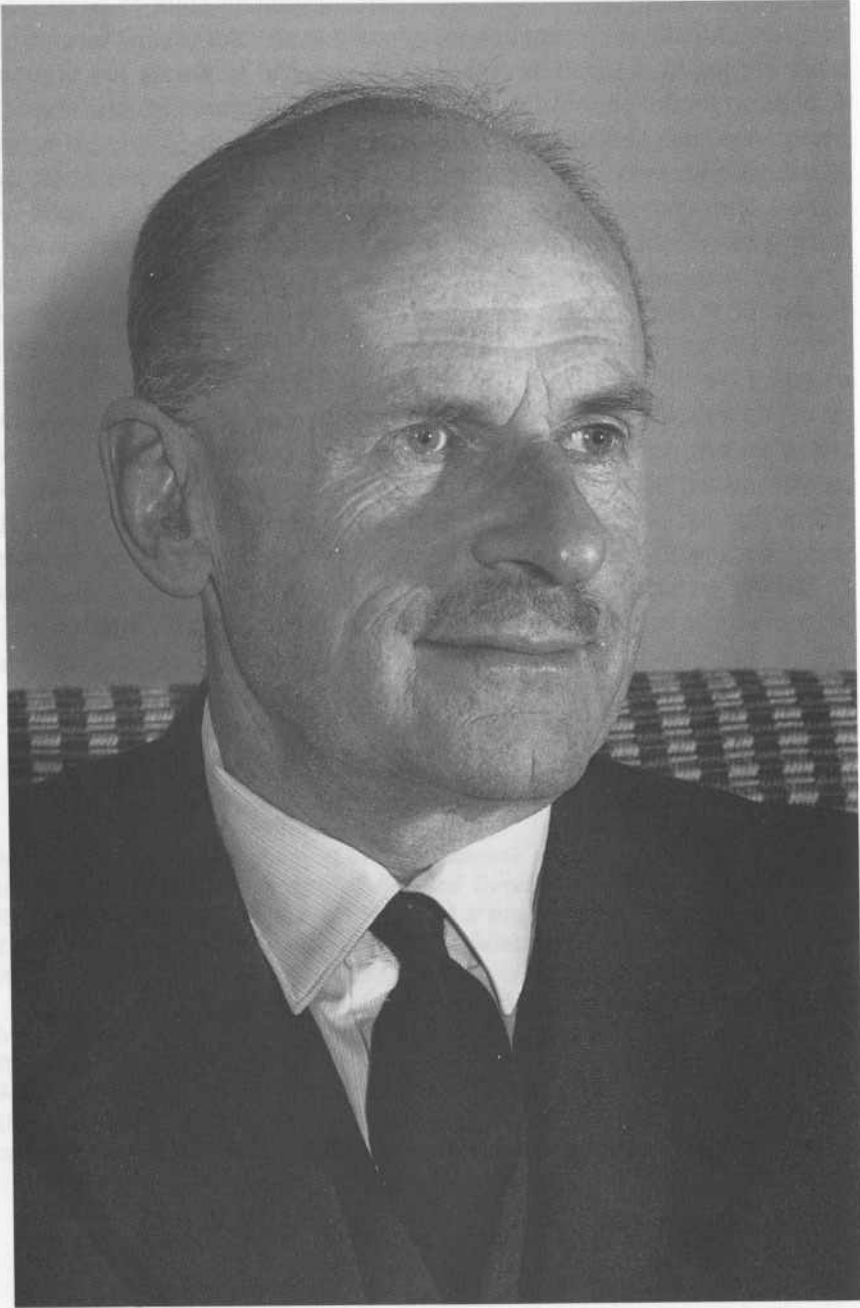


1976 Brown submitted his first male Fellowship as a preliminary to the



HENRY PHELPS BROWN

## Ernest Henry Phelps Brown 1906–1994

Husband and wife held in common a faith that was strangely incongruous with their warm hearts: they were Strict Baptists, members of a sect dedicated to the worship of an unrelenting Calvinist deity. ‘Whom He did foreknow, He also did predestinate’: an eternity of torture awaited all those, from the foundation of the world and through ages that might yet be, who were excluded from the number of the elect. Yet the inference, that in that case it didn’t matter what you did, was never taken. On the contrary, the experience of conversion, basic to evangelists of all kinds, was sought by the Strict Baptists as an earnest of their election: conversion, and the self-control that enabled them to live a sober and godly life. As a boy, he sought on his knees the assurance of escape from the wrath to come: but it was denied him, and a gulf separated him from his elders.

THESE WORDS WERE WRITTEN with understanding and with feeling. They could have been written about Henry Phelps Brown: in fact, they were written by Henry himself, in the *Proceedings of the British Academy*, about Lionel Robbins, his predecessor as a Fellow of New College, Oxford, and his colleague at the London School of Economics. The parallel is uncanny, though it is not exact. Henry’s parents were Baptists, but not Strict Baptists, and for them, it must be supposed, conversion mattered even more. But the young Henry was horrified by the ceremony of baptism by complete immersion, and, try as he might, he was unable to achieve conversion, gradually distancing himself from the chapel. Even so, he said that quite late in life, he still experienced a sense of oppression and a headache on Sunday morning.

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Henry<sup>1</sup> was born in 1906, his father being an ironmonger in Calne, Wiltshire. His mother died when he was two years of age, and his father married her elder sister. It was thought right that Henry should be kept apart from other children, and he spent much of his time alone. He learned to read, and the first book he remembered was *The Pilgrim's Progress*, which he read aloud to his stepmother. From his earliest days, he read widely in English literature, and he acquired the habit of reading the newspaper. He saw little of children of his own age. As for his father and stepmother, it was part of the Puritan ethic to withhold any overt expression of affection, and to expect a child to talk and behave in an adult fashion. Eventually, at the age of seven and a half, he was allowed to go to school, starting in the lowest form of the local secondary school. But he found it hard to get on with other children: he was precocious, well-read, and talked like an adult. After a year, he was promoted. He continued at the top of the form, but now the other boys, including the free place scholars, were mostly three or four years older, and he found himself unable to establish close friendships. At the age of twelve, he won a scholarship to Taunton School. The school had been founded to give opportunities to the sons of dissenters, though it never imposed religious tests, and by Henry's time was attracting Anglicans as well as Nonconformists. He was plunged into boarding at a school of some 700 boys, which was recovering from the impact of loss of staff during the First World War. Initially, he was miserable. At the end of his first year, when he was fourteen, he took School Certificate, and thereafter he was in the sixth form. By this time, he knew he wanted to be a writer, by which he meant a journalist. He was aware of the sacrifices that his father and stepmother were making to keep him at school, and he also knew that his father was having a struggle to keep his business going. Henry wrote offering to come back home to help in the business, but his father urged him to continue to study. The headmaster advised that, if he wished to become a journalist, he should go to Oxford to read History, and henceforward he was aiming at a history scholarship. While the school atmosphere remained generally unsympathetic, there were a few positive features. His appetite for reading remained as strong as ever, and he developed a capacity for sustained work, together with an ability to get up a subject quickly, which he was

<sup>1</sup> During his boyhood, he was called by his first name, Ernest, and it was his friend, Evan Durbin, whom he met at Taunton School, and again later in Oxford, who persuaded him to use his second name. I shall refer to him as Henry throughout.

to retain throughout his life. No great shakes at conventional games, he discovered that he was a good long distance runner. He also came across Evan Durbin, who, until his tragic death in 1948, was to remain his closest friend. A growing interest in the wider world was brought into sharp focus by a visit to Bristol in the early 1920s where he witnessed a demonstration of unemployed. He became something of a socialist and thought that, when he got to Oxford, he would like to study PPE, especially economics. He duly won a history scholarship to Wadham College. After the examination, R. V. Lennard, the economic historian, wrote to him to suggest that he should not start to read PPE at once, since the school was only just beginning and was not yet well organised, and he would be wise to read History to start with.

Henry threw himself into undergraduate life with considerable zest. He renewed his friendship with Evan Durbin, and met, among others, Oliver Franks, who remained a friend throughout his life. He was active in college play-reading and debating societies: he joined the Labour Club, replaced as his ideas changed, by the Liberal Club, and the Union Society, of which he became Secretary, and contested, unsuccessfully, the Presidency in 1928. He continued his cross-country running for the college, and also the university. He was equally active academically. He won the Gibbs history scholarship; the Chancellor's Essay Prize, with an essay on *The Country Gentleman*, of which excerpts were duly read at Encaenia; and the George Webb Medley scholarship. This last was, perhaps, the most remarkable. It was awarded on a special examination in economic subjects, at that time taken in September, and open to all undergraduates. When he sat the examination, Henry had had no formal tuition in economics at all, and his knowledge was based largely on the reading he had been able to do in the long vacation following his history Finals.

