



H. G. JOHNSON

## HARRY GORDON JOHNSON

1923-1977

FOR the economics profession throughout the world the third quarter of this century was an Age of Johnson. Harry Gordon Johnson, who died in Geneva, 9 May 1977, at the age of 53, bestrode our discipline like a Colossus. Throughout his career he was an active leader in the professional and academic economics of three countries, Britain, the United States, and Canada. At the time of his death he held chairs at both the University of Chicago and the Graduate School of International Studies at Geneva. He had been a fellow and lecturer at Cambridge, a professor at Manchester and at the London School of Economics, a visiting professor at numerous universities including Northwestern, Queen's, Toronto, and Yale, an undergraduate at Toronto and Cambridge, and a graduate student at Toronto and Harvard.

Born in Toronto in 1923, Johnson liked to recall his boyhood on an Ontario dairy farm. But his home nurtured mind as well as body. The home was close to Toronto, where his parents worked and he and his brother attended school. His father was a prominent politician, secretary of the provincial Liberal party, one of the chief lieutenants of Ontario Premier Hepburn. His mother was a child psychologist at the University of Toronto. Harry was married to Elizabeth Scott Serson of Ottawa, a journalist and editor, in 1948. They had met as Toronto undergraduates in 1940; on the eve of Harry's emigration to take up a position at the University of Cambridge, they eloped to Cambridge, Massachusetts, where Harry was completing his resident study as a graduate student. For many years an editor of the *Collected Papers of John Maynard Keynes*, Elizabeth Johnson is now Economics Editor for the University of Chicago Press. The Johnsons had two children, both born in Cambridge, England, a son Ragnar, in 1949, and a daughter Karen, in 1951. Ragnar is now an anthropologist and Karen an actress, both residing in London. Harry Johnson is also survived by his brother, a pediatrician in Toronto.

The label 'economists' economist' is a cliché but never more appropriate than for Harry Johnson. It was his impact on his own profession, not on the public at large, that justifies calling

the era his Age. He wrote and published, it is safe to say, more than any contemporary economist; his bibliography will include nineteen books of his own, twenty-four books which he edited and contributed to, more than five hundred scientific articles, and numerous pamphlets and book reviews.<sup>1</sup> He ranks near the top of contemporary economists in citation counts.<sup>2</sup> He probably knew personally more economists of all ages and nationalities than any other leading scholar. Certainly no one had a more far-flung, numerous, and devoted band of students, friends, and admirers. Everyone referred to him simply as Harry. In our peripatetic profession Harry is generally conceded the all-time records for air travel for academic and scientific purposes and for hours spent in lectures, conferences, symposia, and colloquia. He was a great editor, to the benefit of five journals and numerous volumes of conference proceedings and contributions on particular topics. Under his editorship the Chicago-based *Journal of Political Economy* became in general opinion the liveliest and most influential scholarly periodical in economics.

Johnson did not serve governments and politicians, or advise them except in print and public speech. He did not write introductory textbooks; few undergraduate students ever read him or heard him. He did not write best-sellers or columns in the popular press. He did not crusade for an economic ideology. His recognition and reputation outside his profession do not compare with those of Samuelson, Friedman, and Galbraith or of Harrod, Kaldor, and Mrs Robinson.

<sup>1</sup> A definitive bibliography will be published in the *Journal of Political Economy* in 1979. Eric J. Belton, librarian of Lakehead University, Thunder Bay, Ontario, has compiled a Johnson bibliography through 1975. It is indicative of Johnson's productivity, even after the crippling stroke he suffered in 1973, that since Mr Belton's compilation more than one hundred additional items have been published or are in press. The Lakehead University library is collecting copies of all Johnson's publications. The University of Chicago library will be the depository for Johnson's papers. For this information and much else I am indebted to Elizabeth Johnson and to the memorial article by Grant L. Reuber and Anthony D. Scott (*Canadian Journal of Economics*, November 1977).

