TERENCE HUTCHISON
Terence Wilmot Hutchison
1912–2007

Origins

Terence Wilmot Hutchison, historian of economics, methodologist, and acerbic critic of hubris and pretension amongst economists, was born at Bournemouth on 13 August 1912, and grew up in London. His father was the flamboyant and much married Robert Langton Douglas (1864–1951), best known as an art critic and art historian. However his multifaceted career included a period in holy orders, in the Church of England (his own father was also a clergyman), a short period as professor of modern history at the University of Adelaide, enlistment in the British Army at the age of 50 in 1914, and Directorship of the National Gallery of Ireland.

At the time of Terence Hutchison’s birth, his colourful father was not married to his mother Grace Hutchison. Indeed, though she bore him three children, Terence Hutchison’s parents never married, and his mother apparently took such care to cloud the issue of the paternity of her three children that it was not until his teens that he learned the true identity of his father. R. L. Douglas had married Gwudolen Mary Henchman in 1902, and remained married to her until their divorce in 1927. Terence thus took his mother’s surname.

Amongst other progeny of the remarkable R. L. Douglas was Marshall of the Royal Air Force Sir William Sholto Douglas, who became the first and last Baron Douglas of Kirtleside (1893–1969), the controversial successor to Hugh Dowding in charge of Fighter Command, who had served with distinction in the Royal Flying Corps during the First World War. He
was the son of R. L. Douglas's first wife, Margaret Jane Cannon, whom Douglas had married in 1891, and from whom he was divorced in 1901.

Terence Hutchison's mother, Grace Hutchison, was the daughter of a naval officer, and had been brought up in Australia. She was a Christian Scientist, and it was in this faith that Terence was brought up.¹ She also fostered in Terence a love of cricket, taking him to see Middlesex versus the Australians in 1921, at the age of 8.² For his fourteenth birthday he was allowed to attend the whole of the 1926 Ashes Test at the Oval, and in 2005 he talked on Channel 4 about that Test. The love of cricket stayed with him all his life. He played cricket in the army, and played club cricket after the war.³ From a prep school in Hampstead, Terence won a scholarship to Tonbridge School in 1927. There he was able to indulge his love of cricket further, and came to specialise in classics.

Cambridge and LSE

It was as a classicist that Hutchison went to Cambridge in 1931. But he quickly lost interest in a subject which seemed to him to have little relevance to the economic turmoil of the world, and switched to economics, graduating in 1934 with a First.

When Terence Hutchison went to Cambridge, he took with him socialist views—he recounted later that he had been swept off his feet by Bernard Shaw’s *The Intelligent Woman’s Guide to Socialism*.⁴ In the left­ist milieu of Cambridge he encountered many of those who were to become well-known names for various reasons, including Maurice Dobb (in support of whose motion looking to Moscow for hope, Hutchison spoke in the Cambridge Union⁵) and even Kim Philby who had already assumed his social democratic camouflage. But Hutchison was repelled by the activities of the Marxists, and gradually moved away from their circles.

¹ In his forties, Terence Hutchison was confirmed in the Church of England.
² I once remarked to him that I regretted never having heard Kreisler play, nor seen Larwood bowl. He told me, with some pride, that his Australian mother had taken him to cricket matches from an early age, and that he had certainly seen Larwood bowl.
³ One of the things which he particularly appreciated about his move from LSE to Birmingham in 1956 was the ease of access which he then enjoyed to watch the cricket at the ground at Edgbaston.
⁵ Hutchison recalled years later in conversation with A. W. ‘Bob’ Coats that the motion was ‘That this House sees more hope in Moscow than Detroit’.
When he switched to economics he was in a college (Peterhouse) which had no economics tutor. He was sent to Joan Robinson, who was not then attached to any college. He subsequently transferred, during the summer term of 1934 when he took his degree, and Joan Robinson was on maternity leave, to Richard Kahn. The latter, though less stimulating and effective as a tutor, Hutchison was later to recall, was more practical in assisting with examination preparation. In addition he attended lectures by A. C. Pigou and Gerald Shove, the latter an outstanding lecturer, as well as lectures on statistics by Colin Clark.