Henry achieved a First in History. He took his second Finals, this time in PPE, in 1929, and he was to achieve the best First of his year. Even before the results were announced, New College offered him a Lectureship in Economics, which was later followed by a Fellowship. He was immediately plunged into the work of a college tutor. He felt that his training in economics had been insufficient, and the College granted him leave to take up a Rockefeller Travelling Fellowship in the United States for the year from September 1930 to August 1931. During this time, he was able to visit principal university economics departments and to meet prominent American economists, such as Irving

Fisher, Arthur Burns and Wesley Mitchell, J. M. Clark and many others. He had set off with the idea that economics was a literary and deductive activity, and he envisaged spending his year in extensive reading, especially in the history of economic doctrines. This approach was to be significantly modified by his experience. He was immediately struck by the eagerness of young American students to embark on empirical investigations, without being heavily burdened with any theoretical presuppositions. He saw at once his need for training in statistical method, but it was not until the final stage of his visit, which he spent in Chicago, that he had the opportunity to attend the lectures in mathematical economics and statistics being given by Henry Schultz. On his return to Oxford, he was determined to continue his study of mathematics and statistics. In the spring of 1932, he married Evelyn Bowlby, sister of Anthony Bowlby, an Oxford friend who was to become an industrialist, and of John Bowlby, who became a psychiatrist. His widow remembers him working on mathematics in the first year of their marriage.

Meanwhile, he had resumed his duties as a college tutor. Warren Young and Frederic Lee, those indefatigable, if sometimes idiosyncratic, chroniclers of *Oxford Economics and Oxford Economists* (1993), reported some evaluations by contemporary students of the performance of tutors and lecturers. The top group of nine 'good' tutors included such names as Harrod and Meade, but Henry got only into the next six — 'fair to good'. Individual comments rated him more harshly, as poor, or austere. Such evidence needs always to be taken with a good deal of salt, but it does appear to be in line with his own assessment. 'As a tutor, I was conscientious, but not stimulating. I tried to teach the subject, instead of the pupil—that is, I gave a talk that was the best account I myself would give, of the matter under discussion, instead of finding out how it looked to a pupil and getting him to talk about it from his own starting point.' He added that one reason for this approach was his fear of forming personal relations. While he found tutorials difficult and tiring, lecturing he enjoyed. His lectures were well planned and clearly presented. His wartime experience in training soldiers led him to provide a typed résumé with each lecture, and, after the war, he was regarded as one of the best lecturers at LSE.

Besides getting going as a teacher, Henry also embarked on a career of research and writing which was to continue through his life. His presidential address to the Royal Economic Society is well remembered for the sharp things he had to say about economic theory

and econometrics. What is, perhaps, less well known is that his name appears in the first published list of members of the Econometric Society, which was founded in 1930. Not only was he a member, he was an active member. Volume 1, No. 1 of the Society's journal *Econometrica* was published in January, 1933, and it contained the programme of the meeting of the Econometric Society which had been held in Paris the previous October. At the first session, there was a communication from E. H. Phelps Brown on 'The statistical derivation of demand schedules: a criticism'. At that meeting, also, Henry was appointed chairman of a committee set up on source materials for quantitative production studies. This committee duly produced three reports which appeared in successive numbers of *Econometrica* in 1936. This was not the only work which Henry did for the Econometric Society. A meeting of the Society was held in Oxford in September 1936. The venue was New College, and Henry was responsible for the conference arrangements. This was the famous meeting at which some of the first interpretations of the *General Theory* were presented, notably by Hicks and Harrod.

The economics in the reports he prepared for the Econometric Society are as empirical as anyone could wish. But, at the same time, Henry was working in abstract theory, writing *The Framework of the Pricing System*, which was published in 1936. His purpose was to expound the essentials of the general equilibrium (Walrasian) model for the prices and quantities of consumer goods produced, the rewards of the factors of production engaged in producing them, and the amounts employed. The book was aimed at students with little training in mathematics or the physical sciences. Essentially, two branches of mathematics are involved: the solution of simultaneous equations and elementary differential calculus. Remarkably, Henry contrived to avoid drawing on either by making extensive use of simple arithmetical examples. The intention to avoid standard bits of mathematics was stretched at times: at one point algebraic geometry is smuggled in *en passant*, and there were some verbal contortions in introducing the idea of a function. In the final chapter, it was indicated how this austere framework could be linked to broader, as well as more familiar, themes. The book fell flat in Britain, though it was taken up, here and there, in the United States, where it enjoyed a vogue in the University of Kansas for a number of years. Hayek put his finger on the central question in a perceptive review for the *Economic Journal*, when he asked whether the whole exercise was worth while, of trying to teach

the non-mathematical student the basis of the pricing system in this way. There were, he thought, ' . . . two main types of student, one with a gift for mathematics who will on the whole do better to acquire the mathematical technique first, and a second who will find an essentially mathematical reasoning, even in this disguise, of little help.' There may have been another reason why the book attracted little attention in Britain, namely the publication in the same year of Keynes's *General Theory*.

The Oxford University Institute of Statistics was founded in 1935, with a grant of £5,000 from the Rockefeller Foundation, to secure the 'orderly development of Social Studies in Oxford'. The Institute was originally conceived as a facility to serve faculty members. There was to be a Director, among whose roles was to be the promotion of the teaching of statistics, and a Secretary-librarian, but it was not intended at the beginning that there should be full-time research staff. In the early days, research was done by advanced students preparing B.Litt. and D.Phil. theses, under the supervision of the Director, or associated faculty members. The Institute also accommodated the Secretary of the Oxford Economists' Research Group. The first Director was Jacob Marschak, who had left Germany in 1933—a refugee for a second time, having already escaped from the Russian Revolution. Henry was one of the group of dons pressing for the establishment of the Institute, and he worked closely with Marschak, when it was started. He participated in statistical seminars, and supervised graduate students. He took an active part in the work of the Economists' Research Group. He was also able to secure a grant from the Rockefeller Foundation to develop work of his own.

Throughout his life Henry displayed an uncanny gift in choosing talented young men and women as assistants, several of whom went on to distinguished careers of their own. The first of the sequence was George Shackle, with whom he produced three papers. 'Statistics of Monetary Circulation in England and Wales', Special Memorandum No. 46 of the *London and Cambridge Economic Service* (1938), established that, with certain reservations, the total of metropolitan, county and provincial clearings (MCP) could be regarded as a measure of the flow of cheque payments in the non-financial circulation of the United Kingdom. In the next paper, published in the first issue of *Oxford Economic Papers* (October 1938), they first outlined what the reservations were, including why the MCP index, and the index of MC, excluding provincial clearings, might diverge from estimates of gross national income which were being provided by Colin Clark. They then

constructed a price index to deflate the figures of the MCP amounts to provide an index of real turnover. The real turnover figures bring out the apparent mildness of the recession of 1929–32. Despite the many reservations which the authors had about their real turnover index, they had sufficient faith in it as one measure of real economic activity to go on in a paper in the next number of *Oxford Economic Papers* (May 1939) to compare it with the total insured employment in four particular groups of trades in the period January 1924 to October 1938, on a monthly basis. It is hard for contemporary economists, provided with a plethora of statistical publications, not to mention data sets on tape and disk, to grasp how few series were available to applied economists before World War II. When this is taken into account, these papers are seen to have constituted a remarkable feat of statistical ingenuity. This is particularly true of the first paper on monetary circulation, which was a pioneering anatomy of the whole monetary circulation of the economy. This was not always appreciated at the time: Lionel Robbins remarked to Henry that he thought he was ‘meant for better things’. In fact, work of this kind was an essential complement to the world-shaking ideas coming out of Cambridge at that time. It was a misfortune that both the basic analysis of the monetary circulation, showing the different components of money to have widely different velocities of circulation, and the hard-headed charting of trends and fluctuations in the British economy were submerged by the war, and had to be re-discovered many years later.

If the rise of Hitler were to lead to war, Henry felt that he could not remain as a teacher, a fellow of his college, and an economist engaged in research. He was aware that during World War I some economists had been drawn into public service, and he thought that there might be use for a qualified economic statistician. Accordingly, after Munich, he arranged an interview with the Chief Statistician of the Board of Trade, Hector Leak. Leak assured him ‘courteously but firmly that so far from this being possible, if war came, his Department would be cut down’. Not long after, Henry called one evening at the Territorial Army barracks, with the intention of joining the Territorial Battalion of the Oxford and Bucks Light Infantry. The man in denims at the door, ‘sensing that I was not their type, suggested that I might try the anti-aircraft battery that was forming in the infant school down the road’. Henry noted his good fortune inasmuch as the battalion he was stopped from joining was destined to be cut up at Mount Kemmel in May 1940, and most of the survivors spent five years as prisoners of war. But he



did not mention that later he put at risk the greater survival chances of a gunner by volunteering to join a regular regiment in France in November 1939, whence he returned via the beaches of Dunkirk in the following year. This experience was to provide the background of *The Balloon* (1953), a novel he wrote some years after the war. Back in England, he participated in the defences in East Anglia, and in London during the blitz. Then he took command of a mobile battery in Algeria, going on to Tunis, and thence to Italy, where his unit was used as field artillery in the line. He was posted on promotion to be second in command of another regiment in the same role, after which he served from Cassino to the final crossing of the Po. When discharged Henry had the rank of lieutenant-colonel, which would have become full colonel had he stayed a week longer. He was awarded the MBE. This last meant a good deal to him, as was shown many years later, in 1965, when the Prime Minister's Private Secretary wrote to say that it was proposed to offer him a CBE: he replied that he had 'long been honoured to be a Member of the Military Division of that order and would wish so to remain'.

In 1942 the War Office told him that he might be released from military service to take up work with the newly formed Ministry of Production, but, after careful consideration, he decided to stay with his men. Charles Dreyfus, who served under him in Italy spoke of Henry's battery being a happy one, and of his honesty, and, above all, fairness, which earned him respect. In the light of his future concern with industrial relations, his decision did not entail such a complete loss to economics as might have appeared at the time. The Army taught him a good deal about human nature, especially in the group. He published his reflections on these matters in a paper on morale, which appeared in the *Economic Journal* in 1949.