<sup>2</sup> According to the Institute for Scientific Information (*Current Comments*, 7 August 1978), data from the Social Sciences Citation Index for 1969-77 place ahead of Johnson only three authors, all Nobel laureates, Milton Friedman, Paul Samuelson, and Kenneth Arrow. An unpublished study by Herbert Grubel of Simon Fraser University concerns specialists in international economics 1970-6 and finds Johnson, the most prolific author, cited far more frequently than anyone but Samuelson.

Harry could have done any or all of those things extremely well. The prose that flooded from his pen is clear, cogent, and graceful. He could, if he wished, make economic theory easy to read, and fun. Many of his writings—for example, *Of Economics and Society* (1975), a collection of non-technical essays; *Economic Policies Towards Less Developed Countries* (1967); *World Economy at the Crossroads* (1965)—do just that. Although he believed that a scientist should maintain distance from governments and politics, he was by no means indifferent to economic and social policies and outcomes. Many of his writings are analytical critiques, often devastating, of actual and proposed policies and of their intellectual and political under-pinnings, in his three home countries and throughout the world. Yet for these essays, as for his more purely scientific contributions, appreciation and attention came mainly from his fellow economists.

One reason Harry had less public impact than he deserved is that he was uncompromisingly independent of intellectual and political fashion. He did not tell people what they wanted to hear. He took the long view. His strategy was first to set straight the economics profession, in the hope and belief that competent research, teaching, and analysis would ultimately improve policy advice and policy itself. Another limit on his direct public influence was his steadfast internationalism. Cosmopolitan in his personal life, he had no use for nationalism whether in his native Canada (see *The Canadian Quandary* (1963)), Britain, other advanced countries, or the third world. Most of his prodigious scholarly energy was devoted to international economics. His studies convinced him that autarkic policies were short-sighted, inefficient, and inequitable. This stance did not make his voice welcome in the economic politics of nation-states.

Let me elaborate the reasons for Johnson's extraordinary popularity and influence within economics. One reason was his unfailing accommodation of fellow scholars and students. No country was too remote, no university too obscure, no professional association too parochial for Harry to visit; invite him for lectures, seminars, or conferences and he would come. No journal was too local or special or new or mediocre for Harry to give it a boost; the struggling editor need only ask him to contribute a paper. No author was too young or too far from the mainstream to get from Harry constructive comment on his papers and indeed personal advice on his research and career.

As a journal editor he had to reject most submissions, but he told the authors why and offered suggestions. He tried hard to find the germ of a good idea in unpromising material and to help the author develop it.

A second reason was the power of Johnson's exposition of economic ideas. If his style did not quite carry the word to a large general audience, it was made to order for his professional constituency. His collected essays and lecture courses on international trade, money, growth, and distribution are the way thousands of graduate students and teachers learn economic theory.<sup>1</sup> Johnson was a master of creative synthesis. He could organize the confusing variety of ideas, findings, and approaches in a field into a coherent whole. The structure was his original design. An outstanding example is his survey article 'Monetary Theory and Policy' (*American Economic Review*, June, 1962).

The same qualities of discrimination and perspective made Harry a formidable critic. He would not suffer foolishness, especially pretentious foolishness from persons of high status and reputation. He unerringly winnowed the false from the true, the trivial from the significant, the ideological from the analytical, the special from the general, the imitative from the original, the irrelevant from the important. Mathematical and econometric jargon did not faze him; he saw through it to the essential message, if any. He could digest and evaluate a paper or a book with amazing accuracy and perception in less time than an ordinary mortal could turn the pages. His knowledge of the literature, old and new, seemed limitless. These qualities made him the great editor he was, a tough and informative book reviewer, a demanding and invaluable mentor of graduate and postdoctoral students.

Third, Harry's internationalism—which may have diluted his impact on lay publics—gave his writings and talks extraordinary relevance to economists everywhere. He knew, as theorists rarely do, about problems and policies of countries all over the world. He refused to let his economics be bounded by the interests or institutions of any country or region.