Hutchison was later to be scathing about Joan Robinson’s deeply committed endorsement of various Marxist regimes, but his first book, published in 1938, contains a tribute to the pre-Marxist Joan Robinson. She clearly stimulated his interest in economic methodology, though he found her first publication on it, *Economics is a Serious Subject*, methodologically naïve. But, his interest in methodology aroused, he read quite widely in philosophical literature. In particular he was attracted to the work of Wittgenstein. He also read Lionel Robbins’s classic *An Essay on the Nature and Significance of Economic Science*, which first appeared in 1932, though both its apriorism and its immense confidence in the powers of economic theory seem to have pushed Hutchison in the opposite direction.

On leaving Cambridge in 1934, and desirous of an academic position of which there was no prospect in that university, Hutchison went home to his mother who was then living in Golders Green. He registered as an occasional student at LSE. LSE in those days was a small and informal place, and Hutchison worked on his first paper, on tautologies, which appeared in the fledgling *Review of Economic Studies*. He was able to show a draft to Lionel Robbins, whose approach was really the main target of the critique advanced in the paper, and to discuss it with him. Though they disagreed, there is no doubt that the exchange was both friendly and fruitful.

He also attended lectures by Hayek. While Hutchison remained, throughout his life, vehemently opposed to the, as he saw it, extreme apriorism of Hayek’s mentor Ludwig von Mises, he found Hayek himself a more sympathetic figure, though certainly not one whose views on macroeconomic policy he shared. At Cambridge he had been exposed to

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6 J. Robinson, *Economics is a Serious Subject; the Apologia of an Economist to the Mathematician, the Scientist and the Plain Man* (Cambridge, 1932).
vehement hostility to Hayek and, though encountering Hayek in the flesh seems to have tempered this, he certainly never became in any sense an ‘Austrian’ economist.

The position of occasional student in London was undoubtedly fruitful for Hutchison. Apart from Hayek he also managed to hear Rudolf Carnap lecture, and this led him to read the journal of the Vienna Circle, Erkenntnis. This in turn was to lead him to read the pathbreaking Logik der Forschung of Karl Popper, before any other English economist (though Hayek had read it, as the result of a visit from Popper, as the latter has related).

**Germany**

It is not easy to see what direction Hutchison’s life would have followed from this point on. But then, in 1935, his mother died of cancer at the age of 59, and his home in Golders Green was breaking up. It was then that the seeds of interest in German literature, which had been sown by his discussions with Lionel Robbins, and which reinforced his nascent feelings about a provincialism of outlook in Cambridge, were given the chance to germinate. Hutchison decided that he wanted to go to Germany, both to learn German and to read the German literature on methodology. He approached the National Union of Students in London, with the idea of obtaining some kind of au pair job. But he had an enormous stroke of luck. A Bonn professor was looking for an English-speaking lecturer who was only required to deliver one lecture a week, would be well paid, and could choose the subjects. (Hutchison later told Bob Coats that this was connected with the Bonn professor’s relationship with an Australian girl friend, whom he later married.) Although he had

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9 Amongst no doubt many others, Richard Kahn, who tutored Hutchison during his final term, as noted above, was a trenchant critic of Hayek; and Piero Sraffa was the author of a public attack on Hayek.

10 K. Popper, Logik der Forschung (Vienna, 1934).


12 While acting as editor of Terence Hutchison’s Festschrift, Methodological Controversy in Economics: Historical Essays in Honor of T. W. Hutchison (Greenwich, CT, and London, 1983), Bob Coats compiled ‘Biographical Notes on T. W. Hutchison’. He intended to use this in compiling the introduction to the Festschrift, but in the event the introduction shows little trace of it, and it remains unpublished.
initially intended to stay for six months, or at most a year, Hutchison was to stay in Germany for three years.