During the war, Henry's thoughts had been concentrated on the job in hand. For the future, as did so many others, he wished only for the war to end, and that he could rejoin his family and resume his work at New College. There was much to do. The shape of economics had changed since he left it in 1939. Under the impact of the *General Theory* the division of the subject into macro- and micro- had emerged, and there was ground to be made up. Like most tutors, he found the ex-service undergraduates the most rewarding of pupils. Nevertheless, he still found tutorials uncongenial and tiring. When, in 1947, Lionel Robbins came to extend the offer of a Chair in the Economics of Labour at the London School of Economics, the relief from tutorial work was

an important consideration to add to the attraction of the subject, which he saw less as a specific discipline than as a field in which he could examine economic questions in their historical setting. In addition, he could bring to bear sociological factors, as well as following up the interest in psychology prompted by his undergraduate contemporary, John Bowlby. Thus, in the autumn of 1947, he took up the post which he was to hold for the next twenty-one years. But, it would be equally true to say that he embarked on a programme of research and writing which was to last for the next forty years and more. During that time, he was to publish many papers in journals, memoranda and series of lectures, as well as eight books, of which three of the most important were written after he had retired from the LSE and returned to live in Oxford.

Soon after he had taken up his new post, there appeared in the *Economic Journal* a note of his questioning a statement by Pigou that, whereas in World War I real wages had just held their own, in World War II they had risen by 45 per cent, a figure rightly adjudged by Henry to be far too high. This note proved to be the first of a stream which appeared in the *Economic Journal*, *Economica*, *Oxford Economic Papers*, and other journals in which Henry marked out the Economics of Labour. As often as not, he was accompanied in his research by an assistant, whom he preferred to regard as a collaborator, and whose salary was paid out of an LSE research fund, on which he was able to draw with the minimum of formality.<sup>2</sup> In the main the papers deal with different aspects of money wages, prices, real wages, productivity and national income. Nearly all have historical depth, and many bring in several countries: an early example is a paper on 'The Course of Wage Rates in Five Countries, 1860–1939'. Some of the papers were mainly concerned with the facts over a period of time, with economic theory being implicit, or kept in the background. In other cases some issue of contemporary theory was put in the centre of the stage, an example being the study of the share of wages in the national income. Much of the work consists of the construction of time-series, very often over periods for which good data exist for some years, and scanty data for others. Henry was scrupulous in explaining exactly how

<sup>2</sup> In all, there were seven such collaborators, to be added to the two before the war. In writing about his research, I shall, as a rule, refer to Henry as though he was the sole author, although it is plain, as Henry was always the first to acknowledge, that the collaborators made full contributions to all aspects of the work.

he had constructed a particular series. He made as little use as possible of technical language and notation, preferring plain English. The ground covered by these research papers is very wide, but one can get a flavour of them from two examples. The first is the group of papers on 'wages down the ages' which he wrote with Sheila Hopkins between 1955 and 1961, and the second is *A Century of Pay*, written with Margaret Browne and published in 1968, which includes the results of much research previously undertaken.

The first of the 'wages down the ages' papers provides a fairly continuous record of the money wage rates of building craftsmen and labourers in Southern England, typically in Oxford, from 1264 to 1954. Over the entire period the rate for craftsmen rose from 3d. a day to 445d.: averaged over seven centuries this amounts to less than three-quarters of 1 per cent per annum. There were hardly any absolute falls, and the periods of rise were interspersed with long spells of no change in the rate, in all amounting to 500 of the 690 years covered. Equally remarkable was the stability of the differential between the rates for craftsmen and labourers. This differential declined in the hundred years to about 1410, but then remained virtually unchanged until World War I. Only since then has the differential significantly narrowed. These long periods of stability in the absolute rates and the persistence of the differential for five centuries, raise questions about the influence of convention in overriding movements which might have been expected from fluctuations in supply and demand. The second paper compares changes in money wage rates with changes in the prices of consumables. Bearing in mind that the monetary figures are for daily, and not annual, wages, dividing by the index of the price of consumables does not give us the 'real wage', as ordinarily understood, but the physical equivalent of the daily wage rate, which is still of great interest. When set out in chart form, the overall impression is of a level much the same throughout seven centuries, broken only by a period of relatively high prosperity from 1380 to 1510, and a rise that sets in from 1820 onwards, and carries us to new regions altogether. The paper ends with a question about a Malthusian explanation of the large movements prior to 1820, a theme taken up in the next paper, which shows that the remarkable fall in what the builder's wage could buy was matched by similar falls in France and Alsace, and goes on to discuss different possible influences of population pressures. By this time the attention of many historians had been drawn by earlier papers. The fourth one provided evidence from Munster, Augsburg, Verona, and Valencia, showing how, in all

four places, the basketful of consumables which a day's pay would buy shrank disastrously in the sixteenth century. In the last paper, the findings were compared with those of earlier investigators, to whom, it appeared, the most striking features of the record were known, leaving a puzzle why they had been so little discussed and assimilated.

The project had come about by chance, when Henry came across a graph of the daily wages of a carpenter and an agricultural labourer from the 1270s to the 1880s, together with a graph showing the amounts of wheat the wages would buy, which had been prepared by a Swedish scholar, Gustaf Steffen. Henry thought that wheat was too narrow for the denominator, and that it should be possible to construct a more representative index of the price of consumables. But, if there was an element of chance in the launching of the project, it grew into a major contribution to economic history, not only for its subject, but also for the elegant rigour with which the work was carried out. In his Autobiographical Note, Henry wondered whether he ought not to have made the effort to found a school, gather a team, launch a periodical, and attract graduate students. On the evidence of 'wages down the ages' it would seem he had no need to! Towards the end of the series, in 1960, Henry was elected a Fellow of the British Academy.

The second example of the scope of his research is *A Century of Pay* (London, 1968), which he wrote with Margaret Browne. This book rose out of an endeavour to revise 'The Course of Wage Rates in Five Countries, 1860–1939', which he had written in 1950 with Sheila Hopkins. In the end, the book managed to incorporate much of the research which had appeared in the journals in the intervening years. The five countries were the United States of America, the United Kingdom, Germany, France and Sweden, and the time span was extended to 1860–1960. The book contains the familiar mix of economic theory and history, with a heavy emphasis on statistical data: Henry called it 'reasoned history'. Over the whole period, there was rapid population growth in all the countries, except France. Employment also grew in line with population, but the conclusion was reached that population was not a dominant influence on industrial development. The residual question, to which Henry provided some plausible answers, was how, over the long period, the extra jobs were created. Besides population and employment, there was, over the long period, in all countries a growth of productivity. This was not steady: there were faster and slower spells, and, in particular, the check to productivity growth in Britain at the turn of the century, which clearly fascinated Henry, and

which he wrote about on more than one occasion. How were the fruits of employment and productivity growth, notably pay and profits, divided among the broad classes of recipient? The analysis is conducted in terms of certain critical ratios — of wages to income, the rate of profit and the capital/output ratio. The behaviour of these ratios was by no means the same in the different countries: the most striking contrast, perhaps, was that in the period 1880–1900, during which the rate of profit fell in Germany, but rose in the United Kingdom, while the capital/output ratio rose steeply in Germany and fell in the United Kingdom. From 1860 to 1960 a comparable index of real wages rose four-fold in Germany, France and Britain, over five-fold in the United States, and seven and a half times in Sweden. Once again, there were spells of faster and slower growth. The rise in real wages in the long period was made possible almost entirely by the rise in productivity. In terms of levels, Britain was ahead until 1900, but has been behind for most of the present century.

*A Century of Pay* summarises and extends a great volume of research undertaken over nearly two decades, and is one of the most substantial contributions to applied economics since 1945. But it is not easy of access. It was only after 1945 that official statistics became extensively available, and prior to that much space had to be given to describing how different estimates were constructed. The authors were also anxious, as far as possible, to make the estimates for the five countries comparable. The book was not confined to statistical facts: they were moulded by economic theory into comprehensible forms which are, at the end of the day, the most challenging parts of the book. The tables and charts cry out for larger pages which would have made them easier to follow. Unfortunately, the publishers decided to cram everything into pages of the normal size, which must have deterred, and must continue to deter, all but the most persistent specialist. By good fortune, Henry himself was able very quickly to provide an excellent map of part of the terrain covered by *A Century of Pay*. He delivered a series of special lectures in Manchester University in 1968, and chose for his subject 'Pay and Profits: The Theory of Distribution Reviewed in the Light of the Behaviour of Some Western Economies Over the Last Hundred Years' (published, Manchester, 1968). The author weighed the explanatory power of four basic types of distribution theory: bargaining theory; monopolistic pricing theory; the widow's cruse theory; and factor pricing theory. These four types are not mutually exclusive. In his exposition of the very different types of theory, and in 'testing' each

one against the facts, the author was in complete control. He wrote in plain English. The result was a small masterpiece.