Finally, not least, Harry was a 'character', a legend. The stories are legion. They will be told with awe and delight for years to come, and lose nothing in the telling. The dismal science attracts few colourful personalities. In Harry we had a

<sup>1</sup> *International Trade and Economic Growth* (1958), *Essays in Monetary Economics* (1967), *Further Essays in Monetary Economics* (1973), *Macroeconomics and Monetary Theory* (Lectures, 1971), *Theory of Distribution* (Lectures, 1973).

hero whose style of life and work and talk were worthy of a genius of poetry or art. Physically he stood out of a crowd, a large man, incorrigibly overweight, loudly and informally dressed years before the unconventional became the fashion. Only his eyes betrayed the fire of his mind.

*En route* to a conference an ocean or continent away, Harry would write an article or two in flight. During the sessions he would whittle exotic fauna; he was an expert and imaginative wood sculptor, and his carvings are prized ornaments in hundreds of homes and offices. Or he would carve three-dimensional models of economic relationships. Or he would design puzzles. Meanwhile he would enter the discussion as necessary to keep it on track. Later, undeterred by jet lag or combat fatigue and fortified by the most sumptuous repast available, Harry would hold night-long court in the local pub, tossing off witty and often cutting verdicts on economics and economists to the delight of hosts of admirers. His appetite and capacity for whisky, as prodigious as everything else he did, will be part of the legend too. Intellectually he flourished with the lubrication; he flourished without it too, after his stroke in 1973. If the superhuman intensity of his habits and pursuits contributed to his disability and early demise, perhaps he had chosen consciously or unconsciously to cram several normal lifetimes into one short span.

Harry wanted economics to be a science cumulative in knowledge. All too often, he found, it was an unscientific arena of conflicting values, political preferences, and ideologies. All too often studies that passed as professional contributions added nothing to verified scientific knowledge—they were too trivial, too sloppy, too derivative. On these counts he became especially critical of economics in Britain and in particular at Cambridge. Early in his career he concluded that the way professional economists are trained is decisive for the future of the discipline. Over the years he spent a great deal of thought and energy in organizing the education of graduate students. One of his life's ambitions, three times frustrated, was to reform economic research and instruction in the United Kingdom.

Harry's love-hate affair with England began as love in 1945. He had been a soldier assigned to clerical duties at Canada House in London. The Canadian Army, short of shipping to take soldiers home, offered to send some to British universities. Harry had graduated from Toronto in political economy in

1943. Prior to his military service he had spent the year 1943-4 as the one-man economics faculty of St. Francis Xavier University in Antigonish, Nova Scotia. He jumped at the chance to go to Cambridge. In his soldier-student year there he picked up another bachelor's degree, indeed another First, the highest in the third-year economics Tripos. He returned triumphantly to Toronto to a junior teaching appointment, and he also earned an MA degree in 1947.

In the autumn of 1947 he enrolled in the Ph.D. programme in economics at Harvard. It was the time to be there. The place buzzed with excitement and confidence. Harvard's great pre-war faculty was still intact: Schumpeter, Hansen, Williams, Haberler, Leontief, Mason, Harris, Chamberlain. Several cohorts of graduate students and junior faculty, mostly war veterans, were bunched together, an unusual assemblage of talent. They were learning as much from each other as from their elders. Some were giving mathematical rigour and statistical content to Keynesian theory, encouraged by Alvin Hansen, its leading apostle in the United States. Others, stimulated by Schumpeter and Leontief and by the example of Samuelson, then at Massachusetts Institute of Technology a few miles down river, were doing the same for neoclassical microeconomics. Thanks to Haberler, Harris, and a number of younger economists, there was also lively activity in international economics. In his three semesters at Harvard, Johnson breezed through the course requirements and the oral qualifying exams for the Ph.D. He wrote a note on 'An Error in Ricardo's Exposition of His Theory of Rent' and with Joseph Schumpeter's encouragement published it in the *Quarterly Journal of Economics*. But he did not complete his doctorate until 1958, when he was already Professor of Economic Theory at Manchester and scarcely needed credentials. The collection of essays published as *International Trade and Economic Growth* served as his Harvard Ph.D. dissertation.

