

Advocating negative income taxes: Juliet Rhys-Williams and Milton Friedman

Evelyn L Forget

Lady Juliet Rhys Williams (1898 – 1964) is credited with first using the phrase “negative income tax” in the context of British policy debates. She advocated this scheme largely on the basis of its simplicity and transparency, as well as the unmet needs of identifiable groups in society. In 1944, she developed a scheme for the reform of income tax that was adopted as Liberal Party policy and a pamphlet describing it produced. She refined the scheme in 1950 so that income tax and social security were both dealt with. She gave evidence before a Royal Commission on Taxation of Profits and Incomes on the reform of income tax. Throughout the period, she wrote articles for *The Times*, as well as other newspapers and journals, presented the scheme to community and political groups, and carried on an extensive correspondence with politicians, well-known economists including Harrod, Hicks and Robbins, and members of the public who wrote in response to her newspaper articles and speeches. She remained a lifelong friend and correspondent of Harold MacMillan. In 1945, she left the Liberals in a dispute about land nationalisation and joined the Conservative Party where she later became an influential member of the Monday Club. Her correspondence with the public on the topic of NIT, and her strategy for publicity is in the LSE archive.

Milton Friedman is the best-known US advocate of the negative income tax and supported the scheme largely on the basis of its efficiency relative to the existing US welfare schemes, including its attention to work incentives. He discussed the scheme in, among other places, two 1968 Newsweek columns. Friedman, too, maintained a correspondence on the topic with economists and politicians, and collected letters from the public that were generated by his Newsweek columns. I have no evidence that Rhys-Williams and Friedman corresponded with one another, and the dates of their respective interests in the topic make it unlikely. Friedman’s files on negative income tax and correspondence with the public generated by his Newsweek columns are at the Hoover Institution. This project will compare and contrast the correspondence between each of these advocates and their respective “publics”. (It does not encompass professional correspondence.) Rhys-Williams and Friedman wrote in different times and places, and advocated a similar policy for very different reasons and from somewhat different ideological perspectives. Their training, social backgrounds and personalities were quite different, and the perceived economic issues each faced were distinct.

- What can we infer about the public correspondents in each case? (class/income level/job, education level, rural/urban/suburban, gender,...)
- Did Friedman and Rhys-Williams perceive and interact differently with their audiences?
- Did their readers interact with them differently?
- What, if any, similarities are apparent between the two bodies of correspondence?
- How are the economic issues prevalent in a particular time and place reflected in the correspondence and criticism each received?
- What constitutes evidence? (Did the letters from the public enter into subsequent work?)

Economic expertise and the public sphere: From a history of intellectuals to a history of interventions

Gil Eyal

This paper argues that the concept of “public intellectual” is not useful as a guide to historical research on how economists intervene in the public sphere. Arguably, economists intervene in the public sphere not—or not primarily—by opining about the economy, but when they invent new methods and devices that frame transactions in a way that permits new types of calculation and brings new markets into being. Put differently, the concept of “public intellectual” directs our attention to the Paul Krugmans of this world, yet it is arguable that technical innovators such as Fisher Black and Myron Scholes represent a no less pertinent example of how economists typically intervene and shape the public sphere. By multiplying both the actors capable of intervening in the public sphere, as well as their modes of intervention, a new research agenda on the history of interventions, rather than intellectuals, is opened up. The paper offers a schematic typology of the different modes in which economic expertise intervenes in the public sphere, ranging from the economist-qua-statesman, through the roles of commentator and “talking head”, to the multiple way in which economists “perform” the economy and thereby create new topics and arenas of public debate.

Friedman's advocacy of monetarism

James Forder

I would propose to focus on Friedman's public advocacy of monetary targeting and his occasional public advocacy of specific targets. This is only a part of his 'public intellectual role' but it is a consistent theme throughout the period of his public engagement and is clearly important in both Britain, the US, and other places. I would suggest that there is insight to be gained from a comparison of the way he put his arguments both at different times and in different countries.