*A Course in Applied Economics* (London, 1951), the first book which Henry brought out after the war, was not part of his Economics of Labour research programme, but arose out of a course of lectures he undertook to fill a gap soon after his arrival at the LSE. He wanted to show the student how the main branches of economic analysis could be brought to bear on a selection of the problems of the day. In the first part of the book, we have the analysis of resource allocation, the pricing system and collectivism, competition and monopoly and the pricing policy of public enterprises. The second part deals with growth and stability, with a final section on the international dimension. The use of controls in parts of a predominantly market economy is not contentious; the theory of income determination, linked to national accounts, appears as main-stream economics, without need for 'Keynesian' labelling; and there is room for discussion of monetary policy without getting excited. By contrast with the *Framework of the Pricing System*, this book established itself and was frequently reprinted; a second edition, with Jack Wiseman as collaborator, came out in 1964. *The Economics of Labour* (New Haven, 1962), was the first of a planned series of Studies in Comparative Economics, being launched at Yale, which aimed to 'rethink particular branches of economics' in a world context going beyond the confines of conventional Western economics. This book displays Henry's mastery of a large canvas: it also shows him grappling with the tension between what marginal productivity analysis told him to expect to find, and what he actually observed.

*The Growth of British Industrial Relations* (London, 1959), was the first of two major historical studies which Henry was to write about the development of trade unions. The second, *The Origins of Trade Union Power* (Oxford, 1983), came nearly a quarter of a century later. Together, these two books provide a vivid account of the unsteady rise of British trade unions to economic power and political influence, which reached a peak in the 1970s, since when their story has been one of retreat and retrenchment. *The Growth of British Industrial Relations* was written 'from the standpoint of 1906-14', years which saw an outbreak of turbulence in industrial relations surpassing anything previously experienced in Britain, and which, some believed, brought the country to the brink of social revolution. Why did that happen, and why, in the event, did no revolt follow? The book begins with an extended account of the condition of the people and conditions of work towards

the end of the nineteenth century. Subject to variations imposed by world conditions and the trade cycle, employment grew steadily, in line with population: so also did productivity and real wages. But, at the end of the century, there was a distinct slowdown, even a halt, in the rise of productivity and real wages, and unemployment was felt to be a growing evil. On the industrial relations front, the older unions were craft unions, linked to apprenticeship, and designed to keep the price of labour high, by keeping it scarce. They were themselves not interested in organising unskilled workers, but, towards the end of the century, New Unionism burst on the scene, when match-girls, gasworkers and dockers revealed an unsuspected capacity for organisation and action themselves.

Throughout their development, British trade unions had steered clear of the law. Their growing success was severely set back by the Taff Vale judgment of 1901, which rendered unions liable for any actionable wrong by one of their members. The Trades Disputes Act of 1906 restored the *status quo ante* for the craft unions, but it also opened the door for the wave of strikes by the industrial unions, notably the railwaymen and the miners, which inevitably drew the government in to settle the strikes and to avert a more general disruption of the economy. Besides its main purpose, of explaining the turbulence of 1906–14, the book had subsidiary themes. One was to explain why British trade unions, unlike those in most countries, developed as far as possible outside the law. This question is hinted at from time to time, but never fully developed. Another objective was to see how far events in 1906–14 could account for industrial relations in 1959. There is the faintest hint of complacency in the assessment of things in that year, in which output grew exceptionally fast, and unemployment fell, while retail prices barely increased at all. Both deficiencies were to be made good when Henry returned to the theme of trade union power nearly a quarter of a century later. *The Origins of Trade Union Power* (Oxford, 1983) addresses the question of the behaviour of the unions in the 1970s. Between 1968 and 1979 three successive Prime Ministers were prevented by the industrial and political power of the unions from pursuing policies they regarded as in the national interest, and all three lost the general elections which followed the defeat of their policies. Once more, the approach is historical, but there is now greater emphasis on the political and legal factors: in addition, there are three comparative studies of trade union development in the United States, Canada and Australia. In all these countries, legislation has played a

major role in industrial relations, bringing into sharp contrast the way in which British trade unions had, from the earliest days, tried to keep the law at arms' length, leading eventually to the conflicts with government, both Labour and Conservative, when they attempted to legislate to check unofficial strikes, to create a framework for distinguishing between fair and unfair industrial practices, and to bring about a control of incomes. In his historical account, Henry gives explanations for the successive moves which had kept the law at a distance, but, at the same time, he stresses that these moves were not inevitable, but choices which could have been made differently. A separate chapter is devoted to 'cost-push' as a key element in the process of inflation after 1945, and it contains an account of the apparently spontaneous acceleration in the rate of wage inflation which occurred in many industrial countries towards the end of the 1960s, which Henry called the 'Hinge', and which was followed by years of stagflation. He explained the acceleration as 'the outcome of a continuous drift in the attitude of wage earners'. Older workers, remembering the Great Depression of the 1930s, tended to rate job security above militancy, but younger workers, who had experienced only full employment and rising living standards, had higher expectations and believed they knew how to fulfil them. Year by year, the balance tilted from the older workers to the younger, until the attitudes of the latter predominated. Cost-push puts in question the compatibility of full employment with free collective bargaining, and points towards incomes policy. Whereas the tone of the conclusion of *Growth* may have been tinged with complacency, the prognosis at the end of *Origins* is uncertain: ' . . . incomes policy is inescapable, but it has proved impracticable.'

For centuries, to be rich was to be a man of property, the poor had none. The landlord stood against the landless labourer. In modern times the share in national income of income from property began to fall, and increasing attention has been given to differences in the earnings of different kinds of labour as a major source of the inequality of incomes. *The Inequality of Pay* (Oxford, 1977), begins with a statistical survey of pay in many countries, with different economic and social structures, in historical depth. When classified by occupation, the structure of pay is generally similar in Western countries, although there are differences in the range between the highest and the lowest paid. Apart from the treatment of white-collar workers, it turns out that the pay structure of Soviet-type economies was similar to that of the Western countries. The study of contemporary pay structures is followed by a study of their



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The writing of *Inequality of Pay* overlapped with Henry's service on the Royal Commission on the Distribution of Income and Wealth. The book dealt only with pay, and excluded income from property, while the Commission covered all forms of income and wealth. Henry returned to this broader theme in his last major work, *Egalitarianism and the Generation of Inequality* (Oxford, 1988). The first part of this book is a survey of the rise of egalitarian ideas since the time of the ancient Greeks. To Plato and Aristotle, differences between people were so

fundamental, and innate, as to divide mankind into sub-species. They were prepared to discuss at length the relation between citizens, including the desirable extent of the ratio of the wealth of the richest to that of the poorest—but none of this applied to slaves. In Henry's view, the start of the long journey away from inequality was to be found in the Greeks' view of the law of nature, which was taken up by the mediaeval schoolmen. With the Renaissance and the Reformation came the rise of individualism, which fostered the political principle of equality. The French and American Revolutions proclaimed the equality of men, but again only in political terms. Although, at different times there had been arguments which extended egalitarianism to the economic sphere, the rights of property remained sacred. The move towards contemporary egalitarianism came in the nineteenth century with the creation of administrations to cope with the health, housing and education of a growing population. These changes brought about the possibility of a Welfare State, which for some had a strong component of the redistribution of income and wealth. As Henry pointed out, this movement was stronger in Europe than in the United States.

Where data exist to make tables of the number of incomes which fall within successive size intervals which are not too great, it is possible to draw charts illustrating distributions of income. The most familiar of these is the Lorenz curve, from which can be derived the Gini coefficient, as a summary measure of inequality. This approach has its ambiguities, and Henry preferred to present income distributions by means of 'Pen parades', named after the Dutch economist Jan Pen, which marshal incomes in order of size. Besides data for the United Kingdom, estimates are given for a number of other countries, for incomes both before and after tax. There is a parallel presentation of data on the distribution of wealth. These surveys are followed by a study of the processes of formation of income and wealth, with an account of the mathematical representation of some processes. Such surveys date very quickly. In this particular case, we do not get beyond the end of the 1970s. In the ordinary way, this might not have mattered too much. Henry quotes, with apparent approval, Kuznet's generalisation in 1955 that, as activity grows from a low initial level, inequality increases, but, as growth continues, it is reduced. However, in both the United Kingdom and the United States the equalising trend appears to have been reversed since the end of the 1970s. Whether this is just a blip, or represents a definite reversal of trend, remains to be seen. To a certain extent, the assumption of an equalising tendency underlies the

final section of the book also. Had Henry been writing this part of the book in 1995, he might have given a different slant to his argument. Even so, these two parts of the book remain excellent expositions of how to look at the statistics of income and wealth, and how to seek a firm philosophical basis for the egalitarian aspirations still to be found in many quarters. Meanwhile, the first half of the book remains a magisterial survey of the development of ideas about equality and inequality since the ancient Greeks. This book, wrote one reviewer, '... is written with superb style and wit. I can think of few economic and social historians who could write a book of comparable range and quality, and none who would not profit greatly from reading it.'

Research and writing were the dominant interest in Henry's life, but he had other duties at the LSE on which he worked hard. Besides his courses in labour economics, he also took part in teaching students for the (graduate) Diploma in Business Studies, a contribution to the course which he took very seriously. And he supervised graduates writing theses, which he enjoyed, but which became more arduous as numbers increased. He was a meticulous attender at the relevant School and departmental meetings, and was always carefully listened to. He was held in high regard by his colleagues, but he was happy to leave the running of the Economics Department to Lionel Robbins, and he did not become involved in LSE affairs generally. He quite often arrived at the School on his large motor-cycle — sometimes wearing a bowler — his arrival being of much interest to foreign students especially. He received invitations to lecture abroad, but nearly all he refused. He gave three lectures on 'Economic Growth and Human Welfare' at the Delhi School of Economics in 1953, but he did not lecture abroad again until he spent a year, soon after his retirement from the LSE, teaching in a number of Australian universities.

