

BOOK REVIEWS

Daniele Besomi (Ed.), *The Collected Interwar Papers and Correspondence of Roy Harrod*, 3 vols (Cheltenham: Edward Elgar, 2003), pp. 1680, \$595. ISBN 1-84376-366-4.

Daniele Besomi has made a major effort in putting together this collection of Harrod's writings, which includes unpublished papers and correspondence over the period between 1919 and 1939, that covering "the years of high theory." The three volumes complement the first volume of Palgrave-Macmillan's comprehensive seven-volume set of Harrod's major published books in economics, with a brilliant introduction by Peter Oppenheimer (2003). Besomi has eased the task of the historian of "the years of high theory," by also providing an Internet version of his collection, which enables searches through these dense volumes.

While Besomi is to be praised for his collection efforts, the job of a reviewer is to be constructively critical, and this reviewer must pose a number of crucial questions regarding the relative efficacy of the volumes in the context of Harrod's life as an economist, and his overall contributions to economics in retrospect. The volumes cover the period up to the end of 1939, that is, *only two decades of Harrod's working life*. Harrod's pocket diaries between 1922 and 1978 indicate that he was actively thinking about economics almost until the day he died, March 8, 1978, and even had a forward entry in his Oxford pocket diary for that year for UK "Budget Day"—that is, Tuesday, April 11, 1978.

A casual observer could say that all of Harrod's post-1939 contributions can be found in his interwar writings, that is to say in his books *International Economics* (1933) and *The Trade Cycle* (1936), and in his 1939 *Economics Journal* "Essay," so why bother with his post-1939 writings? Indeed, Besomi himself *explicitly* takes this view in his Introduction (volume I, pp. lxxii–lxxiii). This is a crucial issue regarding Besomi's *methodological approach* as an editor, and must be dealt with first. Toulmin, in his volume *Human Understanding* (1972, pp. 307–13) distinguished between "external" and "internal" analytical focus. In his view, "external" focus is on the institutional and personal history of a scientific discipline, whereas "internal" focus is on the intrinsic importance of contributions in the discipline as the basis for "take off" into further self-sustained theoretical development.

Besomi, in my view, has applied only an external focus in his editorial methodology, and thus when he deals with Harrod's post-1939 contributions and their impact on economics, this is briefly done in some two pages of text in his introduction and a few footnotes. This is because Besomi sees Harrod's post-1939 contributions as somewhat inferior to his interwar writings. But this does not reflect *the actual impact* of Harrod's interwar as against his post-1939 contributions. The impact of *The Trade Cycle* (1936), for example, was minimal. Indeed, in a recent letter to this reviewer (November 15, 2004) Robert Solow wrote that he couldn't even "remember what

my initial reaction to the *Trade Cycle* book was . . . I suspect that as a Young Turk I was turned off by Harrod's inability to lay out a clear unambiguous model." The originality of the ideas in Harrod's book, *International Economics* (1933) has only been recognized by historians of thought; those involved in the construction of the international macroeconomic model itself, referred to it only in passing (see Young 1989, Young and Darity 2004). The originality of Harrod's 1939 "Essay" has also been called into question by a number of observers (see Young 1989). Besomi's assertion that Harrod's interwar writings showed "high standards of originality and inventiveness" (vol. I, p. lxxii) in comparison to his post-1939 writings is correct, but in my view, the impact on the economics profession as a whole of Harrod's contributions in the area of "dynamic theory" and "growth" can only be seen *after* the publication of his book *Towards a Dynamic Economics* (1948) and the extension of his 1939 approach by Domar in 1946 and afterwards.

Perhaps the best example of this is Baumol's textbook, *Economic Dynamics*, first published in 1951, which based itself upon Harrod's 1939 "Essay" and 1948 book, and upon Domar's articles (Baumol 1951, p. 37 note 1; Domar 1946, 1947, 1948). But alas, Baumol is not mentioned in the editor's "names and subject index," and Domar is mentioned only once. The reader is referred to "p. lvii" in the editor's introduction, where Domar is mentioned only in passing. Indeed, Besomi does not even include Domar in his "biographical registry" (vol. III, p. 1370). Moreover, while the extensive literature on the Harrod-Domar models, based upon Harrod 1948, is only briefly mentioned in a few notes, the "problem of 'the knife-edge'" and the debates between Harrod and his critics are nowhere to be found. The "external focus" taken by the editor here takes its toll. Harrod's input into what has been called the "growth research program" by this reviewer (Young 1989) simply does not come through in the volumes, nor has the impact of Harrod's "interwar writings" in other areas, such as imperfect competition; "research programs" implicit in the New Keynesian Macroeconomics. This may be seen as a minor point by some, but I will now show how, by taking an "external focus" only, Besomi has underplayed in his volumes some very important aspects of Harrod's interwar writings, for example, the Neo-Classical Growth Accounting Framework that emanated from the Harrod-Meade correspondence on the draft of *The Trade Cycle* in January 1936, and Harrod's critical review of Hicks's *Value and Capital* (1939), among others.