I believe it will transpire that he makes significant compromises on the actual content of his (academic) proposals in order, apparently, to advance a position more likely to be adopted, and that these compromises become more visible as his ideas come nearer to official acceptance.

Secondly, I believe that the presentation of the ideas in different countries is different in that it is remarkably sensitive to the discussion of macroeconomic policy in those countries. In particular I believe some of his most noted contributions as a public intellectual to the argument over monetary policy in the UK reflect particular arguments that had been put in the press in the UK (but not in the US). Indeed it is possible to detect a development of a conversation between Friedman and certain British journalists where Friedman is learning from them, rather than, as one might have expected, the other way round.

Both of these points, I think, highlight and help to define Friedman's position as a policy advocate and a pragmatist, rather than, as I think many public intellectuals are, more or a protester, or someone trying to find their way into a role as a kind of national conscience.

British Economists as Public Intellectuals, 1919 – 1939

Chris Godden

‘[A]n economist must be humble; his field of thought lies in the public sphere. He cannot accomplish, except by persuasion – and simplifying.’¹

While there has been much discussion of the output of a select group of high theorists and the delayed official reaction to the Keynesian policy prescription, modern historical research is devoid of any systematic examination of the position of inter-war British economists as public intellectuals. This paper will seek to examine the role of British inter-war economists as public intellectuals, and the public pronouncements these writers gave regarding the changing contours of Britain’s economic landscape following the end of the First World War.

The general expectation amongst many British economists and politicians following the Great War was that long-standing, pre-war economic conditions would be quickly re-established. The reality of the situation, however, was very much different, and the British economy throughout the inter-war period found itself facing a number of severe challenges. The most noticeably of these was the loss of previously secure export markets (cotton, coal, etc) and the associated, long-lasting disruption that this caused to Britain’s existing industrial structure.

In their desire to impart their views on these important topics, many economists of this period (including, amongst others, Keynes, Robertson, Clay, and Jones) were reliant on (transitory) methods of communication including newspapers, public lectures, and later radio broadcasts. This approach did not reflect an underlying desire to popularise economics for its own sake, but rather a fundamental belief in the therapeutic properties of making the general public appreciate the fundamental changes that were affecting the British economy.

By adopting the role of public intellectuals, these economists were seeking to employ rational persuasion as a tool to influence human behaviour and so improve human existence. The wide consumption of themes and proposals raised by economists, relating to contemporary economic problems, and presented in the language of the non-specialist, was seen to lead to certain beneficial behavioural results. This paper will demonstrate that the desire to make their interpretations intelligible and familiar to the general public constituted an important attempt by inter-war economists to assist the process of economic transformation by directly influencing economic behaviour.

¹ Keynes, J.M. (1922) ‘The Stabilisation of the European Exchanges: A Plan For Genoa’ (20 April) in *Collected Writings of J.M. Keynes – Vol. XVII: Treaty Revision and Reconstruction*, London: Macmillan, p. 355

Lionel Robbins

Susan Howson

It is hard to think of a more committed, more involved economist as a public intellectual in Britain in the 20th century than Lionel Robbins - except, of course, Maynard Keynes. For six decades he engaged in public debate on economic policy issues in public lectures, talks to political groups (on the left and the right of UK politics), popular and semi-popular contributions to newspapers and magazines, as well as in academic journal articles and his books. He also had the opportunity to influence economic policy more directly, either from within government in the 1940s or when called on for external advice in the 1950s. In 1959 he gained an additional forum in the House of Lords. He also exerted a strong influence on government policy towards higher education and the financing of the performing and visual arts. The irony is, however, that, as he put it himself in 1935, 'It has been held [since 1932] - in spite of activities which I feared had become notorious - that I had urged that economists should play no part in shaping the conduct of affairs beyond giving a very prim and restrained diagnosis of the implications of all possible courses of action' (Preface to the Second Edition of *An Essay on the Nature and Significance of Economic Science*, p xxxv).