The reason Harry left the American Cambridge at the beginning of 1949, after only three terms, was to return to the English Cambridge. The Professor, Dennis H. Robertson, had noticed the Canadian during his student year, and when Johnson revisited Cambridge (crossing the Atlantic by cattle boat) in the summer of 1948, Robertson offered him a job as assistant lecturer. Harry accepted on the spot, and hurried through his Harvard requirements when he returned to America. And so the Canadian farm boy, the corporal, became a don, first an

assistant lecturer and later a lecturer in the university faculty, first a research fellow at Jesus and then a fellow of King's, the very centre of economics.

Liberated from student status, Harry began to write in earnest. He burst into print with a series of pioneering and now classic papers in international trade, collected in *International Trade and Economic Growth* (1958). It is worth noticing what some of these papers are about, because they show the characteristic double purpose of Johnson's theorizing. They advance, generalize, and synthesize theory; simultaneously they shed light on real-world issues and policies.

In the early 1950s some British economists were attracted by the theoretical possibility that a nation could, by levying a tariff of the right amount, gain at the expense of its trading partners. The argument, they thought, could defend the protectionist measures of HM government against the objections of free-trade doctrine. Johnson undertook a thorough analysis of the theory of tariffs and optimal tariffs; one by-product was to cast doubt on the strategy, especially when other countries can retaliate.

Another subject Johnson illuminated was the dispute between Keynes and Bertil Ohlin about German reparations in the 1920s. Could, in principle, an exchange-rate adjustment accomplish such a transfer, or would the attempt necessarily be frustrated as in Germany by endless currency depreciation and inflation? Johnson found the conditions for the one result and for the other.

Balance of payments deficits were then, as now, very much in the news and in the minds of economists and policy-makers. Some analysts attributed them to comparative costs, some to excesses of domestic 'absorption' of goods over production, some to lagging economic growth, some to inflationary monetary policies. Johnson put the pieces together in a unified model, and foreshadowed his work in the 1970s on the 'monetary theory of balance of payments'.

Countries producing raw materials have long complained that the trend of terms of trade is against them, and some economists argued that technological progress was actually to their disadvantage. Along similar lines, some people feared that international differences in technological progress and capital accumulation could lead to chronic imbalances of payments. First applied to the dollar shortage, the idea reappears for the mark or yen shortage. Modelling the links between international



trade and economic growth, Johnson showed that these fears are unlikely to be justified.

In the course of this work, Harry got marvellous mileage from a simple diagram, the 'Edgeworth box' (named after its inventor, F. Y. Edgeworth, the Oxford mathematical economist, contemporary of Alfred Marshall), a device Johnson later exploited with similar powerful effect in other contexts. Gifted with geometrical intuition, he loved to use ingenious diagrams for expository purposes in articles and lectures. He used algebra too, but he was not a mathematical economist and did not need complex mathematics to convey with logical rigour the points he wanted to make. Some people regard him as the last great English-speaking economic theorist.