In my view, the exchange of correspondence between Harrod and Meade on the draft of *The Trade Cycle*, January 12–13, 1936 and the Notes attached by Meade (volume II, pp. 482–89) is perhaps the most important correspondence in all three volumes. Indeed, when I first found the correspondence and Meade's Notes in the Harrod Papers and published them in my book some fifteen years ago (Young 1989, pp. 115–21), I compared Meade's 1936 equational system with his later 1961 book, and related it to Solow's seminal contribution (1956). Besomi, taking an external focus approach, does not do this in his editor's notes to Meade's "Note I" (vol. II, p. 488). He leaves it to the reader to recognize that Meade has here set out for Harrod the basis for the Neo-Classical Growth Accounting System (Young 1989). Besomi's only comments on Meade's "Note I," puts it in a pure *Trade Cycle* context. In his letter of November 15, 2004 to the reviewer mentioned above, Solow wrote, "I think I remember James [Meade] telling me about his having set down the beginnings of a growth model long before, but then forgetting all about it."

More than four decades later, Solow recalls that Meade seems to have remembered his 1936 model in 1963. Besomi, due to his solely external focus editorial methodology, does not provide the reader with an “internal focus” for the Harrod-Meade exchange, thus denying the reader the economic context of the material he has presented. The crucial importance of the Harrod-Meade exchange of January 1936 and Meade’s “Note I” for the history of economic thought is not mentioned at all.

Another example of Besomi’s problems with fundamentally important documents relates to his cursory treatment of the letter from Hicks to Meade regarding the respective papers presented at the September 1936 Econometric Society meeting in Oxford, where Harrod, Hicks, and Meade all presented their respective “interpretations” of Keynes in the form of what came to be known as the SI-LL [IS-LM] system of equations and diagram. Besomi refers to the now-famous letter from Hicks to Meade that this reviewer found, misfiled, in Meade’s papers in 1986, and which was reproduced in *Interpreting Mr Keynes* (Young 1987). According to Besomi, the letter cannot be found (vol. III, p. 1349). Had Besomi consulted File 2/4/46 in the Meade Papers (Young 1987, p.188), I am sure that he would have found the letter. Indeed, Young (1987) is not even to be found in the bibliography to volume II, where one would expect it to be cited; this due to Besomi’s rather strange criterion of five or more citations for inclusion.

But more is involved here than meets the eye. Besomi has not consulted the two collections of Hicks papers, one held at Hyogo University [formerly Kobe University of Commerce] and the other by the Hicks Foundation in Oxford. According to the description of “The Hicks Papers” by Hirai and Nishizawa (2004), there is additional Harrod correspondence in the Hicks papers at Oxford; Besomi should have at least approached Anthony Courakis, Chairman of the Hicks Foundation, and asked to see what is in the Oxford collection of Hicks Papers, or at least have explained why he did not consult them.

A final example of Besomi’s somewhat “selective editing” should suffice to drive the issue of “external” as against “internal” focus home. Harrod’s very critical review of Hicks’s *Value and Capital* is not dealt with by Besomi, and is mentioned only in passing (vol. I, p. lxxii, vol. III, p. 1379). I dealt with Harrod’s review in my survey of the reviews of *Value and Capital* (Young 1991), and I am sure that Harrod considered it an important review, perhaps the most important he wrote.

Rather, Besomi, again using his external focus framework, only deals with Harrod’s review in the context of Harrod’s other reviews, and does not place Harrod’s criticism of Hicks’ approach either in economic perspective or in the perspective of other critical reviews of *Value and Capital* (Young 1991).

To sum up, Besomi’s collection is, as I said, a valuable primary source for those interested in the development of economic thought up to the end of 1939. But for those interested in the development of economics after 1939, and for those intrigued by how Harrod’s research program went from “progressive” to “regressive” after the publication of the seminal work of Solow (1956, 1957) and Meade (1961)—from which both the modern growth and real business cycle research programs emanate—no answers will be found in these volumes, as the editor has, sadly, in my view not taken the “internal focus” necessary when editing such a collection, and thus has not provided the student or researcher with the necessary links between Harrod’s “interwar research programs” in the fields of dynamics, growth,

imperfect competition, and international economics, and subsequent post-1939 developments in both the “economics of Harrod” and “Harroddian economics.”

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Samuel Fleischacker, *On Adam Smith's Wealth of Nations: A Philosophical Companion* (Princeton, NJ and Oxford: Princeton University Press, 2004), pp. xv, 329. ISBN 0-691-11502-8.

This is a puzzling book. This is not meant as a wholly negative judgment. Indeed there is much in this book that is commendable and discussions of a wide range of issues are informative and enlightening. I was impressed by, without necessarily totally agreeing with, what he says about, among other things, Smith's stoicism, the place of God in Smith's thought, Smith's coolness toward political participation and military values and the place of self-interest in his thought, as well as a stimulating argument on the relation between Smith's project of natural jurisprudence and his recognition of conventionality.