

Economic Reform

Studies in Economics by
Ronald Burgess

1983 - 1984

C O N T E N T S

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ECONOMIC REFORM

Part 1 - Introduction

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About the author and his work

Ronald Burgess [dates?] was a life member of the Royal Economic Society and Director of the E.S.A. (the Economic Study Association) from its formation in London in 1965.

During the 1960s he worked with Colin Clark at the Agricultural Research Institute, Oxford and from 1970 with Prof. Jack Wiseman at the Research Institute of the University of York¹. A good summary of his original work, its theoretical foundation and policy implications is contained in his book, *Public Revenue Without Taxation*.

At the conclusion of the Second World War, Ronald Burgess, like many others, felt very strongly motivated to make the best possible contribution towards the prevention of any recurrence of such catastrophic events. Following on from his experience of many bitterly contested battles (including Monte Cassino, in the first few months of 1944), he was attracted to the study of political economy as it was then being debated by such leading figures of the day as J. M. Keynes, F. A. Hayek, and others.

It was whilst recovering from the battle of Monte Cassino that Burgess studied Churchill's speeches (in 'Step by Step', published in 1939); and also read and disagreed with much of the analysis contained in Marx's three volumes of *Das Kapital*. On being later transferred from Perugia to the Palace of Caserta, he was then able to attend a series of lectures on the economics of Maynard Keynes, given by a group of former Cambridge University professors.

1 Colin Clark (1905 - 1989) was the Director of the Institute for Agricultural Economics at Oxford University from 1952 to 1969. He pioneered the use of the concept of gross national product in economic analysis, worked closely with A. C. Pigou at Cambridge, and also corresponded with J. M. Keynes. Professor Jack Wiseman (1919 - 1991) studied at the LSE and later became the founder and Director of the Institute of Social and Economic Research at the University of York, later absorbed into the Institute for Research in the Social Sciences. Colin Clark and Jack Wiseman were both members of the Advisory Council of the Institute for Economic Affairs, based in London.

In the 1970s Burgess provided advice to some of the leading political figures of the day, including Sir Keith Joseph², who had been a fellow participant at Monte Cassino, although unknown to either man at the time. He was evidently very disappointed by the selection of Geoffrey Howe as the Chancellor of the 1979 Thatcher government, and by the economic policies which then followed.

The texts presented here constitute the transcripts of two lecture series on Spatial Economics and Normative Economics, given over a period of several months from September 1983 through to June 1984. They show the progressive development and extension of his theoretical work, leading up to the publication of *Public Revenue Without Taxation* in 1993.

Also included here, for its topical interest, is an address given in 1994 to the American-Hellenic Chamber of Commerce in Athens.

These transcripts provide a good introduction to the sound analytical approach adopted by Burgess in his work at this time. This work, both theoretical and pragmatic at the same time, has been described as 'possessing the merit of original thought, not couched in obscure academic terms'. A great deal of background research and study is nevertheless embodied in these lectures, and explanatory notes on what may perhaps be less familiar topics are provided where necessary. A certain fluidity of thought is required of the reader to follow this theme.

As Ronald Burgess says in his own introduction to the lectures on Normative Economics: "In a developing science, working hypotheses are, in general, to be preferred to truths, for working hypotheses can be discarded with ease when they cease to be useful. It is near impossible to discard as false what previously was maintained as true."

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2 Sir Keith Joseph (with Alfred Sherman and Margaret Thatcher) co-founded the Centre for Policy Studies in 1974.

Preface to the contents of this publication

This publication contains the transcripts of two lecture series on Spatial Economics and Normative Economics, given over a period of several months from September 1983 through to June 1984.

The topics covered in Spatial Economics are:

- 1 Location Theory and Regional Analysis
- 2 Location of an Economic Activity
- 3 Allocation of Land
- 4 Central Place Theory
- 5 Equilibrium and Growth
- 6 Economic Potential (i)
- 7 Economic Potential (ii)
- 8 Economic Potential (iii)
- 9 Tax Effects
- 10 Questions and Discussion

An additional short talk, given shortly before 1971, is included after the above lectures under the title 'The Real Issue at Brussels'. It draws upon the earlier work of Colin Clark (carried out in 1969) to anticipate many topical issues related to the European Union.