Harry's lectures on international economics at Cambridge in the 1950s were famous for their succinct and elegant coverage of the field. He attracted, befriended, encouraged graduate students and visiting scholars, and he tried valiantly to build a community of research economists in the fragmented Cambridge environment.<sup>1</sup>

In spite of his personal success and fulfilment, Harry's experience of Cambridge alienated him from English economics in general, from the dominant Keynesian establishment at Cambridge in particular, and from the smug parochialism and genteel amateurism of economics training in Oxford, Cambridge, and elsewhere. The structured system of graduate education at Harvard and the lively interaction among faculty and students there must have looked good in contrast. In his *Encounter* memoirs<sup>2</sup> Johnson embedded a scathing indictment of Cambridge economics and instruction in an entertaining narrative of his life at Cambridge and a fascinating excursion into the comparative sociology of academic communities. The indictment is summed up in two passages:

'... [The] modern post-Keynesian-Cambridge style... has three major elements in it. All are directly traceable to salient characteristics of Cambridge as an academic environment. (1) The belief that fundamental questions of social and economic policy are ultimately determined by debate among a handful of academic economists, in Cambridge and at most two other British universities. (2) Policy failure is the result of bad—and bad means orthodox, or more generally

<sup>1</sup> See the personal reminiscence of Johnson by Jagdish Bhagwati (*Journal of International Economics*, 1977).

<sup>2</sup> 'Cambridge in the 1950s' (*Encounter*, January, 1974) and 'How Good was Keynes' Cambridge' (*Encounter*, August, 1976).

pedestrian, tedious, and unimaginative—economics. (3) The world is to be put right by instructing the undergraduate students at Cambridge and elsewhere in the complex fallacies committed by orthodox economics and the simple truth as derived by anti-orthodox economic theory.' (*Encounter*, August 1976, p. 90).

'... I began to appreciate the difference between scientific and ideological motivations for theoretical work. I began to realize that more and more Cambridge people in my judgment were perverting economics in order to defend intellectual and emotional positions taken in the 1930s. In particular, for them Keynesian economics was not a theoretical advance to be built on for scientific progress and improved social policy. It was only a tool for furthering left-wing politics at the level of intellectual debate. So I decided to leave Cambridge and go somewhere else where I might learn something useful—namely to Manchester [in 1956]. I eventually left Manchester to go to Chicago [in 1959] in spite of the fact that my days at Manchester were probably the happiest of my life, professionally speaking. Over the years I became fed up with the poverty of English economics, which provided increasingly inadequate compensation for the material poverty that English academic life in the provinces imposed.'

I can understand something of Harry's disenchantment. I first met Harry in 1948 at Harvard one Saturday afternoon in Alvin Hansen's fiscal policy seminar library. We spent the afternoon talking about everything and began a permanent friendship that survived geographical, doctrinal, and political separations. As it happened, I followed Harry to the other Cambridge in the autumn of 1949, to work for a year at Richard Stone's Department of Applied Economics. Liz and Harry Johnson welcomed Betty and me to England, showed us the ropes of practical living amidst austerity, guided and joined us in exploring Cambridge, shared with us the pleasures and trials of first-born babies. Harry and Jan Graaff took it upon themselves to insinuate me into economic circles beyond the Department of Applied Economics, which to my surprise was pretty much an island to itself, detached from college life and ignored by regular faculty.

Johnson and Graaff were apprentices to the Cambridge economics establishment. Graaff was an aristocratic South African, educated at Cambridge, now a graduate student. In contrast to Harry, Jan had impeccable establishment credentials, and he looked and acted the part. I went with them to the famous King's seminar founded by Keynes and continued by Richard Kahn. In their different ways they were both brash and outspoken. They got away with it because they were usually right

and because they knew what was going on in economics outside Cambridge. That was unusual—an eminent Cambridge economist told me there was no need to read the literature because most good ideas originated in Cambridge and any others would be discovered there shortly. When Paul Samuelson threatened to visit Cambridge in 1948, Graaff had to brief his distinguished mentors on who Samuelson was and what he had contributed. When Samuelson came, Professor Pigou expressed interest in one of his papers and suggested he check the proofs with a mathematician. When Samuelson protested that he himself was a mathematician Pigou replied, 'Oh, I mean a British mathematician.' Perhaps the geocentrism of Cambridge—the home of Marshall, Keynes, Pigou, Robertson, Mrs. Robinson, Sraffa, Kahn, and other stars—was only natural. But it was infuriating, and it infuriated Harry. As for Jan Graaff, he showed his mastery of economic calculus in an elegant book based on his thesis, *Theoretical Welfare Economics*, and to our profession's misfortune turned to other pursuits in South Africa.

