

THE POLITICAL ECONOMY OF ECONOMIC FREEDOM.

BY ALAN PEACOCK. CHELTENHAM, U.K.: EDWARD ELGAR, 1997

In the decades following World War II, when the scope of government was increasing dramatically, Alan Peacock was one of those rare British economists who argued for less government. Because his ideas were outside the mainstream, he often attempted to justify them, and this book is a collection of essays and articles, almost all of them previously published, explaining his views on economic freedom. Many books have been written arguing the merits of less government, but this book has the advantage that in many places it draws on Peacock's own experiences as a policy advisor. Abstract ideas about the advantages of economic freedom must be framed in a politically acceptable way if they are to have any impact, and those interested in translating ideas into public policy could benefit from the experiences Peacock describes in this book. The book's strongest feature is the way that Peacock relates the ideas of economic freedom to the development of public policy.

If Peacock had merely presented these ideas as his own, one could analyze them solely on their merits, but Peacock also describes them as liberal, in the British sense, and as libertarian, which will probably be more descriptive to American readers. Thus, the reader is asked not only to consider Peacock's ideas, but also to accept them as being libertarian. Peacock notes that while libertarian ideas are coming into fashion today, they were viewed as quite extreme when he began writing in the 1940s and 1950s, and Peacock deserves credit for publicly standing by his views. It is easier to hold libertarian views today, when many people believe government is too big, than it was in the decades immediately following World War II, when most of both the general public and the economics profession believed that more government management of the economy was appropriate public policy. Yet, by choosing to label his ideas liberal or libertarian, Peacock invites disagreement from readers who hold a different view of libertarianism.

Peacock argues for a paternalistic state that looks out for the economic welfare of its citizens rather than just protecting their rights. When discussing government social insurance programs, Peacock notes that people could insure themselves against calamities that might reduce their income-earning power, but, he continues,

if individuals cannot be relied upon voluntarily to take out such insurance this does not make a case for some compulsory state scheme, but it does suggest some form of government regulation which would make a minimum level of provision through private sector insurance compulsory. (p. 64)

Despite his claim that liberalism "requires that individuals should accept the necessity for choosing and for recognizing their responsibility for making choices"

in the public interest. From these chapters, one can conclude that Peacock's libertarian leanings come at least partly from his conviction that the private sector allocates resources better than the public sector, although in other places Peacock makes it clear that he believes freedom has intrinsic value, independent of the other benefits it produces.

Peacock's discussion of policy issues integrates the principles of economic theory with the realities of the political structure, showing that political considerations are always an important component of the degree to which the advice of economic advisors will be incorporated into public policy. In many places, he relates stories about his own personal involvement in the policy-making process, drawing lessons from his experience. These insights from Peacock's own experience are perhaps the book's biggest contribution. We can discuss the ideas of economic freedom in the abstract, but translating them into public policy in a modern government is another thing altogether. Those who want to become directly involved in public policy-making can benefit from what Peacock has to say, but his experience will also lend insight to academicians, who should take a more realistic account of the actual policy-making process when analyzing policy issues.

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