Far from urging that economists should abstain from policy debate, Robbins always believed, especially from the time of his appointment to a chair in economics at LSE in 1929, that he had a duty to use his economic expertise to enlighten non-experts and to fight the good fight against protection and nationalism and other misguided economic policies. This paper will outline how he attempted to fulfill his duty and how he succeeded - with due regard to the accidents of history, to the circumstances that enabled him to become so involved and the element of luck. I shall concentrate on his advice on economic and financial policy.

Federal Reserve Bank Presidents as Public Intellectuals

Warren Young and Rob Roy McGregor

In 1980, at the height of the "Great Inflation", Volcker wrote "Reserve Bank Presidents and their research staff...are closer to the nation's commerce, industry and agriculture than any purely Washington-based organization can be". In this paper, we focus on the Reserve Bank Presidents, their public pronouncements and efforts at analyzing and explaining economic events and policies to the public, and their own positions at the FOMC, over the period 1966-1982; an era which encompassed ongoing crises in economic theory and policy.

A *purposive* sample of Presidents who focused on *domestic problems* was chosen and their public statements, speeches and published articles collected. The first part of the paper deals with background and setting of their *pronouncements* over the period, that is their role as *academic bureaucrats* in crises, based on their respective worldview and policy positions at the FOMC and in testimony before Congress, and following from the advice provided by their research departments and the models they developed. The second part focuses on the functions of their public pronouncements in terms of information dissemination and education, advocacy of Fed policy or alternative views, and restoring confidence and reputation. This is based on the published views of Presidents in reviews and magazines directed at the "lay audience", interviews and articles other than in academic outlets, and their public speeches and remarks on economic issues over the period. In this context, we will attempt to address questions related to the inherent and essential tension between the Board of Governors (BOG) and District Banks, that is, Chairman and Governors vs. Presidents, BOG models vs. District Bank models, and the BOG "patrimony to defend" over the period 1966-82 against Presidents and District Banks.

Agnotology and the Public Face of Economics

Philip Mirowski

In the call for papers on “Economist as Public Intellectual”, the template summons, “careful study of individual cases of public intellectuals in economics that pay attention to their biographies, their conceptions of the role of the scholar in society, and to their interactions with the public”. While welcome, this presumes that economists are always the primary protagonists in building bridges to their publics. While this may have been true up through the 1980s, it ignores a more recent phenomenon which has taken hold in the natural sciences, and now threatens to become prevalent in economics as well. In recent studies of agnotology, shadowy think tanks and Astroturf organizations have sought to interpose themselves between scientists and their publics, in order to shift the impressions of the public concerning what is controversial and ‘true’ within relevant scientific communities. These activities, starting with the notorious ‘tobacco strategy’ and drug research and now repeated in numerous areas such as global warming and genetically modified organisms, have been documented in detail by historians and science studies scholars (Orsekes & Conway, Proctor & Scheibinger). The history of agnotological intervention in the economics profession is only beginning to be studied (Nik-Khah, 2011).

The purpose of this paper is to explore the links of what are in many cases *the very same organizations* that seek to foster misinformation about the natural sciences now attempting to do something similar with regard to the economics profession. The starting point is the premise that economics is not yet finished with suffering the consequences of fallout from its embarrassments in the Crisis of 2007-?. The looming time bombs include: the fallout from conflicts of interest in the profession (revealed in the movie *Inside Job*), reform movements like the Institute for New Economic Thinking, and the focus here, the vulnerability to agnotological intervention and populist anti-science movements. I will explore a number of incidents where one might detect evidence of activities similar to those revealed by Proctor and Oreskes:

One is described in the NYTimes Dealbook blog:

<http://dealbook.nytimes.com/2011/02/14/vanishing-act-advisers-seek-distance-from-a-report/?pagemode=print>

The second is the web of shadowy think tanks provoking the current kerfuffle over breaking Public-sector unions, described by Dave Johnson at www.truth-out.org

The point is not just that some economists are willing to sell their expertise and public profile in support of certain interests, but rather, once everyone is hiding their conflicts of interest (Epstein & Carrick-Hagenbarth), then all sorts of claims can be promulgated that misrepresent what ‘legitimate’ economists might be willing to attest and subscribe to. Clientism and neoliberalism detach the author from the supposed authorial product, as I have argued (2011); the marketplace of ideas is a breeding ground for agnotological endeavors.

