



Memo

Need for Better Economic Advice - in re Alan Walters.

In order that realistic economic policies be reached and gain acceptance, the government needs an economic advisor of high intellectual calibre and forceful personality.

He needs:-

- a) To cut through the miasma of unreconstructed Keynesism, intellectual evasiveness, wishful thinking and sheer muddle which pervades the Treasury and associated milieux.
- b) To provide a clear and coherent picture of the economic situation as a basis for high-policy making.
- c) To present this understanding starkly and forcefully at relevant fora, e.g. ministerial and parliamentary committees, financial and political journalists, academics, and other opinion-formers.

Terry Burns has proven to lack these qualities and aptitudes. As a result he had turned out inadequate and ineffective. He lacks intellectual power, let alone brilliance. He is not a forceful personality, nor a fighter. So he has lacked impact and tended to be assimilated cosily by the Treasury, enjoying the status.

Let me stress, economics is not a set of rules to be learned by rote and applied like a ready reckoner. Great creative intellectual power and will are needed to adduce a pattern and argue it through.

It follows that we need someone better. The man who comes to mind is Alan Walters. He has brainpower, clarity, forcefulness and courage, and can find, or hack, his way through politico-bureaucratic thickets.

I am not, of course, alone in this view. I learned from Keith that you and he had spoken to Alan a couple of years back and had come away with the impression that he did not wish to return. In view of his potential great contribution, I rang him last week with the intention of putting the case strongly, while making it clear, naturally, that I had no particular locus standi, and could speak for no one but myself.

However, his immediate and unequivocal response was that no one had asked him to return since the elections, and that his understanding of the exchanges with you and Keith was that you had been referring to the period in opposition. He further expressed his readiness to return if invited to do so, provided he was made some reasonable offer.

I undertook to pass this on, and even to exercise my mind on how to find him an appropriate extra-governmental foothold were there any difficulty in finding him a post in government service at short notice. Then, this Monday afternoon (21/4), while I was at home catching my breath, he rang through to me to ask what I had done so far, and to insist that if he were to return this summer, he would need a decision fairly soon in order to tie up loose ends at JHU.

I undertook to pass this on, which I now do. I also told Keith about it the same evening, when we had a meeting arranged. He seemed pleased.

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