Tall, handsome and charming, it is not perhaps surprising that Terence Hutchison should have found a bride. Indeed within the first year he had married one of his students. She was Loretta Hack, daughter of the socialist mayor of Traben Trabach, who was also a vineyard owner in the Mosel valley. According to the family they married within three months of meeting. They did not however marry in Germany, but at Hendon Registry Office in London, in December 1935. They remained married until Loretta died in 1981.

Though he remained in Germany until the summer of 1938, Hutchison returned to England from time to time, and indeed presented a paper at Hayek’s seminar at LSE in March 1938. He always remembered with appreciation how Hayek, though doubtless worried sick about events in Austria—the Anschluss was at that time—insisted on taking him out to dinner after the seminar. He also published another article on methodology in the Review of Economic Studies, as well as two articles and a book review in the German journal Zeitschrift für Nationalökonomie.

The move from Germany—Iraq and India

The library facilities in Bonn were excellent. Hutchison finished the manuscript of a book with which his name will always be associated, The Significance and Basic Postulates of Economic Theory, in 1937. It was published the following year by Macmillan. But the situation in Germany was clearly becoming seriously unstable and the fact that his wife was German may have had some connection with his decision to leave Germany rather than face the prospect of internment as an enemy alien. But he did not go to England. Academic jobs were few, and he was keen to see the Middle East. Given the opportunity, he accepted a job in Iraq,
as Professor of English and Social Studies at the teacher training college in Baghdad, a post he was later to describe as ‘weird’. While in Baghdad he learned belatedly of an extraordinary attack on his book by the American economist Frank Knight.\(^{17}\) In wartime Baghdad, he did not even have a copy of the book, and had to rely on a typescript of it to construct his reply.\(^{18}\)

But the pro-Nazi government of Rashid Ali Al-Gaylani seized power in Iraq in April 1941, only a few days after the birth of Hutchison’s son Robert, and it was time to move on. This however was easier said than done. Eventually Hutchison managed to get his wife and young family out through Basra to Bombay. His wife, and the couple’s three children, all under 5, were put on a plane from Habbaniyah airport to Basra, though both places were affected by the fighting following the coup d’état, and thence travelled under difficult conditions on a boat from Basra to Bombay. The family contracted a number of illnesses as a result of this experience, and spent time in hospital in India. Hutchison himself was interned in the comparative comfort of the British Embassy in Baghdad, for a few weeks, but then managed to join the family in India. He enlisted in the British Army, and underwent officer training in Bangalore. He then moved to the North-West Frontier. He was subsequently sent to Egypt, where he worked as an intelligence officer. In this he seems to have been fortunate, not least compared with those who found themselves in the horrific Burma campaign. In Egypt he managed to play cricket, and on one occasion, against the big Gezira club, he scored 110, which was more than half his side’s total. He returned to Delhi for the last part of the war, and for 1945–6 was working for the Government of India. During this time he had little chance to study economics, though he renewed contact with his Cambridge contemporary V. K. R. Rao with whom he had graduated in the first class in 1934.

Hutchison’s time in India seems to have been at least partially responsible for his fury—not too strong a word—at the attitude towards India displayed by James Mill in his *History of British India*.\(^{19}\) There were other factors, it is true; Hutchison was particularly irritated by James Mill, and believed him to have exercised a harmful influence on Ricardo. In addition, in a private letter, he referred to the work of Duncan Forbes on the

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17 F. H. Knight “‘What is Truth’ in Economics?” *Journal of Political Economy*, 48 (1940), 1–32. In fact Hutchison did not see the attack until a year after it had appeared.
18 On the reply, see below and n. 25.
arrogance of James Mill towards India. But it is difficult to believe that Hutchison’s own experience did not lie behind the following comment.

Mill had, of course, never been further East than, let us say, perhaps Southend, and hardly knew a word of any Oriental language. However, as he explains in his Preface, such merely empirical equipment may well be highly misleading for the historian, and is of far less importance than a grasp of ‘the laws of society’ and what Mill calls ‘a masterly use of evidence’. Anyhow, Mill has no hesitation in pronouncing the most severe, definite, and detailed condemnation of every aspect of Hindu civilisation (except perhaps cloth-making) including manners, mathematics, sculpture, laws, painting, science, architecture, and religion, and he concludes that the Hindus are at almost the lowest possible level in ‘the scale of civilisation’.

