

# **Susan Howson, *Lionel Robbins* (Cambridge University Press, 2011)**

Reviewed by Selwyn Cornish<sup>1</sup>

Lionel Robbins was one of the most distinguished economists of the twentieth century. For 30 years, from the late 1920s to the late 1950s, he held the principal chair in economics at the London School of Economics (LSE), and was chairman of the Department of Economics throughout this period, save for the years he spent in war service. He was a prodigious author, writing more than 18 books and well over 200 articles. But if he is known at all today for his work in economics it is likely to stem from his first book, the *Essay on the Nature and Significance of Economic Science* (1932), commonly judged to be one of the two or three major works on the methodology of economics. It was in this work that Robbins fashioned his famous definition of economics, known at one time by most first-year students of economics, that: 'Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.'

Robbins was born in 1898 to non-conformist parents, a fact that was to influence his progress through life. His father farmed land on the western margins of London and was heavily involved in activities associated with the National Farmers' Union and the Agricultural Wages Board. Upon leaving school, Robbins enrolled for a course in English literature at University College, London (UCL), but abandoned his studies when he became an officer cadet in the Royal Artillery. He saw action on the western front, was wounded, and repatriated to England. At the end of the war, he spent two years working in the labour movement and then decided to study economics at the LSE. The war had made him a socialist, but he jettisoned this stance as a result of the influence of his teachers, among whom was Edwin Cannan. After graduating with high honours in 1923, Robbins spent some years lecturing at New College, Oxford, and at the LSE.

In 1929, at the age of 31, he was appointed Professor of Economics at LSE following the sudden death of Allyn Young. There he set about to create one of the world's leading centres for the study and teaching of economics, which he achieved within a decade. Among those he attracted to the LSE during the 1930s were Nicholas Kaldor, F. A. von Hayek, R. G. D. Allen, Evan Durbin,

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Abba Lerner, Ursula Webb, Ronald Edwards and D. H. Robertson; J. R. Hicks was already there when Robbins was appointed professor, and Ronald Coase, originally a student, was persuaded to return as a member of staff. In the following decade, Robbins recruited his wartime colleague James Meade. Later, after he had retired from his chair, Robbins was appointed chairman of the LSE Board of Governors. During the student 'troubles' of the late 1960s he rejected the demands of radical students which, had they been accepted, would have compromised free speech and threatened university autonomy, principles he championed throughout his life.

Robbins was not himself an original thinker of the stature of some of his contemporaries. While he wrote some important theoretical work, his abiding interest was the application of theory to policy. Thus in his second book, entitled *The Great Depression*, he drew upon Austrian theory associated with the work of Mises and Hayek to conclude that wages should be cut and government expenditure reduced, dismissing as he did the theories and policies of J. M. Keynes and his acolytes. But with the outbreak of the Second World War he endorsed Keynes's proposals for financing the war, and by the end of the war he generally supported Keynes's economics. With the accession to power of the coalition government led by Winston Churchill in May 1940, Robbins entered government service, becoming the Director of the War Cabinet's Economic Section, a think-tank located at the heart of government, which played a critical role in the development of the war economy, and an even greater role in the preparation of economic plans for the post-war era. He was responsible for devising the 'points system' for rationing scarce consumer goods and was instrumental in the preparation of the 1944 White Paper on 'Employment Policy', which set out the government's policy for maintaining 'high and stable' levels of employment after the war. But his major work during and immediately after the war was on the external side, assisting with the creation of the new international monetary system agreed to at Bretton Woods, helping to liberate international trade from the restrictions that had been imposed upon it during the First World War and the Depression, and participating in the negotiations over the Anglo-American loan. Robbins attended the Washington and Hot Springs talks in 1943, the Bretton Woods conference with Keynes in 1944, and visited the United States in 1945 to assist Keynes with the negotiations for the post-war loan. After the war, he continued to defend the Bretton Woods system and the reduction of barriers to trade. During the 1950s and 1960s, he supported the use of monetary policy to curtail excessive domestic demand when inflation threatened the balance of payments, at a time when monetary policy was unfashionable. Yet he never succumbed to strict monetarism, rejecting as he did the application of a fixed monetary rule and floating exchange rates.

His political allegiances also changed over time. From socialism he embraced the Austrian economic tradition of non-intervention. But from the 1940s, and for the rest of his life (he died in 1984), he was a small 'l' liberal. When he was elevated to the peerage in 1959 and joined the House of Lords, he chose to sit with those who had no party affiliation. His economic thinking was always influenced by the British classical economists. He wrote several books about them and their work, of which the best known is *The Theory of Economic Policy in English Political Economy*, based on a course of lectures given at the LSE in 1939 and later reworked in his Simon Lectures for 1950 at the University of Manchester. The objective of this work was to question the popular view that the English classical writers were 'the tools or lacqueys of capitalist exploiters...indefatigable opponents of social reform...[that they] can conceive no function for the state other than that of the night watchman'. Comparing the policy agendas of Adam Smith and J. M. Keynes, Robbins concluded that there is an 'essential continuity of thought in the tradition of economic liberalism concerning the positive nature of the co-operation between the state and the individual'.