As his reputation in the economics of labour grew, he found himself called upon for a variety of forms of public service. He sat on three Courts of Enquiry, set up by the Minister of Labour, into the remuneration of clerical workers in the steel industry, labour-only sub-contracting in the building industry (the 'lump'), and one, in which he took the chair, into a claim of London busmen. He also went overseas to serve on a committee appointed to adjudicate on a wage dispute in the copper mining industry in what was then Northern Rhodesia.

The appointment which made the fullest use of his expertise was to the Council on Prices, Productivity and Incomes in 1959. The original 'three wise men' (Lord Cohen, Sir Harold Howitt and Sir Dennis

Robertson) were appointed in 1957 to 'keep under review changes in prices, productivity and the level of incomes' and to 'report thereon from time to time'. The Council had no powers, but, presumably it was hoped that it would come up with a convincing theoretical basis for government policy on wages and prices. The First Report, of February 1958, came out with a bang. The inflation being experienced in the 1950s was a 'demand inflation'. There was a brief reference to a 'school of thought which takes a different view as to the main cause of the rise in prices', but such ideas were brushed aside. Consistently with its own analysis, the Report endorsed the government's 'crisis' measures of the previous September, which had included the raising of Bank Rate to a sensational level of 7 per cent, and it viewed the implied increase in unemployment with some complacency. Among economists, the analysis of the Report was considered one-sided. The TUC virtually boycotted the Council from then on. Sir Dennis Robertson resigned, and the economist's seat was taken by Henry, who used the Third and Fourth Reports to review a number of different proposals which were put forward from the school of thought summarily despatched in the First Report. However, the Fourth Report, issued in July 1961, was to prove the last. The Council was overtaken by events. In 1962 the government set up a new National Economic Development Council (NEDDY) in which ministers, representatives of trade unions and employers' organisations, in equal numbers, were included. There were, in addition, two independent members, of whom Henry was one. The new Council was intended to discuss economic policy and to influence opinion, rather than to lead to immediate executive action. Henry clearly hoped that he would be able to continue his advocacy of incomes policy on this larger stage, but initially he came up against the reluctance of the TUC to get involved. He understood the reasons to be that the TUC was not prepared to listen to the 'Treasury view', was not prepared to collaborate with a Tory government, and would be unwilling to accept any commitment on behalf of trade union members up and down the country, for whom it spoke, but had no means of controlling. Later on, discussions took place within the NEDDY framework, which enabled the Labour government elected in 1964 to get the general principle of incomes policy accepted by 1965.

In 1974, the Labour government set up a Royal Commission on the Distribution of Income and Wealth. Its Standing Reference was to undertake an analysis of the current distribution of personal income and wealth and of available information on past trends in that distribu-

tion. It should take into account taxation, and it could undertake studies of particular questions. In its short life, it got through an immense amount of work; five reports on the standing reference, and three reports on higher incomes from employment, lower incomes and income from companies and its distribution. It published the evidence it had taken in writing and orally, as well as a number of specially commissioned papers. The chairman was Lord Diamond, and on the original Commission there were eight members, of whom Henry was clearly the economist. There was a small staff, and the power to commission work outside. It was natural that Henry, who became the *de facto* vice-chairman, should take a major interest in the direction of the research programme, and he threw himself into the work with great enthusiasm. The recognition of his role must have been a factor in his award of a knighthood in 1976. He left the Commission in 1978, at the end of the term of his original appointment.

On two occasions Henry commented publicly on the developments in economics during his working life. In his 1971 presidential address to the Royal Economic Society (*Economic Journal*, March, 1972), he expressed disquiet about the increasing divergence between the economics to be found in the academic journals and the practical problems of the world, about which the economist might be called on to give advice. He returned to this theme in 'The Radical Reflections of an Applied Economist', a contribution to a series of recollections of distinguished economists being published in the *Quarterly Review* of the Banca Nazionale del Lavoro in 1980. When he began studying in the 1920s, political economy was a field of literary and philosophical discourse which any serious-minded and educated person could enter. However, the enormous growth in the amount of statistical information was just beginning, and the two World Wars, especially the second, increased the demand from both public and private sectors for people capable of handling the materials of economic administration. The universities responded by adding economics to their curricula, and, by the late 1950s economics had become established as a profession, academically and occupationally. As it grew, academic economics became increasingly specialised, developing, in particular, distinct branches of economic theory and econometric methods. To some extent, the academic and occupational developments were linked. The assembly of quantitative data, and sophisticated methods of analysis provided essential training for economists working in administration. However, looking back, Henry was more struck by the divergence of theory and econometrics from the

needs of the practical economist. Economic theory might produce work of high intellectual distinction, but it appeared to be further and further removed from practical policy: nor was there any way in which such theory could be tested against reality. Senior economic advisers had told him how recruits to government economic service had found they had to unlearn their advanced theory. Ideally, any theory ought to arise from a prior acquaintance with the facts which the theory was called upon to explain. In practice, these facts might be a tangle of conflicting indicators, by no means all of them economic. The temptation for the economist to be selective, to make models based on optimising by rational agents, for example, which lead to clear cut recommendations, is great. When, for twenty years and more after World War II, most Western economies enjoyed a high and stable level of employment, many came to believe that this was because a simple Keynesian model had shown how unemployment could be avoided by manipulating fiscal and monetary levers. But, since the 1970s, that story no longer held good. Similarly with monetarism. It passed over the detailed processes with which prices, costs and incomes are fixed and changed, and relied on simple relationships between aggregates. But experience had shown that these simple models did not hold either.

Henry acknowledged that, in principle, well specified econometric models, making use of the mass of available statistical information, ought to help close the gap between models and the world as it is. But he had his doubts. In particular, he was suspicious of the running of regressions between time series. 'I do not see how any statistical procedures can enable us to "explain" or "account for" the variable taken as dependent. I do not see how the probability table can be applied to assess the significance of the relation between historical events.' As an example of the dangers of relying on a high  $R^2$  as an assurance of having traced a causal relation between time-series, he cited the experience of the Phillips curve. The famous Phillips article had appeared in 1958, and it purported to show, using data for Britain from 1861 to 1913 for the rate of unemployment and the annual rate of increase in money wages, that the rate of wage inflation was determined by the level of unemployment. The wage history of the inter-war years, given the levels of unemployment which actually occurred, ' . . . could have been predicted fairly accurately from a study of the pre-war data', and Phillips went on to suggest that, on the assumption that productivity rose at an annual rate of 2 per cent, a level of unemployment of 2.5 per cent (which was rather higher than the prevailing rate), would secure

zero price inflation. This idea swept through economics like a forest fire. Many academics and many economic advisers bought it. But, by 1972, when Henry delivered his lecture, Phillips-type relationships of a great many varieties had begun to 'break down': we were witnessing accelerating wage inflation at the same time as the level of unemployment was rising. When he reviewed the situation in 1980, Henry had not changed his mind. He chided those who thought of labour as a commodity, without seeing the point of view of the workman, and without dwelling upon the allowances which need to be made for his human passions, his instincts and habits, his sympathies and antipathies, and so on. Henry concluded his reflections by observing that what underlay his disquiet was the question: What is the object of economics? If the object of the economist was simply to study economics as it then stood, and he was to follow his personal inclination in terms of the objects of interest and the methods of studying them — well and good. But if we were to ask a more embarrassing — yet, for an economist, surely an inescapable question — what is the *use* of economics, the answer would be different. It is not a proper procedure to concentrate on the economic 'aspect' of a question, and to leave the influence of all other aspects to others. What actually happens in the economy appears as a process of history. It depends on human attitudes and expectations, cultural inheritance, waves of feeling, and the impact of particular events, and an economist needs an understanding that the quantitative relations established within the framework of economic analysis should be combined with empathy and imaginative insight. This line of argument led him to conclude that in training to become an economist concerned with policy, few of the great intellectual advances in economic theory are helpful. 'My contention is that the economist who is best equipped to understand the working of the economy around him and to advise on policy needs in point of analysis the equipment that is needed by the economic historian, and no more.' The entrant would need thorough training in statistical method, and, for the rest, his course should consist mainly of economic, social and political history. This was a conception of what constitutes a professional economist which is very different from that which prevailed in universities. Not everyone would go all the way with Henry in his strictures on economic theory and econometrics, and his suggestions for the training of future economists, but it is impossible for any working economist who lived through the Phillips episode not to go some of the way.

A tall man, Henry was fond of walking, and retained the gait of a

soldier into his eighties. He had a presence on public occasions. In meetings, though he spoke rarely, he was listened to with respect; he was manifestly sincere. In private he was courteous, a warm and welcoming host, and his conversation could be enlivened with a sharp wit. From his earliest days, he had read widely, and he acquired a rich vocabulary. He appeared to write with the greatest facility, but behind everything he wrote, from a holiday postcard to a journal article there was careful thought. Just occasionally, the impact of the *mot juste* was a little diminished by the reader's need to resort to the dictionary. In most of his professional writing he used a clear, strong prose, which carried the argument steadily forward. As a rule, he kept his feelings under tight control, but on suitable occasions the simple prose moved quietly into eloquence. This can be seen in the great survey of the development of ideas which forms the first part of *Egalitarianism*, in the Memoir of Lionel Robbins which he wrote for the British Academy (1987), and from which we quoted at the outset of this Memoir, and, even more, in the Note on Roy Harrod which he wrote for the *Economic Journal* (1980).

