Economists Who Have Influenced Me

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W.A. Mackintosh (the war-time Canadian Department of Finance equivalent of Keynes in the UK Treasury and the first to base part of a Royal Commission Report on national income accounts [where I worked as his research assistant]) was Professor of Economics when I entered Queen's University, Canada, in 1936. At the time, he was completing his work on the Staple Export theory of development (much misery would have been saved if UN inspired advisors had based their recommendations on this theory instead of on their import-substitution model). From him I became convinced of the basic importance of comparative advantage as the foundation for sound economic policy. Frank Knox (the first resident Canadian academic economist to develop balance-of-payments analysis) aroused my interest in international finance, on which I was to spend most of my career.

On graduation, I joined the staff of the Canadian Foreign Exchange Control Board (later transferring to the Bank of Canada). There, I worked for Lou Rasminsky (the rapporteur of the Bretton Woods IMF Committee and later Governor of the Bank). He instilled a suspicion of the ability of bureaucrats to determine policy except under severely restricted conditions. While preparing balance of payments data for the tripartite (UK, US, and Canada) working group on national accounts, I met Dick Stone, who dominated the group's discussion as he was to dominate the UN's development of national accounts that has been a sequel to the group's work. This group directed attention to the allocation of gross domestic product rather than to national income, that had been the prime interest of Clark, Kuznets' etc.. This (largely under Stone's influence) has remained the prime focus of national accountants. Stone was an arresting Oscar Wildean character, with flowing hair and cape and a silver headed cane, but with a flair for perceptive analysis that made a neophyte economist realise why he was one of Keynes' proteges.

At the end of the war II, I went to LSE that was at its post-war apogee. Baumol, both Hahns, David Finch, and Puey Unquathorn (later Governor of The Bank of Thailand) were the graduates dominating the graduate-staff seminar. with harry Johnson and Jan de Graaf close at hand in Cambridge. Robbins, Meade and Plant were formulating their reactions to their wartime experience. Kaldor, Coase, and Ronald Edwards were reaching maturity. Boulding, formulating his asset model (that started my work on flow-of-funds), Harrod presenting the *Towards a Theory of Development* ('Towards' seemed to be the operative word), Knight, Samuelson, and Stigler were among lecturers participating in seminars. Lerner was a frequent visitor (by lending him my room, I formed a lasting friendship). Hayek's erudition was impressive. I remain surprised that his essentially negative *The Road to Serfdom* rather than Robbins' much more analytic and persuasive *The Economic Problem in Peace and War* or Meade's *Planning and the Price Mechanism* has become the model for liberal economists. After a year, I was appointed to the staff, with Richard Sayers as my supervising professor. In some respects, his clarity and exposition based on a carefully conceived liberal philosophy gave me a model that I have since tried to emulate. I gave the lectures on international finance, largely influenced by James Meade, who was beginning work on his magisterial *Principles of Political Economy* that appeared under several titles, forming a fitting successor to Marshall's *Principles* His final work: *Full Employment Regained?* has been largely ignored, to

the great loss to the millions who have suffered from the 'welfare' policies followed for the last half-century.

In 1951, a child and a high-spending wife made my LSE salary, supplemented by some outside writing income, inadequate. Frank Paish recommended that the IMF employ a monetary statistician and nominated me for the position. Arnold Plant was the only one of my colleagues who suggested that this was not a great opportunity. Unfortunately, I took their, rather than his, advice.

Eddie Bernstein as Director of the Research Department had developed the IMF as a leading 'think tank' devoted to international economics (including development economics) Over opposition from the World Bank, objecting to 'unnecessary' extravagance, he established the Joint IMF/World Bank library that became the leading one devoted to matters of international and national financial and development economics. He was the most ready of directors to defend his staff, even when he later castigated them for their stupidity. At the time of my arrival, Sydney Alexander was completing his extension of Horesfield's national product analysis to develop the absorption approach to balance of payments analysis. This was the basis for Jacques Polak's monetary approach. At the same time, the Mundell/Fleming model was being developed, and ,after severe opposition from most members of the staff, I persuaded the editor of *Staff Papers*to publish it. I joined the IMF as a statistician to extend the material in *International Financial Statistics* that had been developed, under Polak's impetus by Earl Hicks. I later became editor of *IFS*, before moving to more analytic work on the IMF's analysis of inflation, central banking policy, etc., before shifting to involvement in preparing the *Annual Report*.

In 1967 I was seconded to the Asian Development Institute, where I met Dr. Helen Hughes. Since then, I have been greatly influenced by a 16-hour-a-day-7days-a-week-seminar with Prof. Hughes-Dorrance.

I lectured for one term in Cambridge in 1979 (the 'Winter of Discontent', when trains were intermittent), where I shared an office with Joan Robinson, whom to my surprise, I found to be gentle and sympathetic. One morning, I left her to have coffee with Austen. When I told him I had to leave to give a lecture on 'The Monetary Approach to Balance of Payments Analysis', he commented: 'I used to lecture on that, but Keynes taught me to stand on my head, since then, I have not had the energy to get back on my feet'.

After almost a quarter-century at the IMF, I was disillusioned by its increasing application of past policies to new types of problems and, after a year's refreshment in Heinz Arndt's department at the Australian National University, spent half-years at the University of Maryland and the LSE.

In Australia, at a seminar, I told John Hicks that he was talking nonsense. After discussion, he agreed with me. As a result, I formed the most influential friendship that I developed in my last five years in London.

In 1983, I moved to Australia, where for almost ten years, I edited *The Pacific Economic Bulletin,* drawing heavily on Heinz's knowledge of the region.

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