Hull and LSE

After the war, Hutchison managed to obtain a temporary lectureship at what is now the University of Hull. Given his antipathy towards Austrian economics, it is perhaps ironic that the person responsible for his appointment was Ludwig Lachman, who was acting professor of economics and head of department while Eric Roll was on leave, and who remained one of the outstanding exponents of Austrian economics as it became marginalised in the post-war years. During his year at Hull Hutchison taught history of economic thought, which was to become his great specialism though he was at that time, according to his own account, just keeping ahead of the students. He also taught a number of other subjects including elementary statistics (on which, as already noted, he had been lectured by Colin Clark at Cambridge), though his subsequent teaching was to be more specialised.

At the end of his year at Hull, his friendly adversary, Lionel Robbins, was instrumental in his appointment to a position at LSE. The appointment was, of course, not a road to riches, but it did offer the academic position which he sought. At LSE his primary task was to give lectures on methodology—he was assigned to give a series of lectures on the history of methodological controversy in economics—and the history of economic thought. His philosophical reading at Cambridge had included,

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22 His starting salary, according to a note on the committee papers, would have been £325.
in addition to Wittgenstein, Locke, Hume, Mill and Russell. Later, in particular after hearing Carnap, it included the Viennese positivists Mach, Schlick, and Carnap himself, as well as Popper’s great book already referred to. Whatever truth there may be in his later self-deprecating claim to have kept just ahead of the students at Hull, there was no doubt about his qualifications to teach methodological controversy at LSE. Moreover he had, by the time of his appointment, and particularly by the standards of the time, a very strong publication record—six published articles in leading journals, and the 1938 book on methodology which was to be taken over by an American publisher and twice reprinted in the 1960s, and which is still cited today.23

The methodology classic

In that book Hutchison adopted a position which was strongly opposed to apriorism. He divided economic propositions into two classes; falsifiable and non-falsifiable. Pure theory, and introspection (on which much of pure theory was ultimately based), fell into the latter category. The same was largely true of the so-called ‘laws’ in economics, because each was furnished with a ceteris paribus clause so commodious that falsification became impossible. The end result was an essay in which scepticism about the claims made for economics, and especially about pure theory, is the predominant theme. It would be fair to say that scepticism then remained the most prominent single characteristic of Hutchison’s work. In his view pure theory had no prognostic value, and it had nothing worthwhile to say about causes, since its conclusions were implied by its definitions. Much of it depended upon an assumption of perfect knowledge which, as Hutchison wrote, ‘assumes most or all economic problems out of existence’.24

In his reply to the attack on the book by Frank Knight, Hutchison referred to David Hume as one of his philosophical influences.25 It is then rather puzzling that in the 1938 book he used the word ‘induction’ freely.

23 The strength of his application, compared with competitors at the time, is borne out by a document amongst the papers of Lionel Robbins which shows Hutchison to have been the only one of those whose particulars are shown who could list significant academic publications.
The explanation seems to be this. Rather than falling foul of Hume's critique of the assumption of regularity, Hutchison seems to have meant by 'induction' two things, neither of which require the assumption of regularity. First there was the need to test the realism of assumptions. This had been known in the earlier literature on methodology, associated particularly with J. E. Cairnes, as 'verification'. It was intended to encourage the inspection of the contents of the ceteris paribus clause, so that it would at least be possible to assess the suitability of a particular theory to explain a given situation. It was not, at least in principle, though not in practice, particularly controversial at the time that Hutchison wrote his book. Though, after a swashbuckling performance by Milton Friedman, economists came for a while to believe that it was not necessary to have any reference to the realism of assumptions, this is a position on which there has been a considerable retreat, and Hutchison's opposition to the jettisoning of available information no longer looks so unfashionable.