Brought up as a Baptist, Henry gradually lost his faith, but, when he was an undergraduate he enjoyed the setting, the language and the music of chapel services. It was unemployment which prompted his early socialist leanings. The General Strike occurred in his second year in Oxford, but, while it famously brought Hugh Gaitskell into the Labour Party, it caused Henry to switch his allegiance from Labour to Liberal. He entertained some idea of going into politics, but became more and more absorbed in his academic work. Many years later, he joined the SDP, and, when that broke up, stayed as a member of the Liberal Democrats. The return of unemployment in the 1980s was a cause of great concern, to add to his lifelong preoccupation with fairness and the origins of inequality, the themes of his last two books. As a young man it was apparent that Henry was exceptionally gifted. He could have chosen to follow many careers. The one he chose suited his talents well. It gave scope for writing, which he had enjoyed from his earliest youth, and in which he excelled; he wrote verse and was to write a novel which was published, and another which was not. It gave scope for the study of history, which always gave great pleasure, and of economics, which he saw as the key for the improvement of welfare. In his work as an economist, he practised what he had preached in his presidential address to the Royal Economic Society and in his 1980 'Reflections of a Radical Economist'. Some have called him an economic



historian, but the term is ambiguous. In some faculties 'economic history' is an option, an 'add-on' element in curricula. But, for Henry, history was not an option, but an essential medium in which, whenever possible, economic questions of immediate application should be set.

If then, we regard him as an applied economist, what was his achievement? Taking first his academic contribution, in many journal articles, and in *A Century of Pay*, he provided a remarkably thorough quantification of the main variables related to labour economics over long periods, and comparatively for several countries, following for labour economics the road opened up by Bowley and Colin Clark. Of his books, three were not intended to break new ground, but to teach economic theory, applied economics and labour economics in novel ways. Two books charted the development of trade unions and industrial relations, and two increased our understanding of inequality and the changing ideas about it. Besides his predominantly academic work, one should also mention his insistence, over many years, in articles and reports, on the importance of the cost-push element in inflation, and the complementary development of ideas for a practical incomes policy, which he believed was necessary if full employment was to be maintained without risk of inflation. All this represents a formidable volume of research and writing, of the highest quality, as great as, or greater than that of any other applied economist of his generation, and must place him in the top rank of British economists. It is possible that his stature has not been universally perceived, partly because what lies behind the compilation of statistics is appreciated only by insiders, and partly because cost-push and the associated incomes policy are contentious. Perhaps he suffered from writing books rather than articles, so did not achieve the short-term Phillips kind of fame with a single article, offering a magic key. But he did write articles, and some of them became famous and are likely to have longer staying power. One might be content to leave it at that, had not Henry been so self-critical. A word must be said about this.

All through his adult life, Henry had felt at his best when he had an objective, and could put his head down and get on with the work. It was routine, therefore, that when *Egalitarianism* was off his hands, he should cast around to find his next subject. He started a note book in which to put down thoughts about possible subjects. Among those he considered were: Quality of life — how might it be measured, and how has it changed? Causality: is it the same in economics as in history? Then, he comes back to incomes policy, and by the summer of 1989, he

had written a twenty-page draft on the 'Control of Cost-push'. In the event, the draft was carried no further. However, what concern us here are not his reflections on possible new subjects, but the comments on his own past performance which are interspersed between them. When reviews of *Egalitarianism* began to appear in academic journals a year and more later, they were welcoming. However, at the time of publication, the *Times Literary Supplement* carried an ill-informed and irresponsible review which upset him. His friends assured Henry that such a review was hardly worthy of notice, but it seems to have touched a raw nerve. The passages of self-criticism in the note book reinforce those already seen in his Autobiographical Note, and they amount to variations on the theme: 'Why have I failed to fulfil the promise of my youth?' Such thoughts may pass through the minds of many men towards the end of their lives. In Henry's case, one source of low self-esteem can be traced back to his childhood. His upbringing at home was austere. From the evangelical preaching of the Baptist chapel he learned of sin and worthlessness, but he was unable to find the relief of conversion. This can explain the origin of his self-criticism. But there seems to be less and less basis for its continuation as the years passed. At Oxford, he was highly successful in his studies, and he was active in the athletic and social life of his college, as well as in the Union Society. As a don, the one possible cause for concern was his difficulty with tutorial teaching, and this was removed when he went to the LSE, which gave him an ideal base for the development of his talents. By the criterion which economists themselves are accustomed to use, Henry's career, as an economist, was extraordinarily efficient, making the best use of the abundant intellectual resources at his disposal. So, we are left with the puzzle, why was he so critical of his own achievement? Some may be content to ignore the issue altogether. But others, who knew the man and his work, and came to have the greatest respect for his judgement in so many fields, may feel that they are obliged to take a view. Perhaps they will reflect that although his judgement was so good on so many things, it was not infallible. If it is not easy to recollect occasions on which he was wrong, there is no difficulty whatever in concluding that in this particular matter, he was just wrong. He was a good man, and a great scholar, and he did earn the highest of places among applied economists of his time.

In the summer of 1990, Henry suffered a stroke, which paralysed his left side. He made valiant efforts to recover the capacity to walk unaided, but, after a few months of painful progress, he was obliged

the end of the nineteenth century. Subject to variations imposed by world conditions and the trade cycle, employment grew steadily, in line with population: so also did productivity and real wages. But, at the end of the century, there was a distinct slowdown, even a halt, in the rise of productivity and real wages, and unemployment was felt to be a growing evil. On the industrial relations front, the older unions were craft unions, linked to apprenticeship, and designed to keep the price of labour high, by keeping it scarce. They were themselves not interested in organising unskilled workers, but, towards the end of the century, New Unionism burst on the scene, when match-girls, gasworkers and dockers revealed an unsuspected capacity for organisation and action themselves.

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For centuries, to be rich was to be a man of property, the poor had none. The landlord stood against the landless labourer. In modern times the share in national income of income from property began to fall, and increasing attention has been given to differences in the earnings of different kinds of labour as a major source of the inequality of incomes. *The Inequality of Pay* (Oxford, 1977), begins with a statistical survey of pay in many countries, with different economic and social structures, in historical depth. When classified by occupation, the structure of pay is generally similar in Western countries, although there are differences in the range between the highest and the lowest paid. Apart from the treatment of white-collar workers, it turns out that the pay structure of Soviet-type economies was similar to that of the Western countries. The study of contemporary pay structures is followed by a study of their

change through time. These surveys bring out the connection between the pay of different occupations and the social rank or status which those occupations hold. But, is it pay which determines status, or the other way round? The author argues that evidence from anthropology and ancient history suggests that in societies without differentiation of occupation, there are no differences of status. Differences in status begin to emerge at the same time as differences in occupation and wealth. Once, for whatever reason, the rank orders of pay and status have been brought into conformity, custom can be invoked in support of anyone wishing to raise his pay, on the grounds that it is not currently commensurate with the status of the job. But that does not resolve the question of the direction of the link between pay and status. The ultimate driving force, in Henry's view, is economic. In the first instance pay is determined by supply and demand, and it is status which eventually follows. But the market does not work with precision. It may adjust only slowly to change, and there may be especially powerful resistance to cuts in pay, so that at any one time there may exist quite a wide band of indeterminacy about what the economic rate should be. Within that band, there is scope for the independent influence of status. One reviewer described this analysis as 'perhaps the most interesting and original part of the book.' The book proceeds to explore the forces which can operate within the zones of indeterminacy which are left by the imperfection of the market. Later chapters study the various forms of discrimination, for example against women and ethnic minorities; the link between the occupations which young persons choose and the social class of their parents; the association between occupation, mental ability and education; and the influence of trade unions. The final chapters turn to the distribution of earnings within occupations, and the book concludes with some reflections on the possibility of reducing the inequality of pay. 'We have found that the main cause of the inequality of pay is the inequality of abilities to work. . . . The best way to reduce the inequality of the effect is to reduce that of the cause.'

The writing of *Inequality of Pay* overlapped with Henry's service on the Royal Commission on the Distribution of Income and Wealth. The book dealt only with pay, and excluded income from property, while the Commission covered all forms of income and wealth. Henry returned to this broader theme in his last major work, *Egalitarianism and the Generation of Inequality* (Oxford, 1988). The first part of this book is a survey of the rise of egalitarian ideas since the time of the ancient Greeks. To Plato and Aristotle, differences between people were so

fundamental, and innate, as to divide mankind into sub-species. They were prepared to discuss at length the relation between citizens, including the desirable extent of the ratio of the wealth of the richest to that of the poorest—but none of this applied to slaves. In Henry's view, the start of the long journey away from inequality was to be found in the Greeks' view of the law of nature, which was taken up by the mediaeval schoolmen. With the Renaissance and the Reformation came the rise of individualism, which fostered the political principle of equality. The French and American Revolutions proclaimed the equality of men, but again only in political terms. Although, at different times there had been arguments which extended egalitarianism to the economic sphere, the rights of property remained sacred. The move towards contemporary egalitarianism came in the nineteenth century with the creation of administrations to cope with the health, housing and education of a growing population. These changes brought about the possibility of a Welfare State, which for some had a strong component of the redistribution of income and wealth. As Henry pointed out, this movement was stronger in Europe than in the United States.

