

J. Harold Wilson, Economist

Obituary Note

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There have been no shortage of intellectuals in the political market-place, but J. Harold Wilson (1916-1995) is unusual as an economist who became British Prime Minister. Wilson made important contributions to William Beveridge's work on *Full Employment in a Free Society*; he also published an interesting and apparently path-breaking article in *Economica* on 'Industrial Activity in the Eighteenth Century'. He had some distinguished fellow contributors to this May 1940 edition of *Economica*: John Hicks on 'The Valuation of Social Income', Friedrich von Hayek on 'Socialist Calculation: The Competitive Solution', 'A Reconsideration of the Austrian Theory of Industrial Fluctuations' by L.M. Lachmann, plus a book review of Lionel Robbins' *The Economic Causes of War*.

Wilson argued that Beveridge had "prove[d] conclusively the existence of a rhythmical fluctuation in British industrial activity" for the period 1785 - 1850; but, "the early history of the modern trade cycle is shrouded in mystery" (1940, 150). Wilson analysed production data for coal, iron and steel, textiles, tin, copper and shipping, some going back to 1717. His series were constructed by expressing the raw data as a percentage of the line of trend (which had been estimated by fitting a first, second or third degree curve, derived from least squares). For the early eighteenth century, Wilson found unconnected quasi-cyclical fluctuations. The 1760s were the "birth date of the modern cycle" (1940, 157). Wilson also investigated the behaviour of prices and international trade over the business cycle - problems that would later dominate his political career.

Given the consensus of the 1960s, it seems unlikely that British economic policy would have been much different had Wilson not become Prime Minister (1964-70, 1974-6). But Wilson, somewhat mysteriously, voluntarily relinquished policy influence by resigning the premiership shortly after his sixtieth birthday. Disputes over policy direction were about to reach extremely high levels of intensity at that time, as Milton Friedman (another economist statistician, four years Wilson's senior) began his period of policy influence.

Had Wilson pursued his academic career, he may well have made important contributions to economics and economic policy formulation. His unfinished D.Phil. was entitled "Aspects of the Demand for Labour in Great Britain". His supervisor, Beveridge, had (with E.B. Wilson, the Harvard mathematician) developed periodic inter-war business cycle analysis, and postulated a hypothesis quite similar to Jevons' sunspot theory (Morgan 1990, 34-40). Wilson's correlations between imports and exports and the prices of raw materials and food was a significant movement away from the previous exogenous (if not extra-terrestrial) explanations of business cycles. According to Beveridge, Wilson had made considerable progress in establishing a causal mechanism for the existence of an internationally transmitted business cycle, with clear policy implications for its control (1944, 304-5, 295). But Wilson's academic career was cut short in his early twenties. As he was delivering a paper on unemployment to the annual meeting of the British Association, news filtered into the hall that Hitler had just invaded Poland (Smith 1964, 83; Beveridge 1944, 304). Wilson was seconded into government, and choose not to return to his academic work. But since he regarded economic theory as a "mixture of absurdity and dishonesty" (Smith 1964, 72), it seems likely

that had he stayed in academia his work would have been of an unorthodox nature. Perhaps the names Kaldor, Balogh and Wilson might still have been linked - but in connection with scholarly investigations of the interrelationship between growth, inflation and unemployment.

References

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