Secondly (and this may reflect the influence of Popper), Hutchison seems to have had in mind the desirability of testing the conclusions of theory against the available data. But this is not clearly spelt out in the 1938 book. Indeed, in the reply to Frank Knight, Hutchison seems to treat testing and verification as interchangeable.26

There is in the book some relaxation, if not inconsistency, in the application of this severely positivist position. While he was strongly critical of introspection, he was prepared to allow interpersonal comparisons of utility, which not only started from the introspection which he opposed, but could not be tested against any conceivable data. But for the most part he seemed anxious to assimilate social science methodology (or at least the methodology of economics) as far as possible to that of natural science. He was later to acknowledge that he had pushed this idea too far. What attracted him to the natural science model was his insistence that social science should be useful, and that it should involve prediction. While it was not illegitimate to pursue the construction of theoretical models, these were (as Hume had argued of mathematics) essentially tautological. Thus it was necessary that the assumptions of a theory should have an empirical basis, and that the theory should be formulated so that the conditions under which it could be proved wrong were quite clear and explicit. The contents of ceteris paribus should be open for inspection, and should not provide an alibi for ex post rationalisation.

26 Ibid., p. 737.
To appreciate that this was hardly the fashionable position in the 1930s, one has only to consider the debates between LSE and Cambridge which led to the extraordinary farewell address by William Beveridge, on leaving his post as Director of LSE in 1937. In this he made a scathing attack on apriorist economic theory, and upon ‘economists [who] earn their living by taking in one another’s definitions for mangling’.27

If economists were not prepared to state clearly the conditions under which a theory could be proved wrong, they were not, in Hutchison’s view, engaged in a useful activity. Hutchison, a life-long critic of Ricardo, was fundamentally opposed to the idea that it was appropriate to formulate hypothetical models and then draw from these sweeping policy conclusions. If there were no circumstances under which the theory dictating such policy conclusions could be shown to be inconsistent with the data, there was no basis for accepting such conclusions. Moreover the kind of theory which explained everything (as Popper later observed, once converted to Marxism one stepped out into the world and found it full of ‘confirmation’28), whether Marxist or fascist, could provide an ideological motivation for the most devastating and appalling attack upon the very basis of civilised society. One has to remember that Terence Hutchison was in Germany up to 1938. He observed what was going on around him with horror. In reply to Frank Knight, Hutchison emphasised the fundamental necessity of appeal to the facts: ‘Against the sufferer from delirium tremens not much is necessary, but against the crank, the propagandist, and the colored-shirted champion of some persecuting mass creed (by whom I was surrounded when I wrote my book), if the scientist can ever struggle at all, it is only by the firm, persistent appeal to testing by the facts.’29

The reception of the methodology classic

Given the intellectual background which was the occasion for Beveridge’s extraordinary attack upon his colleagues, it is hardly surprising that

27 Beveridge’s address is extracted in R. G. Lipsey An Introduction to Positive Economics (London, 1963), p. v. It is only fair to such economists to add, however, that Beveridge’s own attempt to establish the cause of trade cycles by inspecting climatic data had been discredited by a specialist in such data, and that Beveridge, faced with this, had refused to accept that his model had been falsified.


reviews of Hutchison’s 1938 book were for the most part unsympathetic. Ironically, the most favourable review came from a Cambridge Marxist, Maurice Dobb.30 There is some indication in the review that he perhaps felt that the ‘concrete study of actual data’ would provide the definitive interpretation of capitalism. (In later life Hutchison always felt somewhat torn concerning Dobb. On the one hand he did appreciate the friendly review, and indeed on the basis of the review initially asked Dobb to act as a referee in job applications, before receiving indications that this was not helping his cause;31 on the other, he was bitterly critical of Dobb’s adherence to Stalinism, even after the true state of the Soviet Union had become clear to all but the most blinkered.)