Where data exist to make tables of the number of incomes which fall within successive size intervals which are not too great, it is possible to draw charts illustrating distributions of income. The most familiar of these is the Lorenz curve, from which can be derived the Gini coefficient, as a summary measure of inequality. This approach has its ambiguities, and Henry preferred to present income distributions by means of 'Pen parades', named after the Dutch economist Jan Pen, which marshal incomes in order of size. Besides data for the United Kingdom, estimates are given for a number of other countries, for incomes both before and after tax. There is a parallel presentation of data on the distribution of wealth. These surveys are followed by a study of the processes of formation of income and wealth, with an account of the mathematical representation of some processes. Such surveys date very quickly. In this particular case, we do not get beyond the end of the 1970s. In the ordinary way, this might not have mattered too much. Henry quotes, with apparent approval, Kuznet's generalisation in 1955 that, as activity grows from a low initial level, inequality increases, but, as growth continues, it is reduced. However, in both the United Kingdom and the United States the equalising trend appears to have been reversed since the end of the 1970s. Whether this is just a blip, or represents a definite reversal of trend, remains to be seen. To a certain extent, the assumption of an equalising tendency underlies the

final section of the book also. Had Henry been writing this part of the book in 1995, he might have given a different slant to his argument. Even so, these two parts of the book remain excellent expositions of how to look at the statistics of income and wealth, and how to seek a firm philosophical basis for the egalitarian aspirations still to be found in many quarters. Meanwhile, the first half of the book remains a magisterial survey of the development of ideas about equality and inequality since the ancient Greeks. This book, wrote one reviewer, '... is written with superb style and wit. I can think of few economic and social historians who could write a book of comparable range and quality, and none who would not profit greatly from reading it.'

Research and writing were the dominant interest in Henry's life, but he had other duties at the LSE on which he worked hard. Besides his courses in labour economics, he also took part in teaching students for the (graduate) Diploma in Business Studies, a contribution to the course which he took very seriously. And he supervised graduates writing theses, which he enjoyed, but which became more arduous as numbers increased. He was a meticulous attender at the relevant School and departmental meetings, and was always carefully listened to. He was held in high regard by his colleagues, but he was happy to leave the running of the Economics Department to Lionel Robbins, and he did not become involved in LSE affairs generally. He quite often arrived at the School on his large motor-cycle — sometimes wearing a bowler — his arrival being of much interest to foreign students especially. He received invitations to lecture abroad, but nearly all he refused. He gave three lectures on 'Economic Growth and Human Welfare' at the Delhi School of Economics in 1953, but he did not lecture abroad again until he spent a year, soon after his retirement from the LSE, teaching in a number of Australian universities.

As his reputation in the economics of labour grew, he found himself called upon for a variety of forms of public service. He sat on three Courts of Enquiry, set up by the Minister of Labour, into the remuneration of clerical workers in the steel industry, labour-only sub-contracting in the building industry (the 'lump'), and one, in which he took the chair, into a claim of London busmen. He also went overseas to serve on a committee appointed to adjudicate on a wage dispute in the copper mining industry in what was then Northern Rhodesia.

The appointment which made the fullest use of his expertise was to the Council on Prices, Productivity and Incomes in 1959. The original 'three wise men' (Lord Cohen, Sir Harold Howitt and Sir Dennis

Robertson) were appointed in 1957 to 'keep under review changes in prices, productivity and the level of incomes' and to 'report thereon from time to time'. The Council had no powers, but, presumably it was hoped that it would come up with a convincing theoretical basis for government policy on wages and prices. The First Report, of February 1958, came out with a bang. The inflation being experienced in the 1950s was a 'demand inflation'. There was a brief reference to a 'school of thought which takes a different view as to the main cause of the rise in prices', but such ideas were brushed aside. Consistently with its own analysis, the Report endorsed the government's 'crisis' measures of the previous September, which had included the raising of Bank Rate to a sensational level of 7 per cent, and it viewed the implied increase in unemployment with some complacency. Among economists, the analysis of the Report was considered one-sided. The TUC virtually boycotted the Council from then on. Sir Dennis Robertson resigned, and the economist's seat was taken by Henry, who used the Third and Fourth Reports to review a number of different proposals which were put forward from the school of thought summarily despatched in the First Report. However, the Fourth Report, issued in July 1961, was to prove the last. The Council was overtaken by events. In 1962 the government set up a new National Economic Development Council (NEDDY) in which ministers, representatives of trade unions and employers' organisations, in equal numbers, were included. There were, in addition, two independent members, of whom Henry was one. The new Council was intended to discuss economic policy and to influence opinion, rather than to lead to immediate executive action. Henry clearly hoped that he would be able to continue his advocacy of incomes policy on this larger stage, but initially he came up against the reluctance of the TUC to get involved. He understood the reasons to be that the TUC was not prepared to listen to the 'Treasury view', was not prepared to collaborate with a Tory government, and would be unwilling to accept any commitment on behalf of trade union members up and down the country, for whom it spoke, but had no means of controlling. Later on, discussions took place within the NEDDY framework, which enabled the Labour government elected in 1964 to get the general principle of incomes policy accepted by 1965.

In 1974, the Labour government set up a Royal Commission on the Distribution of Income and Wealth. Its Standing Reference was to undertake an analysis of the current distribution of personal income and wealth and of available information on past trends in that distribu-



tion. It should take into account taxation, and it could undertake studies of particular questions. In its short life, it got through an immense amount of work; five reports on the standing reference, and three reports on higher incomes from employment, lower incomes and income from companies and its distribution. It published the evidence it had taken in writing and orally, as well as a number of specially commissioned papers. The chairman was Lord Diamond, and on the original Commission there were eight members, of whom Henry was clearly the economist. There was a small staff, and the power to commission work outside. It was natural that Henry, who became the *de facto* vice-chairman, should take a major interest in the direction of the research programme, and he threw himself into the work with great enthusiasm. The recognition of his role must have been a factor in his award of a knighthood in 1976. He left the Commission in 1978, at the end of the term of his original appointment.

On two occasions Henry commented publicly on the developments in economics during his working life. In his 1971 presidential address to the Royal Economic Society (*Economic Journal*, March, 1972), he expressed disquiet about the increasing divergence between the economics to be found in the academic journals and the practical problems of the world, about which the economist might be called on to give advice. He returned to this theme in 'The Radical Reflections of an Applied Economist', a contribution to a series of recollections of distinguished economists being published in the *Quarterly Review* of the Banca Nazionale del Lavoro in 1980. When he began studying in the 1920s, political economy was a field of literary and philosophical discourse which any serious-minded and educated person could enter. However, the enormous growth in the amount of statistical information was just beginning, and the two World Wars, especially the second, increased the demand from both public and private sectors for people capable of handling the materials of economic administration. The universities responded by adding economics to their curricula, and, by the late 1950s economics had become established as a profession, academically and occupationally. As it grew, academic economics became increasingly specialised, developing, in particular, distinct branches of economic theory and econometric methods. To some extent, the academic and occupational developments were linked. The assembly of quantitative data, and sophisticated methods of analysis provided essential training for economists working in administration. However, looking back, Henry was more struck by the divergence of theory and econometrics from the

needs of the practical economist. Economic theory might produce work of high intellectual distinction, but it appeared to be further and further removed from practical policy: nor was there any way in which such theory could be tested against reality. Senior economic advisers had told him how recruits to government economic service had found they had to unlearn their advanced theory. Ideally, any theory ought to arise from a prior acquaintance with the facts which the theory was called upon to explain. In practice, these facts might be a tangle of conflicting indicators, by no means all of them economic. The temptation for the economist to be selective, to make models based on optimising by rational agents, for example, which lead to clear cut recommendations, is great. When, for twenty years and more after World War II, most Western economies enjoyed a high and stable level of employment, many came to believe that this was because a simple Keynesian model had shown how unemployment could be avoided by manipulating fiscal and monetary levers. But, since the 1970s, that story no longer held good. Similarly with monetarism. It passed over the detailed processes with which prices, costs and incomes are fixed and changed, and relied on simple relationships between aggregates. But experience had shown that these simple models did not hold either.