The topics covered in Normative Economics are:

- 1 Civilisation and Justice
- 2 The Trading Community
- 3 Laws of Distribution
- 4 Public Revenue
- 5 Natural Resources
- 6 Normal Spontaneous Order

A companion series of public talks from around the same period is also available from the E.S.A. on request (and can be found on the E.S.A. website).

The Economic Study Association

In mid-September 1980 Ronald Burgess delivered the first of a series of public talks at Kensington Town Hall, in London. It was called 'Friedman and Keynes - a New Equation'. This was the first public presentation of his developing work on economic policy.

Shortly afterwards he then offered a course of weekly seminars called Economics Now - a New Approach to Macro Economics. A number of what might be described as mature students signed up for this course, and thus became members of the Economic Study Association (ESA). Over the next 15 years or so, they followed his research programmes and attended further seminars on monetary theory, trade, spatial economics, and other related topics.

Ronald Burgess considered that the task of economics is to offer advice to government on the formation of public economic policy, bearing in mind the requirements of feasibility, acceptability and, in the UK, the five year parliamentary term. In this his efforts were to establish what kind of economy we find ourselves in, how it functions, how conditions might be improved, and what the destination is.

The driving force for Burgess was his experience as a front-line infantryman in the Second World War. In this, he had much in common with F. A. Hayek, who had fought in the First World War. Burgess considered that warfare was dramatic evidence of bad economics - a huge political failure.

In his major work Public Revenue Without Taxation, Burgess sets forth a method of analysis from which government might derive public policy. In this he drew upon and developed the work of John Maynard Keynes, and also of Colin Clark, with whom he had worked at Oxford. This book is the culmination of a lifetime's study and research, which brought him neither fame nor fortune, and led him inexorably to the conclusion that the kind of economy

we find ourselves in is an 'imperfect order'. The flaw lies in the method by which public revenue is raised, namely taxation, which is both destructive and inefficient.

This view is widely shared but for the most part economists and many politicians consider there is no alternative. Furthermore, the economic consequences of government failing to take into account the spatial economic forces are multiplied and intensified - in Europe, and in the UK, the central locations draw in skilled labour and investment to the detriment of peripheral areas. This issue is addressed in the lecture series on Spatial Economics.

In 1984 Ronald Burgess presented a series of seminars called Normative Economics, which form the main content of this present publication. He considered a *normal spontaneous order*, developing the terminology of F. A. Hayek, which is not a Utopia, but a normalisation of the kind of economy in which we live.

Normative Economics is a blueprint for economic freedom.

As to the need of the time, economic reform is long overdue. Unfortunately, that the present economic model is defective is not really questioned, and the benefits to be gained by trade within a framework of the rule of law are rejected; thus, the possibility of civilisation is effectively buried. Normative Economics holds out the possibility of its realisation.

The members of the Economic Study Association supported the research work of Ronald Burgess from its initial formation in 1965 through to mid-1992, and on an informal basis thereafter.

This collection of talks and lectures has been prepared by some of the original E. S. A. participants, with the assistance of others also wishing to bring the work of Burgess to a wider audience - they continue to meet on a regular, but informal basis to review the possibility of further publications.

By preserving the structure of separate talks and lectures, the editors hope that the reader will find it possible to explore a self-contained topic of particular interest, as well as progressing by stages through the complete collection.

Where terms are used in a specific sense that is different from the general usage, these have been put into italics when the term is first defined, and as necessary for clarification thereafter. (These terms were frequently shown in upper case in the original typed manuscripts from which these talks were given.)

The editors hope that the reader will gain some appreciation of the natural happiness that may arise from a proper consideration and implementation of economics along the lines suggested herein.

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THE ECONOMIC STUDY ASSOCIATION
MEMORANDUM AND ARTICLES OF ASSOCIATION
INCORPORATED 22 FEBRUARY 1966

UK Charity No. 247321
Charity name: Economic Study Association Limited
Address: 6 Bollans Court, Goodramgate, York, YO1 7QB
Registered: 23rd March 1966
Removed: 17th June 1992 (ceased to exist)
Purpose: Research
Governing document: Memorandum and Articles of Association
 (Incorporated 22 February 1966)

Charitable objects:

The promotion and advancement of learning by research into economic science and by educating the public therein, and in particular:-

- 1) by studying the effect of moral and political factors on the operation of economic laws governing the relations between men in society;
 - 2) by studying the laws, customs and practices by which communities are governed.
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