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IRVING FISHER AS A PUBLIC INTELLECTUAL

Robert W. Dimand

The American economist Irving Fisher (1867 to 1947) combined his work as a scientific economist, addressed to his fellow economists, with sustained and vigorous participation in public discourse, trying to change public policy and to reform attitudes and behaviour by teaching policy-makers and the general what Fisher regarded as the lessons of economic science. Fisher's dissertation, on general equilibrium analysis, was removed from political debate, but early works such as "The Mechanics of Bimetallism" (1894) and *Appreciation and Interest* (1896) responded to contemporary agitation. Fisher's struggle with tuberculosis (from 1898 to 1904) led him to dedicate himself to using the light of academic research to improve life beyond the ivory tower. He campaigned for better health, advocating a national Department of Health, writing a government report on *National Vitality* and a best-seller on *How to Live* (21 editions from 1915 to 1946, plus six to eight million copies of an abridgement distributed by Metropolitan Life), as well as three books opposing repeal of Prohibition (26 of Fisher's 128 publications in 1927 concerned Prohibition). Fisher's 1890 paper on "A League for Peace" was reprinted in full in the *New York Times* in August 1914 and then as a pamphlet by the Church Peace Union, followed by two books and many articles by Fisher urging US entry into the League of Nations (33 of Fisher's 85 publications in 1923 were about the League of Nations, 28 on money and economics). Fisher's efforts to educate the public about "money illusion" led him for several years to write a weekly newspaper column to accompany the announcement of the weekly price index calculated by his Index Number Institute. Fisher's simultaneous pursuit of several reform and scientific projects sometimes got in the way of each other, as in 1912 when his campaigns for an international conference on the cost of living and an international society for the promotion of mathematics and statistics in economics coincided with his promotion of his "compensated dollar" plan to stabilize price levels by varying the gold price of currencies, provoking suspicion that his proposed intergovernmental conference and scholarly society were intended to promote his monetary plan. In addition to his speaking tours and his writings in the popular press, Fisher also provided much advice (much of it unsolicited, and not all of it welcome) to US and foreign governments on monetary reform, stabilization, public health, and world peace, and dabbled in politics, hoping to become Senator from Connecticut. He also proposed an isocahedral world map projection (to eliminate the distortions of the Mercator projection), a new calendar (to simplify statistical research by equalizing the number of business days per month), and eugenic arguments for restricted immigration. Described in a chapter title in R. L. Allen's biography of Fisher as "Theorist, Reformer, Loser," Fisher became much better known as a public figure than other leading US academic economists of his time, making and then losing a public reputation as well as a private fortune in the booms of the 1920s and subsequent crash. Fisher's high-profile use of his authority as a recognized academic expert to intervene in public discourse, both on subjects within his professional competence (e.g. price level stabilization) and on unrelated subjects (e.g. dietary reform), provoked heated contemporary debate, especially after his disastrous 1929 prediction of stock prices.

Scientists, Public Intellectuals and the Definition of Economics: The Becker-Posner Case

Jean-Baptiste Fleury² and Alain Marciano³

By contrast with a definition of economics centered on its subject matter, Becker characterized his discipline as an "approach" (1971) and Posner as a "method" (1975) or a "tool" (Posner, 1971) that can be used to investigate any kind of issues. Becker and Posner put this into practice in their scientific writings, dealing with questions (abortion, criminal behavior, discrimination, divorce, judicial behavior, marriage, surrogate motherhood, etc) that traditionally belonged to the subject matter of other disciplines.