Henry acknowledged that, in principle, well specified econometric models, making use of the mass of available statistical information, ought to help close the gap between models and the world as it is. But he had his doubts. In particular, he was suspicious of the running of regressions between time series. 'I do not see how any statistical procedures can enable us to "explain" or "account for" the variable taken as dependent. I do not see how the probability table can be applied to assess the significance of the relation between historical events.' As an example of the dangers of relying on a high  $R^2$  as an assurance of having traced a causal relation between time-series, he cited the experience of the Phillips curve. The famous Phillips article had appeared in 1958, and it purported to show, using data for Britain from 1861 to 1913 for the rate of unemployment and the annual rate of increase in money wages, that the rate of wage inflation was determined by the level of unemployment. The wage history of the inter-war years, given the levels of unemployment which actually occurred, ' . . . could have been predicted fairly accurately from a study of the pre-war data', and Phillips went on to suggest that, on the assumption that productivity rose at an annual rate of 2 per cent, a level of unemployment of 2.5 per cent (which was rather higher than the prevailing rate), would secure

zero price inflation. This idea swept through economics like a forest fire. Many academics and many economic advisers bought it. But, by 1972, when Henry delivered his lecture, Phillips-type relationships of a great many varieties had begun to 'break down': we were witnessing accelerating wage inflation at the same time as the level of unemployment was rising. When he reviewed the situation in 1980, Henry had not changed his mind. He chided those who thought of labour as a commodity, without seeing the point of view of the workman, and without dwelling upon the allowances which need to be made for his human passions, his instincts and habits, his sympathies and antipathies, and so on. Henry concluded his reflections by observing that what underlay his disquiet was the question: What is the object of economics? If the object of the economist was simply to study economics as it then stood, and he was to follow his personal inclination in terms of the objects of interest and the methods of studying them—well and good. But if we were to ask a more embarrassing—yet, for an economist, surely an inescapable question—what is the *use* of economics, the answer would be different. It is not a proper procedure to concentrate on the economic 'aspect' of a question, and to leave the influence of all other aspects to others. What actually happens in the economy appears as a process of history. It depends on human attitudes and expectations, cultural inheritance, waves of feeling, and the impact of particular events, and an economist needs an understanding that the quantitative relations established within the framework of economic analysis should be combined with empathy and imaginative insight. This line of argument led him to conclude that in training to become an economist concerned with policy, few of the great intellectual advances in economic theory are helpful. 'My contention is that the economist who is best equipped to understand the working of the economy around him and to advise on policy needs in point of analysis the equipment that is needed by the economic historian, and no more.' The entrant would need thorough training in statistical method, and, for the rest, his course should consist mainly of economic, social and political history. This was a conception of what constitutes a professional economist which is very different from that which prevailed in universities. Not everyone would go all the way with Henry in his strictures on economic theory and econometrics, and his suggestions for the training of future economists, but it is impossible for any working economist who lived through the Phillips episode not to go some of the way.

A tall man, Henry was fond of walking, and retained the gait of a

soldier into his eighties. He had a presence on public occasions. In meetings, though he spoke rarely, he was listened to with respect; he was manifestly sincere. In private he was courteous, a warm and welcoming host, and his conversation could be enlivened with a sharp wit. From his earliest days, he had read widely, and he acquired a rich vocabulary. He appeared to write with the greatest facility, but behind everything he wrote, from a holiday postcard to a journal article there was careful thought. Just occasionally, the impact of the *mot juste* was a little diminished by the reader's need to resort to the dictionary. In most of his professional writing he used a clear, strong prose, which carried the argument steadily forward. As a rule, he kept his feelings under tight control, but on suitable occasions the simple prose moved quietly into eloquence. This can be seen in the great survey of the development of ideas which forms the first part of *Egalitarianism*, in the Memoir of Lionel Robbins which he wrote for the British Academy (1987), and from which we quoted at the outset of this Memoir, and, even more, in the Note on Roy Harrod which he wrote for the *Economic Journal* (1980).

Brought up as a Baptist, Henry gradually lost his faith, but, when he was an undergraduate he enjoyed the setting, the language and the music of chapel services. It was unemployment which prompted his early socialist leanings. The General Strike occurred in his second year in Oxford, but, while it famously brought Hugh Gaitskell into the Labour Party, it caused Henry to switch his allegiance from Labour to Liberal. He entertained some idea of going into politics, but became more and more absorbed in his academic work. Many years later, he joined the SDP, and, when that broke up, stayed as a member of the Liberal Democrats. The return of unemployment in the 1980s was a cause of great concern, to add to his lifelong preoccupation with fairness and the origins of inequality, the themes of his last two books. As a young man it was apparent that Henry was exceptionally gifted. He could have chosen to follow many careers. The one he chose suited his talents well. It gave scope for writing, which he had enjoyed from his earliest youth, and in which he excelled; he wrote verse and was to write a novel which was published, and another which was not. It gave scope for the study of history, which always gave great pleasure, and of economics, which he saw as the key for the improvement of welfare. In his work as an economist, he practised what he had preached in his presidential address to the Royal Economic Society and in his 1980 'Reflections of a Radical Economist'. Some have called him an economic

historian, but the term is ambiguous. In some faculties 'economic history' is an option, an 'add-on' element in curricula. But, for Henry, history was not an option, but an essential medium in which, whenever possible, economic questions of immediate application should be set.

If then, we regard him as an applied economist, what was his achievement? Taking first his academic contribution, in many journal articles, and in *A Century of Pay*, he provided a remarkably thorough quantification of the main variables related to labour economics over long periods, and comparatively for several countries, following for labour economics the road opened up by Bowley and Colin Clark. Of his books, three were not intended to break new ground, but to teach economic theory, applied economics and labour economics in novel ways. Two books charted the development of trade unions and industrial relations, and two increased our understanding of inequality and the changing ideas about it. Besides his predominantly academic work, one should also mention his insistence, over many years, in articles and reports, on the importance of the cost-push element in inflation, and the complementary development of ideas for a practical incomes policy, which he believed was necessary if full employment was to be maintained without risk of inflation. All this represents a formidable volume of research and writing, of the highest quality, as great as, or greater than that of any other applied economist of his generation, and must place him in the top rank of British economists. It is possible that his stature has not been universally perceived, partly because what lies behind the compilation of statistics is appreciated only by insiders, and partly because cost-push and the associated incomes policy are contentious. Perhaps he suffered from writing books rather than articles, so did not achieve the short-term Phillips kind of fame with a single article, offering a magic key. But he did write articles, and some of them became famous and are likely to have longer staying power. One might be content to leave it at that, had not Henry been so self-critical. A word must be said about this.

All through his adult life, Henry had felt at his best when he had an objective, and could put his head down and get on with the work. It was routine, therefore, that when *Egalitarianism* was off his hands, he should cast around to find his next subject. He started a note book in which to put down thoughts about possible subjects. Among those he considered were: Quality of life — how might it be measured, and how has it changed? Causality: is it the same in economics as in history? Then, he comes back to incomes policy, and by the summer of 1989, he

had written a twenty-page draft on the 'Control of Cost-push'. In the event, the draft was carried no further. However, what concern us here are not his reflections on possible new subjects, but the comments on his own past performance which are interspersed between them. When reviews of *Egalitarianism* began to appear in academic journals a year and more later, they were welcoming. However, at the time of publication, the *Times Literary Supplement* carried an ill-informed and irresponsible review which upset him. His friends assured Henry that such a review was hardly worthy of notice, but it seems to have touched a raw nerve. The passages of self-criticism in the note book reinforce those already seen in his Autobiographical Note, and they amount to variations on the theme: 'Why have I failed to fulfil the promise of my youth?' Such thoughts may pass through the minds of many men towards the end of their lives. In Henry's case, one source of low self-esteem can be traced back to his childhood. His upbringing at home was austere. From the evangelical preaching of the Baptist chapel he learned of sin and worthlessness, but he was unable to find the relief of conversion. This can explain the origin of his self-criticism. But there seems to be less and less basis for its continuation as the years passed. At Oxford, he was highly successful in his studies, and he was active in the athletic and social life of his college, as well as in the Union Society. As a don, the one possible cause for concern was his difficulty with tutorial teaching, and this was removed when he went to the LSE, which gave him an ideal base for the development of his talents. By the criterion which economists themselves are accustomed to use, Henry's career, as an economist, was extraordinarily efficient, making the best use of the abundant intellectual resources at his disposal. So, we are left with the puzzle, why was he so critical of his own achievement? Some may be content to ignore the issue altogether. But others, who knew the man and his work, and came to have the greatest respect for his judgement in so many fields, may feel that they are obliged to take a view. Perhaps they will reflect that although his judgement was so good on so many things, it was not infallible. If it is not easy to recollect occasions on which he was wrong, there is no difficulty whatever in concluding that in this particular matter, he was just wrong. He was a good man, and a great scholar, and he did earn the highest of places among applied economists of his time.

In the summer of 1990, Henry suffered a stroke, which paralysed his left side. He made valiant efforts to recover the capacity to walk unaided, but, after a few months of painful progress, he was obliged

to conclude that that was as far as he was going to get. His mental faculties were unimpaired, but he tired easily and, gradually, further writing dropped out of the picture. He retained a lively interest in current economic affairs. Once he had resolved that he would not embark on a new project, which would have the first call on his energies, he was able to return, with a clear conscience to the English literature he loved.

He was elected a Fellow of the British Academy in 1960.

DAVID WORSWICK

*Fellow of the Academy*

*Note.* In writing this memoir, I have made much use of the Autobiographical Note which Henry wrote in 1987 at the request of the British Academy. I have also drawn on the transcripts of two conversations he had with Brian Harrison, Fellow of Corpus Christi College, Oxford, in the summer of 1987. I am grateful to Evelyn Phelps Brown for allowing me access to a file of personal papers and letters relating to his professional life and to her and Juliet Hopkins for information about Henry's life. I have also received helpful comments and advice from: Arthur Brown, William Brown, Alec Cairncross, Jack Diamond, Charles Dreyfus, William Getz, Peter Hart, Sheila Hopkins, Douglas Jay, Donald MacDougall, James Meade, Kenneth Morgan, Barry Sutton, Sylvia Worswick and Basil Yamey. I thank them all for their assistance, but must add that the responsibility for what is written here is my own. The April 1996 issue of the *Review of Political Economy* (Volume 8, No. 2, published by Carfax, Oxford) is a memorial volume in honour of Henry, and includes his Autobiographical Note.