

Why I'm a centrist

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I have always voted left of centre - never Conservative. I stood as a parliamentary candidate in 2005, opposing a Liberal Democratic MP - but not as a Tory.

However, in my views on economics I am a centrist.

Does this mean I stand somewhere between Messrs Osborne and Balls? No, both are pretty much at the same extreme.

I have studied economic development, I studied the USSR - I visited it for the first time over 40 years ago and became fairly familiar with it. The Soviet economy ultimately failed; in effect it went bankrupt. To any alert visitor, the repression of markets was obviously wrong. It was accompanied by gross inefficiency, poor quality, a lack of innovation - in short, pretty well everything that market evangelists say.

So I'm one of them?

No. They make the same mistake as Soviet central planning did - or a mirror image of it. And their policies over the last 30 years have not been crowned with success either.

The old dichotomy of 'state v. market' is false. A good economic policy makes use of *both* the state *and* the market. It is futile to try to make one do what the other is better at. (The difficulty often lies in knowing which is better for a particular purpose.)

There are in fact three guiding principles of economic organisation:

- Vertical hierarchy, or a pyramid of command which takes authority from above - typical of state structures, especially undemocratic states like the Soviet Union; and it is how companies are organised
- Horizontal, democratic structures, taking authority from below or alongside - cooperatives, mutual societies, decisions made by elected councils and governments
- Monetary exchange, operating through markets.

All three of these have their places. More than one of them can operate together: education was traditionally organised on a mixture of the horizontal and vertical principles, to which the market idea is being increasingly added now. All three must be described and analysed on equal terms, if economics is to lay any claim at all to scientific objectivity and rigour (which, rather laughably, it often does).

Economics thinking does not work like that. Mainstream economics only takes an interest in one of the three elements but presents it as an ideal. Non-market methods are called 'distortions' or 'interventions' in the working of the economy. That is not an impartial terminology. Do we ever hear of the financial markets 'intervening' in democratic processes? Yet they do so every day of the week.

This failing is true of the *basic* theory underlying nearly every school of economics, except Marxism. It is truest of all of the neo-classical school, which has been dominant since the 1980s. But the economic policies of that period, based on neo-classical ideas, brought us close to catastrophe.

And that is why I'm a centrist. I do not *believe* in the market or the state. I don't think it is the place of a serious analyst to 'believe' in any such principle. The economic analyst should appraise their advantages and disadvantages, and determine where one is fit and where another is. We need an economics which will appraise things as they are, and not start from ideologically loaded concepts such as the 'perfect market', 'perfect competition', 'general equilibrium' (what is more lacking in equilibrium than the market system?), 'natural prices', economic 'rationality', economic 'welfare' and so on. To achieve that, the theory has to be rebuilt from the ground up.