked against her personally. First of all, she had taken the wrong decision in deserting her usual publisher (Allen & Unwin) for a new one (Davis-Poynter), who had done a poor job and achieved very low sales for *Incomes Policy*. To Peter Townsend, whom she felt was among those who did not properly appreciate her book, she wrote to complain of the 'miserable publicity' that attended its publication.⁸¹ But much more fundamentally, she was not the right person to get her ideas across. She was not a 'Friedman' or a 'Kaldor'. She was not a mainstream economist, and, like Joan Robinson, she did not belong to the charmed circle of men who ran professional economics.⁸² However, it was probably some small consolation to her that J.K. Galbraith, whose work she much admired, read *Incomes Policy* 'with great interest'.⁸³

Barbara Wootton never completely accomplished the transition from economist to sociologist. She disliked disciplinary labels: 'The important thing ... is not the nomenclature applied to particular branches of study, or the enforcement of a law of trespass between experts in different fields,' she said in *Lament for Economics*.⁸⁴ The important thing is to dedicate oneself to an egalitarian, happiness-maximizing public policy, and to employ whatever disciplinary tools are useful. She was reluctant to call herself a sociologist because the field of social studies (which she *would* admit to) was not an 'ology' like others, and she continued to select economic matters to write about, even economic aspects of institutions such as the family.⁸⁵ It was completely in line with her practical orientation to policy that she contributed to various national commissions on wages and pay over the period when she was emancipating herself from the strictures of professional economics. Her influence is obviously present in the conclusions of the Royal Commission on Civil Service Pay and Conditions, of which she was a member in 1953–5. The Commission's Report recommended that equal pay for men and women should be phased in over six years for most grades, and also instituted the principle that Civil Service pay should be comparable with that of others doing broadly similar work outside the Service.⁸⁶ One offshoot of this exercise was a separate investigation into the pay of postal workers, to which Barbara also contributed. The Union of Post Office Workers was demanding a substantial pay increase and had refused the normal negotiating machinery. The Committee on the Pay of Postmen's Report, issued in 1964, recommended more systematic comparisons with other work requiring similar skills, but was not conciliatory enough to prevent industrial action.⁸⁷ Barbara was not a member of the 1946 Royal Commission on Equal Pay, but, with eight other economists (Hubert Henderson and Joan Robinson among them), she wrote a signature Appendix to the Minutes of Evidence,⁸⁸ a radical essay on applied economics.⁸⁹ More than most other issues related to the wage and salary

structure, the ethics of the gender gap pulled against the neoclassicists' argument that economic efficiency demanded a freely competitive market. Here was a direct contradiction between ethics and efficiency.

Thirty years after *Lament* was published, Barbara referred in a letter to *The Times* to 'the far-off days when I was trained as an economist (a title which a liking for commonsense has since caused me to renounce)'. She never lost her ability to offer incisively-worded solutions to economic problems. Talking about the financial crisis of the late 1960s in the same letter, for instance, she referred to the Russian habit of shooting speculators – a practice she did *not* recommend – and went on to ask the enduringly relevant rhetorical question, 'Is it not time that some steps were taken to put a stop to the activities of those who, in the irresponsible pursuit of private gain, periodically wreck the currencies upon whose stability ordinary citizens rely?'⁹⁰ In another letter to the same newspaper, written when she was eighty-three, she complained that control of the monetary supply was pointless unless there was also control of where it went to: 'A monetarist without an incomes policy is like a man with one leg. He can only hop and stumble ... before long, without his other leg, he is bound to fall flat on his face'.⁹¹ This letter elicited a response from a Dr K.V. Roberts, who had an alternative idea that everyone should be paid a basic rate and above that they should be able to earn in the free market.⁹² Barbara did not like this idea, but she did wholeheartedly support the notion, and had advocated it herself many times, that every citizen should receive a share of the national income without any kind of means test or expectation of work to be done. Such a situation, which was already enshrined as a principle in child benefits and pensions, would be enormously attractive in saving the cost of all the bureaucratic organization involved in assessing people's entitlements to benefits.⁹³ She continued to engage with economic ideas and to promulgate her carefully worked out scheme for an IGT, and she also watched what was happening to professional economics. There were regular reviews of economics books for the journal *New Society*, remarkable for their no-nonsense tones: who on earth would read, she complained in 1978, aged eighty-one, the 658 pages of Rostow's *The World Economy*, and how many slaves had he used to write it?⁹⁴ When slightly younger, in 1975, she was pleased to read and review for the *Journal of Social Policy* two books written by formidably important men with radical economic ideas: the American economist Galbraith, who had admired her *Incomes Policy*, and the Swedish economist and politician Gunnar Myrdal. Both had Establishment reputations, and were listened to by those in government, yet both 'with one voice' condemned 'the work of contemporary economists in academic, business and government circles as being largely rubbish'.⁹⁵ The onslaughts in

both the books she was reviewing – Galbraith's *Economics and the Public Purpose*, and Myrdal's *Against the Stream: Critical Essays on Economics* – were explicitly directed against what they called 'neo-classical economics'. But was the prefix correct, she wondered? There was nothing new about it. It all sounded too much like what she had read for her own *Lament for Economics* forty years before.

In the year of this déjà vu, 1975, she accepted an invitation to give a prestigious lecture at the LSE. Her chosen subject was the future of the British economy. The stance she adopted was one ascribed to her by the Conservative Prime Minister Edward Heath – that of 'heartless prophet'. The lecture was an occasion for looking both backwards and forwards. We all know that capitalism can work, she said, at least in the sense of turning out vast quantities of commodities, many of them of 'doubtful utility and frequently directed to the wrong addresses',⁹⁶ but it works only if the two main groups involved in it behave properly: the workers must work, and for wages that maintain demand but do not over-inflate costs; and the businessmen must organize production, make profits, and reinvest these so further production is possible. But neither side was actually behaving very well: the workers were striking or threatening to strike for inflationary pay increases, and the businessmen were refusing to invest – only in their case it was not called striking, but 'loss of confidence'. Capitalism was breaking down. It was astonishing, when you thought about it, as she obviously had, over many years, and through many fashions in economic analysis, that complex economic systems so wholly reliant on private enterprise should ever have worked at all. Indeed, capitalism had collapsed completely in some places. The speed of change was startling, and she wanted to draw her audience's attention to this in a personal note: 'I was myself grown-up and married before there was a single communist state in the world; yet I have lived to see not far short of one-third of the world's population relying for its daily bread on a fully socialized economy'.⁹⁷ Britain needed an economy which served the public interest. The radical Baroness proposed a three-point programme which would have come as no surprise to any of those who had read *Lament for Economics*, or *The Social Foundations of Wage Policy*, or *Incomes Policy*: more public ownership of industry; an effective incomes policy; and the abolition of poverty. Having gone through the main outline of what needed to be done, and identified various hopeful signs, she ended on a note whose optimism we now know to have been misplaced: 'I cannot conceive that we shall turn back on the road on which we have begun to travel and that at the end of this century, this country will still be floundering in the crumbling chaos of decaying capitalism, still fighting inflation and unemployment, and staggering from one financial crisis to the next; and still leaving the distribution of income to the law of the jungle'.⁹⁸

This page intentionally left blank