Arrogant, complacent parochialism was not all that alienated Harry. Cambridge economics was a bloody battleground. On one side were the veterans of the great Keynesian revolution of the 1930s. On the other were economists of the older tradition of Pigou and Robertson and Keynesians of less radical bent. The stakes were the minds of students, the attention of public and government, and above all preferment and patronage in academic appointments. The battle spilled into all British economics, the staffing of other universities, the management of journals. Another personal illustration: I wrote a critique of Kaldor's 'Keynesian' theory of distribution, serious in intent but spoofing in style.<sup>1</sup> It was published in a journal edited by Ursula Hicks, and, by chance, it appeared just before I arrived in Cambridge for a visit. As Harry took me along to a faculty party, he warned me that the local Keynesians did not think it was funny. I was disappointed, but even more let down to find that their anger was directed not at me but at the Hickses, whom they (wrongly) suspected of putting me up to it. [It was hard for an outsider to see why John Hicks, who had done so much to strengthen the logic of the *General Theory*, should be considered an enemy.]

Harry Johnson came to Cambridge favourably predisposed to the political and economic views of the radical Keynesians.

<sup>1</sup> 'Toward a General Kaldorian Theory of Distribution', *Review of Economic Studies* (February, 1960).

Indeed, as an undergraduate at Toronto he had moved left of his family's liberalism, and in his undergraduate year at Cambridge he had studied under the Marxist economist Maurice Dobb. Though it was Robertson who invited Harry back to Cambridge, he had close personal ties to the Keynesians. He became a fellow of King's, and his wife Liz went to work on Keynes's papers. But, as his memoirs relate, he became progressively disillusioned with the group's economics, their influence on government policy, their impact on research and instruction at Cambridge and elsewhere, and their personal treatment of Robertson and of opponents and neutrals in the faculty.

At Manchester Professor Johnson tried to build a serious programme of graduate education, with the help of Ely Devons and Jack Johnston. The time and the setting were not right, and after three years Harry moved on to a chair at Chicago. The contrasts between American and English economics and economics training, and between Chicago and Cambridge, were striking, and all in favour of America and Chicago. In Johnson's view (*Encounter*, August 1976, p. 83) the Chicago economics department was—much more even than Harvard or Yale—the ideal environment for generating published output and for turning neophytes into scientists.

At Chicago Harry ran up against another orthodoxy, with a message quite the opposite of Cambridge Keynesianism: the beneficence of free markets and the evils of government interventions. Chicago was likewise the centre of opposition to the dominant American macroeconomics, a synthesis of Keynesian and neoclassical theory much more moderate than the extreme version of Keynesian economics prevailing in England. On both fronts the formidable Milton Friedman was the central figure, in his way as narrow and ideological as the Cambridge school. So there were struggles at Chicago too, and Harry had troubles when, as in monetary theory, his interests intersected Friedman's. In international economics he was able to carve out a rewarding, independent role. For Harry the saving grace of Chicago, certainly compared to Cambridge, was that it constituted a real community of scholars, teachers, and students committed to serious research and publication. Harry's already extraordinary pace of writing and publication accelerated during his Chicago tenure, the last eighteen years of his life.

Yet his ambition to reform British economics remained alive. The prestigious chair offered him at the London School of

Economics gave him the chance to try a third time; the setting seemed much more promising than either Cambridge or Manchester. From 1966 to 1974 he divided his time between his Chicago and London professorships, with the usual punctuation of visits to other institutions and the customary overload of extramural activity. Once again his hope of building a truly professional graduate programme with a structured curriculum and a strong research orientation was frustrated. At the LSE the trouble was not Oxbridge élitism but bureaucratic inertia, institutional poverty, and the counterpressures of the student revolts of the late 1960s. Once again Harry was discouraged by the general tone of British economics and by the government's economic policies. With a blast that attracted much public attention, he resigned from LSE and from Britain in 1974. Thereafter, he supplemented his two terms a year at Chicago with one in Geneva.

