Oxford Economics and Oxford Economists

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Warren Young and Frederic S. Lee,
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There can be no doubting the importance of the Oxford contribution to the development of economics in the anglophone world after 1900. In this book the authors set themselves, as they describe it, the Herculean task of outlining the intellectual history of Oxford economics (and Oxford economists, too) in a mere two hundred and seventy pages. The task is achieved, but at the expense of cramming the pages with an enormous amount of detail which sometimes detracts from its readability.

The book begins with a prologue describing the struggle to establish the teaching of economics on a firmer footing at the turn of the century. In 1921 the battle was finally won, despite the opposition of a significant group of economists and economic historians, culminating in the establishment of the Final Honour School of Philosophy, Politics and Economics. Some of the academic opponents of the PPE thought that it watered down the role assigned to the study of economics and had switched sides in the debate as a result. A striking feature was the absence of any leadership from F.Y. Edgeworth who, as he approached his retirement from the Drummond Chair adopted an apparently neutral position. At this point Oxford economics was certainly overshadowed by Cambridge.

Chapters one to five of the book provide a detailed review of various aspects of the development of economics from the establishment of the PPE to the onset of war in 1939. Between 1922 and 1927 there was a substantial change in the academic personnel at Oxford, and the authors argue, this led to a more rigorous, theory based approach to teaching and research. The "old" Oxford political economy treatment of economics with its emphasis on history, philosophy and applied policy was gradually pushed aside. By 1932 the sub-faculty of economics had been established providing an institutional and organisational framework for the new Oxford economics. Among the better known economists appointed at Oxford at this time, were R.F. Harrod, J.E. Meade, E.H. Phelps-Brown, E.G. Wilson, L. Robbins, M. Allen, D.H. McGregor, and R.L. Hall. In the 1930s other notable economists including H.D. Henderson, J. Marschak, R.S. Sayers, G.L.S. Shackle and C.J. Hitch also arrived. By the advent of the war Oxford economics had been transformed into an approach which emphasised techniques and theory, but with a strong policy orientation. No well read, well trained economist anywhere will fail to have read some of the published contributions of this outstanding group of economists. Yet the impact of Oxford economics in this period seems to have been muted. Perhaps it was due in part to the continuation of the "distinctly eclectic approach that characterised Oxford economics" in the early 1930s. Of course, Oxford economics was in relative infancy, its youthful propounders were not well established in the profession, nor did they seem to be effective polemicists for their views. And to some extent they may have chosen the "wrong" subjects for research.

Yet the authors leave the reader in no doubt that much work of significance was going on at Oxford. Chapter four is headed "High Theory, 1924 to 1939" and lists eight areas of theory which also involved some interaction with economists from Cambridge and the L.S.E. Harrod was the dominant figure. He was involved in seven of the eight areas described, including his early development of the marginal revenue curve, the importance of imperfect competition for trade cycle theory, the enduring Harrod model of economic growth and Marschak's contribution to the numerical and graphical exposition of Harrod's ideas. Among the remaining economists at Oxford, Meade and Shackle stand out. Meade because he had already become imbued with Keynesian theory, his publication of the first "Keynesian" textbook (p.117) and his development of the concept of the supply curve of capital. Shackle after arriving at the Oxford Institute of Statistics in 1937 rewrote his London doctoral dissertation on expectations, investment and income emphasising its Keynesian "background". Once again the authors stress Harrod's influence, especially on Shackle's efforts to dynamise the general theory, although his interaction with Meade was also of significance. The reader leaves this chapter with the very strong impression that Harrod had a hand in almost every significant development in economics at Oxford at that time. Perhaps it is a misleading impression and one which does a disservice to all the other Oxford economists.

After all the Oxford tradition of empirical research was also established in the 1930s. Wesley Clair Mitchell the somewhat austere American empiricist was visiting professor at Oxford in 1931. He encouraged empirical research and the development of a cooperative seminar programme to foster a sense of academic community. The idea for the Oxford Institute of Statistics was born at this time. With the support of the University and funds from the Rockefeller Foundation the Institute had been firmly established by 1935. At first its focus was on a few areas of research including "British trade fluctuations, capital markets, building industry and labour mobility" (p.125). But it also provided support for the Oxford Economist's Research Group, the brainchild of H.D. Henderson, a fellow of All Souls College and former economist in the Civil Service. Henderson wished to bridge the gap between the "highly complex and abstract logical system" (p.129) of the academic economist and the true facts of any economic situation. Additional funds for the O.E.R.G. also came from the Rockefeller Foundation. Undoubtedly the most famous results to emerge from this group were those on the tenuous link between interest rates and business investment, and the full cost pricing principle which reflected non market clearing prices under conditions of uncertainty. The earliest research results were published in the newly established *Oxford Economic Papers* in 1938 and by 1939 Hall and Hitch had published their famous theory of the kinked demand curve. Historians of economic thought are yet to explain why the empirical work of the O.E.R.G. with its profound implications for theory did not have an even greater effect on the economics profession, and why more technical but related versions of non market clearing apparently had to wait for rediscovery in the 1960s.

