

Samuelson on the legacy we leave for grandchildren

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Paul Samuelson, the author of what still might be the most-sold textbook of the post-war era [had this to say](#) on page 427 of his first edition, addressing a subject then very close to the thoughts of many of his readers:

*Can it be truthfully said that “internal borrowing shifts the war burden to future generations while taxing places it on the present generation”? A thousand times no! The present generation must still give up resources to produce the munitions hurled at the enemy. In the future, some of our grandchildren will be giving up goods and services to other grandchildren. That is the nub of the matter. **The only way in which we can impose a direct burden on the future nation as a whole is by incurring an external debt or by passing along less capital equipment to our posterity.***

I have added the emphasis.

The point is important. Labour is living in fear of taunts from the Tories about debt and has caved in. But that borrowing would be in sterling to pass along the capital equipment to future generations that might not only deliver prosperity, but our survival. And it cannot see that.

As [I said in the Guardian](#) **this morning, Labour has not even learned the most basic of economics: this is the evidence that is true.**

But will they ever have the courage to admit their mistake?

Hat tip [to Joe Polito](#)