When Harry Johnson joined the Chicago faculty, many of us hoped his example and influence would make that department more moderate and eclectic. Perhaps they did, but not in ways visible to the outsider. The influence of Chicago on Johnson's thought is also hard to assess. The most likely guess is that Chicago was a congenial and supportive environment for trends in Johnson's thought already well established. In England he had moved a long way in conservative directions, mainly from conviction but partly in provocative reaction to the dominant intellectual climate. A similar reaction to the Chicago climate is not evident, but Chicago doctrines were not then as powerful nationally as Cambridge orthodoxy had been in the United Kingdom.

Harry was never an evangelist for free enterprise or any other ideology. Many of his writings have the 'no free lunch' messages so often stressed by Chicago economists, but that is no Midway monopoly. Harry's general preference for market solutions came out most strongly in international contexts. All along he had been impatient with the counterproductive illusions of protectionism, in both advanced and developing countries. He also opposed international commodity agreements and scorned UNCTAD agitation for a 'new economic order'.

On an important issue of scientific methodology Johnson stood squarely against a Chicago dogma, Friedman's 'methodology of positive economics'. The principle is that hypotheses are to be judged by their ultimate implications and tested by comparing those implications with observed facts, not by the

plausibility or realism of the assumptions or of the intermediate mechanisms connecting the assumptions to the conclusions. Thus, Friedman's monetarist propositions relied very little on deriving the quantity theory of money from the assumed and observed behaviour of economic agents, but relied a great deal on economy-wide 'reduced-form' correlations of money income or price level with money stocks. Johnson was too committed a theorist to be content with this 'black box' approach, and too sophisticated a scientist to agree that there is just one simple way to test hypotheses.

In macroeconomics and monetary theory Johnson remained eclectic. In 1971 I used my prerogative as President of the American Economic Association to designate Harry Johnson as the Richard T. Ely lecturer at the annual convention. His address 'The Keynesian Revolution and the Monetarist Counter-Revolution' (*American Economic Review*, May 1972) created quite a stir. He predicted—on sociological, methodological, and substantive grounds—that monetarism would subside, with its valid findings absorbed into the Keynesian mainstream. He said, moreover, that the Keynesian concern, Unemployment, was a more serious social problem than the monetarist concern, Inflation.

Yet from the perspective of the 1970s Johnson viewed Keynes's contribution with much less enthusiasm than in his student days and with less favour than in his famous retrospect of 1961, 'The General Theory After Twenty-five Years'. Impressed by the post-war performance of capitalism, Johnson concluded that Keynes and many Keynesians had over-generalized from the Depression, a unique decade in a long history. (Joseph Schumpeter, Harry's Harvard teacher, had said this at the time. In other respects as well, notably his unflattering attention to the sociology of politicians and intellectuals, Johnson became Schumpeterian in his later years.) Moreover, Johnson saw early on that Keynes did not provide a credible theory of inflation. The notion that inflation occurred only when aggregate demand exceeded full employment supply did not accord with experience, and in any case Keynesian theory provided no economic concept of 'full employment'. In the 1950s and 1960s the 'Phillips curve' relating inflation inversely to unemployment appeared to fill the theoretical gap. But, as Johnson acidly observed, it had no firm theoretical base either. The possibility of buying ever fuller employment with limited acceleration of inflation appeared in practice to be short-lived.