Like Keynes, Robbins was more than an economist. After the war, he devoted much of his life to the visual and performing arts. Susan Howson refers to an extensive list of institutions with which he was associated. For example, he was a member of the board of the National Gallery for 21 years, serving for 14 of them as chairman. He was also a member of the board of the Tate Gallery, and for nearly 30 years he was a director of the Royal Opera House at Covent Garden. As well, he was chairman of the board of the *Financial Times* for 10 years, and in the early 1960s chaired the famous Committee on Higher Education — the eponymous 'Robbins Committee'. Robbins himself wrote the Committee's report, which was responsible for the great expansion of British universities in the 1960s and early 1970s. In his 'retirement' he chaired the appeal to re-house the library at the LSE, now appropriately located in the Lionel Robbins Building. In his seventies, he spoke often in the House of Lords on issues of economic policy and education; he travelled widely throughout the world to give lectures; and he published another six books. He continued to teach a course on the history of economic thought: this reviewer recalls observing Robbins in the autumn of 1976 coming out of a lecture hall at the LSE surrounded by students who were anxious to engage him in conversation. He was then 78 years of age and widely celebrated as a 'Renaissance man'.

Scattered throughout the book are fascinating vignettes of Robbins's relationships with fellow economists. Above all is his relationship with Keynes. They were frequently at loggerheads during the Depression years, signing as they did opposing letters to *The Times* on questions of economic policy. At the heart of their dispute were differences in their approaches to trade cycle

theory. But the most heated of their clashes was over Keynes's advocacy in early 1931 of a revenue tariff to combat Britain's balance-of-payments problems. Yet their relationship blossomed during the war years when they worked closely together, especially on post-war issues. Upon Keynes's death in 1946, Robbins wrote to Lydia Keynes saying that 'Maynard has given his life for his country and the kindly values as surely as if he had fallen on the field of battle'. Keynes, Robbins said, was 'one of the most remarkable and lovable men of this or any other age', one of the two greatest Englishmen of the first half of the twentieth century (the other, in Robbins' estimation, being Churchill).

Robbins's relationship with Hayek moved in the opposite direction. Howson dismisses the view that Robbins brought Hayek to England expressly for the purpose of countering the ideas and proposals of Keynes. Rather, they met for the first time when Hayek came to the LSE in 1931 to present a course of lectures on monetary theory. They formed a close friendship after Hayek accepted the Tooke chair in economics and statistics at LSE in 1932. But the relationship fractured when Hayek abandoned his wife and children in 1950 and deceived Robbins about the reasons for seeking leave. Thereafter the two men scarcely communicated. Besides that, Robbins had by the end of the war embraced much, though not all, of Keynes's economics, and he flatly rejected Hayek's 'inevitability' argument in *The Road to Serfdom* about the consequences of government intervention.

Some mention should also be made of the relationship between Robbins and the Australian economist Leslie Melville, the Commonwealth Bank's chief economist and later Vice Chancellor of the ANU. Robbins made a number of disparaging remarks about Melville. They first met in London in 1933 when Melville was a member of the Australian delegation to the World Economic Conference convened by the League of Nations. In 1939 they disagreed with each other in notes published in the *Economic Journal* on the issue of interpersonal comparisons of utility, an exchange initiated by an article written by Roy Harrod. The differences between the two men were magnified during the war years when Melville was obliged to follow the Australian government's line on full employment at talks in London in April 1944 and at Bretton Woods in July and August of the same year. The Australians wanted to have included in the Bretton Woods agreement — and in other international agreements — a pledge by signatory countries to pursue full-employment policies, such policies being thought to be helpful to countries like Australia who were dependent on trade in primary goods. For Robbins, the Australians — Melville in particular — were a great embarrassment. The Americans, Robbins thought, were unlikely to surrender their sovereignty for the purpose of pursuing economic policies forced upon them by international treaties; if pushed, there was the danger that they might walk away from the various schemes to strengthen the world

economy after the war. This, in fact, was exactly what they did do when, in 1948, the US Senate refused to pass legislation to establish the proposed International Trade Organisation. Robbins confided in his journal that Melville was 'so dull and pedantic that I used to wonder whether I ought not to pray at nights to like him better'. It appears, however, that Robbins did not have a problem with Melville alone but, rather, with Australian negotiators in general. In talks in Washington in late 1945, he reported that the Australians (Melville was not part of the delegation) were 'as usual clamouring for all sorts of information it was not particularly convenient to give', and were 'surly and unhelpful'. Could anything else be expected from the progeny of convict stock!

Professor Howson's biography of Robbins — some 1085 pages of text, with another 170 pages of biography and indexes — is an extraordinary achievement, reinforcing as it will her reputation as one of the world's leading historians of economic policy, and a biographer of the first rank. In the course of time there will doubtless be further studies of Robbins, covering as they will aspects of his life, career and work. But it is unlikely that there will be another biography to match this one in scale and thoroughness. One hesitates to say that it will be the 'definitive work', but what one can say without fear of contradiction is that this book represents scholarship of the highest order. It deserves to be read widely.