Interestingly, overstepping the traditional boundaries of one's discipline is a significant characteristic of the public intellectual, who aims to reach a broader audience by addressing topics of general concern, often way beyond his initial area of expertise. Becker and Posner, who are not only interested in promoting their ideas in the academia but who also target broader audiences, can thus be considered as "public intellectuals". They used non-scholarly ways to present, develop, and publicize their ideas, such as magazines articles and a blog.

The purpose of this paper is precisely to retrace the history of how Becker and Posner became public intellectuals and, consequently, to discuss the nature of Becker's and Posner's writings in magazines, newspapers and their blog. Although Becker and Posner share a similar approach to economics, there are differences in their histories and approach to the role of public intellectuals related with their background that we would like to explore. For instance, Posner lamented on the evolution of public intellectuals in the U.S. in the early 2000s. Only later in the decade did he turn himself into one. On the contrary, Becker was a public intellectual since the mid-1980s, thanks to his successful columns in *Businessweek*. We will explore how their jointly-held blog provided an interesting media to diffuse their own approach to economics.

More generally, we aim at analysing the impact of their use of non-academic medias on the definition of economics. Did it affect the nature of topics investigated and the content of the statements made by these two economists compared to their scientific work? Or, put in other words, one may ask if magazines and blogs are another battlefield for redefining the boundaries between economics and other social sciences, through its influence on an educated audience? For scholars who tend to define economics as "what economists do", increasing the range of questions they analyze in magazines or blogs (e.g. drunken driving, the New York City ban on trans fats, global warming or drug patent) tends to affect the nature of economics and tends to increase the range of questions economists seem legitimate to analyze. Writing in magazines or on the internet is not only the consequence of a specific definition of economics: it is also a way of implementing such a definition. Moreover, as the work of the public intellectual is the popularization of scientific ideas, we will compare the work of Posner and Becker to other popularization efforts previously analyzed in Fleury (2010).

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“The Case of F. A. Hayek as Public Intellectual”

Bruce Caldwell and Leon Montes

We can pinpoint the beginning and end points of F. A. Hayek’s career as a public intellectual rather precisely. The first entry in his massive bibliography is a scrap of paper from the New York Times dated Se, 1923, containing a one sentence. This is, as far as we know, the very first thing he “published.” His last entry onto the stage to date occurred post-mortem: after having been touted by Glenn Beck on television in June 2010, Hayek’s *The Road to Serfdom* shot to number one on amazon.com, a position it held for nearly two weeks.

There were a number of episodes in between. Hayek’s very public battle with Keynes made an impression not only at the time it occurred, but served as a framing episode for both the PBS series *The Commanding Heights* and for the Institute for New Economic Thinking’s inaugural conference. It is said that his influence on Churchill helped lose the post-war election for him (Churchill’s electorally fatal “Gestapo” speech was apparently inspired by *Serfdom*). Hayek’s insistence that the war of ideas must be won not by direct political action but by influencing what he termed “the second-hand dealers in ideas” was to spawn many societies and institutes, from the original Mont Pèlerin Society to the Institute of Economic Affairs to an array of think tanks globally by the end of the century. Hayek’s trips to Chile while Pinochet was in office, as well as his newspaper interviews and letters to editors at the time, also sparked controversy.

We have a lot of raw material from which to construct a narrative, and still have some investigation to do before we know its exact outline. There are four volumes of Hayek’s scrapbooks that contain things he sent to newspapers, including extended exchanges in the press with others, that I (Bruce) will work through this summer. The Chilean episode will probably get considerable attention. In fall 2010 we interviewed the last surviving person who was there for Hayek’s 30 minute audience with Pinochet, as well as the woman who wrote one half of the two part interview that Hayek sat for before his visit. We are also going to investigate some provocative letters he wrote to German newspapers defending the life of the ordinary citizen under Pinochet, some of which apparently the newspapers refused to publish. I suspect we have enough already to construct an interesting story, we just won’t know its thrust until we get further along in our reading/interviewing. I hope that this is acceptable.