Oxford economics did not mark time during the war. Developments in that period saw the emergence of the Oxford programme in the substantially modern form recognisable today. The tradition of applied research was reinforced by the pursuit of war related research. At the Oxford Institute of Statistics a comprehensive analysis of the economic history of the war was undertaken, including the contributions of Michael Kalecki on the theory of war finance and inflationary gaps. The Bulletin of the Oxford Institute was also established in order to provide a publication outlet for the Institute's research results. By 1941 Nuffield College, which was funded by a gift from Lord Nuffield, also became more active through the pursuit of a social reconstruction survey directed by G.D.H. Cole. One of its most important and most well known contributions was the set of conferences dealing with issues emanating from Keynesian economics, especially the question of post war employment and Beveridge's contribution in *Full Employment in a Free Society*. The Cortauld funded research into economies of scale and the size of the firm involving P.W.S. Andrews, Joseph Steindl and later G.D.N. Worswick was also a wartime project beginning in 1943. Tensions over research methodology and personality clashes affected the progress and direction of the research. As a result the research results seem to have received less attention than they deserved, and the contributions of some of these economists, less credit for insight and originality than they deserved.

Surprisingly the undergraduate teaching programme during the war did not suffer badly. While a large number of established Oxford academics left to engage in activities elsewhere, an equally large number of interesting, sometimes distinguished figures, joined the lecturing program. Among them were Kalecki, Balogh, Rutherford, Worswick and Halpern. The lecture offerings were expanded to cover many war related and economic planning topics.

With the establishment in 1946 of a new B.Phil degree in philosophy, politics or economics, Oxford teaching and research in economics took on the modern form associated with it today. The B.Phil. was mainly a coursework degree with a smaller optional thesis component. A distinguished group of economists lectured and led the seminars on a wide range of theoretical topics, on mathematical and statistical techniques, and in the history of economic thought. However, Oxford teaching in this early postwar period embraced contemporary developments slowly, if at all. The authors describe this approach as "conservative" (p.167) and contrast it with the more rapid response to new developments of the L.S.E. in the period 1936-40. Doctrinal divisions, personal factors and the Oxbridge collegiate system with its division between the colleges and the university are some of the reasons suggested by the authors for the Oxford response. But didn't such doctrinal and personal divisions exist at Cambridge, too? Since the authors frequently refer to the Oxbridge institution as one of the causal factors, they might have more usefully provided a contrast between Oxford and Cambridge instead of the L.S.E. This is one of the most interesting and intriguing parts of the book, for it may well be that the slow postwar start of Oxford graduate economics limited Oxford's subsequent impact on the development of British economics.

If Harrod was the major driving force of Oxford economics pre-war then after the war he shared this role with Hicks. It seems remarkable, at least in retrospect, that in 1952 Hicks was the compromise appointee to the Drummond Chair of Political Economy vacated by H.D. Henderson. He edged out Lionel Robbins and Harrod. Thus Oxford economics at first under the joint domination of Hicks and Harrod and latterly Hicks alone maintained "an 'eclectic' tradition of open-mindedness and, in most cases, tolerance for new ideas" (p.185). But as the authors note, and as Hicks confirmed late in his life, he never succeeded in establishing an Oxford school of economics as influential as the Cambridge one.

Despite this the authors proceed to list and assess an extremely wide range of significant and diverse contributions by Oxford economists. All should be familiar. Growth and cycle theory were foremost linked to the theory of capital and money, with some lesser contributions to development economics. As the old guard melted away a new generation of economists emerged in the 1960s, further expanding the research programme into international economics, macroeconometrics and distribution and welfare economics. These economists still worked in the established Oxford tradition of linking economic theory and empirical research. The most recent such development has been the joint Oxford Institute of Statistics - L.S.E. analysis of the real wages - unemployment link in the context of eurosclerosis and hysteresis.

There is little point in listing the familiar names of those who have contributed to the recent development of the Oxford tradition. It would be easy to snipe at the authors' selection of economists and topics for more detailed discussion in the last two chapters of the book. More space for this could have been provided if they had truncated the somewhat detailed and tedious description of pre-war Oxford pedagogy, lectures and tutorials, which occupies sixty pages in chapters two and three. Although this is a small book it is therefore a book to be read selectively according to one's interest. In part there are some long and convoluted sentences, a few typographical errors have slipped in, while the index is far from complete and some items mentioned in the text have been omitted from the bibliography.

Given its ambitious scope in both time and range of themes the authors have made an excellent first pass at describing Oxford economics. Many of the issues raised in the book deserve further detailed scholarly research. Both Young and Lee have already provided some of this - Young mainly on the writing of Harrod and Hicks; Lee on the work of P.W.S. Andrews and the theory of oligopoly. Their arguments for the importance and significant impact of Oxford economics are incontrovertible. So are their reasons for the failure of a dominant Oxford school to emerge - the clash of personalities, the choice of some unfashionable research agendas and the eclectic tradition at Oxford, the "Americanisation" of economics after the war and the apparent heterodoxy of Hick's later work. The reader must judge their concluding comment that while it was mainly the Cambridge economists who provided the answers, to discover "what are the questions" (p.214) we must turn to *Oxford Economics and Oxford Economists.*

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