## The Role of Banks in Economic Development

The Economics of Industrial Resurgence

George T. Edwards

Foreword by Harold Lever



## Contents

List of Tables			vii		
Li	st of	Figures	ix		
A	Acknowledgements Foreword by Harold Lever				
Fa					
1	Introduction, Purpose and Summary of this Book				
	1.1	Introduction	1		
	1.2	Purpose of this book	2		
	1.3	A summary of the argument	3		
	1.4	Limitations	11		
2	A Review of Some Foundation Reading for the New				
	Eco	nomics	12		
	2.1	Introduction and purpose	12		
	2.2	John Maynard Keynes: 'A Programme of Expansion'			
		(April 1929)	15		
	2.3	Ben R. Cant: 'Britain's Economic Problems in			
		International Historical Perspective' (1972)	20		
	2.4	, ,			
		to Greater Industrial Investment: Institutions,			
		Instruments and Attitudes' (1977)	30		
	2.5		•		
		of Industry' (1975)	38		
	2.6	Michael Madden: 'A Preferential Financing System	40		
	2.7	for UK Industry' (1977) Will Hutton: 'The Decline of BL' (1986)	48 54		
	2.7	Conclusions (1986)	59		
_		<del> </del>	39		
3					
	Cre	<del></del>	62		
	3.1	Business confidence, liquidity and the demand for	(2		
	2.2	funds	62		
	3.2	The interaction between loan terms and project profitability	66		
	2 2	Virtuous and vicious economic cycles	76		
		A brief statement of the ideas, basic principles and	70		
	J. <del>7</del>	procedures of investment-credit economics	81		
		processor or integnifons cront contolling	ŲΤ		

vi Contents

4	Proc	edures for Producing Economic Resurgence	91	
	4.1	Introduction	91	
	4.2	How French bank nationalisation produced economic		
		resurgence	92	
	4.3	How private bank-industry German planning		
		produced productive industry	97	
	4.4	How Japan breeds champions	100	
	4.5	How faint hearts and weak heads produce continual		
		British economic decline	104	
	4.6	How America won the production war	110	
	4.7	Common factors in cases of economic resurgence	114	
5	Som	e Criticisms of Investment Credit Economics	118	
	5.1		118	
	5.2			
		developments', Banking Information Service Paper,		
		July 1981	121	
	5.3	Comments on 'Bank Lending and Industrial		
		Investment: A Response to Recent Criticism' by		
		Dimitri Vittas and Roger Brown, Public Affairs		
		Department of the Committee of London Clearing		
		Banks, 1982	126	
	5.4	<b>.</b>		
		Economy' by Professor Harold Rose, Economic		
		Adviser, Barclays Bank, 1976	156	
	5.5	Brief comments on 'Do We Invest Too Much?' by		
		Christopher Johnson, Economic Adviser, Lloyds		
		Bank, 1980	165	
	5.6	Summary and conclusions	168	
6		Economic Failure of English-speaking Nations, the		
		spects and the Real Solutions	174	
	6.1		174	
	6.2	1 0	180	
	6.3		183	
	6.4	The impeccable decline of Britain	190	
$\boldsymbol{A}$	ppen	dix: An Essay on Socio-economic Dynamics	196	
		and References (including Appendices to Chapters 3		
ar	and 5)			
Ir	Index			