Friedman's 'natural rate of unemployment' provided both a concept of full employment and a rationale for the fragility of the Phillips trade-off. But the implied full employment involved a high rate of unemployment, difficult to interpret as wholly voluntary. Johnson noted that neither Keynesian macroeconomics nor monetarism had a satisfactory theory of the short-run division of spending between price and output. He speculated that monetarists would lose influence if they insisted on explaining away high unemployment as natural, and lose their distinctive simplicity of doctrine and policy if they undertook, along with the Keynesians, serious theoretical and empirical study of price and quantity responses to monetary impulses.

In England Johnson seemed to take a more monetarist stance, understandable in the intellectual climate he found there on his return. The dominant English Keynesian tradition, unlike the American, had been as extreme in dismissing the importance of monetary events and policies as the Chicago school was in down-grading all non-monetary factors, including fiscal policies. The British Treasury, even the Bank, followed the line. One of Harry's achievements was to bring money to the centre of the stage in British macroeconomics, organizing an inter-university monetary research group, promoting conferences, editing their proceedings. The trend he supported eventually also restored money to a central role at the Bank of England and in the United Kingdom's economic policy.

Naturally Harry's monetary interests had an important international side. His 'monetary theory of the balance of payments' commanded his attention in his last years and attracted many co-workers. The theory spells out consequences of high mobility of private funds across national currencies. National money stocks are demand-determined rather than supply-determined. If the national central bank provides less or more money than the public desires, the country will import or export money. The resulting surpluses or deficits in international payments are, therefore, monetary rather than real in origin. The system is closed by working out, under various assumptions, the global outcomes of this mechanism. This is an important insight, and Harry regarded the new theory as his most important recent work. Time will tell.

In this memoir I have emphasized Harry Johnson's English and American connections. He also played a commanding role in his native land, described in interesting detail by Reuber and Scott (*Canadian Journal of Economics*, November 1977). He

visited Canada frequently, especially between 1959 and 1966 when his only chair was in North America. In 1962 he joined the research staff of the (Porter) Royal Commission on Banking and Finance, where he helped a large group of Canadian academic economists adapt modern macroeconomics and monetary theory to the Canadian setting. Thanks to these and other contacts Johnson knew the Canadian economic scene intimately. There, as in Britain and the US, his repeated message to his colleagues was: be more truly professional in what you do and how you train your successors.

Many honours came Harry's way while he lived, many others were in store for him had he lived. I repeat the list of the former given by Reuber and Scott:

He held seven honorary degrees (five from Canadian universities) and was slated to receive another from his alma mater in the summer of 1977. He was a fellow of the American Academy of Arts and Sciences, the British Academy, the Econometric Society, and the Royal Society of Canada, and an honorary member of the Japan Economic Research Center. He had served as President of the Canadian Political Science Association, Section F of the British Association, the Eastern Economic Association [U.S.], as vice-president of the American Economic Association, and as Chairman of the Association of University Teachers of Economics [U.K.]. In addition he had been awarded the Innis-Gérin medal by the Royal Society of Canada, the Prix Mondial Messim Habib by the University of Geneva, and the Bernhard Harms Prize by the University of Kiel. In 1976 he was named an Officer of the Order of Canada.

Johnson gave Wicksell Lectures, de Vries Lectures, Jahnsson Lectures, the Stamp Lecture, and many more, bringing to such assignments an incomparable blend of wisdom, history, and economic analysis, always beautifully expressed. He soon would have had his turn as President of the American Economic Association. A Nobel Prize? He was the people's choice within the profession. Though selection committees stress quantum innovations, sooner or later they would surely have rewarded the massive incremental and synthetic advancement of knowledge that Johnson achieved.

Harry's main honour, the one that meant the most to him, was the affection and respect of his profession. After his stroke in 1973, worldwide messages of concern and encouragement supported his determined recovery and his brave resumption of accustomed activity. Since his death his fellow scholars have poured out their grief and gratitude not only privately but in



an unparalleled volume of tributes and memorials in all the many journals, societies, colleges and universities, and other groups that felt Harry was one of their own. What would please him most are the new research papers his example and memory have inspired.

JAMES TOBIN