Others were unenthusiastic. Writing in the Economic Journal, Alfred Stonier, whose review was both condescending and at points obscure, refused to accept Hutchison’s endorsement of logical positivism or of the testing of assumptions.32 But Stonier also made the blanket claim that all economic data are themselves the product of economic theory and do not somehow exist independently of the theoretical concepts from which they are derived. Edmund Whittaker in the American Economic Review33 picked up the point, odd at the time, and ironic in view of Hutchison’s later writings about general equilibrium, that a gibe by Pareto, aimed at critics of mathematical economics, had been given pride of place as the book’s motto, positioned before the preface. Whittaker also made the good point that testing and verification were in practice far more complicated, with data far removed from economic concepts, than Hutchison seemed to realise.

It was however the violently critical attack on Hutchison’s book by the leading economist of the University of Chicago, Frank Knight, an attack which appeared in the Journal of Political Economy and thus was guaranteed full academic attention,34 which helped to secure attention for Hutchison’s book which it might otherwise not have enjoyed as the world fell apart in 1940, and which propelled it into a position leading to its post-war reprinting. Knight’s objections were both to Hutchison’s

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31 Tribe, Economic Careers, p. 135.
34 Indeed Hutchison himself later described the review as ‘marvellous publicity’—Tribe, Economic Careers, p. 135.
anti-apriorist position, and to what he regarded as a naïve conception both of what theory involved in the natural sciences and economics and of the process of testing. Knight indeed was prepared to go so far as to defend introspection, objecting to Hutchison’s treatment of this which he regarded as little more than ridicule.

Given the opportunity to reply, to one of the world’s leading economists moreover, Hutchison responded with typical, and nicely judged, irony. Indeed he was able to quote Knight’s own famous work *Risk, Uncertainty and Profit* against the author of the critical attack. But he stood firm on what he regarded as his essential position, with testing and verification treated as interchangeable, and introspection again dismissed.

Post-War LSE

Hutchison thus had a solid background in methodology by the time he was appointed to LSE in 1947. There he thrived, being promoted to a Readership in 1951. He was able, despite the presence there of Lionel Robbins, and indeed of others who were, at that time, capable of teaching the subject, notably Hayek who did not leave LSE until 1950, to teach the history of economic thought. Indeed he shared a course with Hayek prior to the latter’s departure though, oddly, he does not seem to have men-

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35 Boston and New York (1921).
36 In a footnote, Knight had given the following hostage to fortune: ‘the text must not be taken as expressing any view whatever as to the ultimate nature of reality or any other philosophical position. The writer is in fact a radical empiricist in logic, which is to say, as far as theoretical reasoning is concerned, an agnostic on all questions beyond the fairly immediate facts of experience.’ *Risk, Uncertainty and Profit*, pp. 200–1 n. The eagle-eyed Hutchison, having spotted this, commented: ‘As regards my philosophical position, I content myself with the following words. They are not exactly those I would choose myself, but they account for the philosophical starting-point of my book sufficiently accurately, and there should be little danger of Professor Knight misunderstanding them.’ He then quoted the footnote, and added ‘But for Professor Knight this is now plainly insufficient—in my case at any rate—so I must attempt to be more elaborate.’ *Journal of Political Economy*, 49 (1941), 735.
37 Hutchison had earlier considered moving to Manchester—there is amongst the Robbins papers a response by Robbins, dated 4 Jan. 1950, to a request for a reference for Hutchison, from Eli Devons, in the Department of Economics at Manchester. The reference is supportive; but Robbins does not conceal the fact that LSE could ill afford to lose Hutchison who was ‘understudying Hayek in the History of Economic Thought’. Hayek was indeed shortly to leave LSE, and perhaps Robbins had some inkling of this. In July of the following year Robbins supported Hutchison’s claims for promotion to a Readership.
tioned this in subsequent accounts. He was assigned by Lionel Robbins a short, ten lecture, course on the history of methodological controversies (which he delivered to graduate students) and, ‘a very formidable subject’, a course covering the history of economics after 1870 with an unspecified end date. The end result of this, and of his exceptionally wide reading, was the production of one of his most celebrated books, *A Review of Economic Doctrines*.

Given the history of economic thought literature which has appeared since 1953, it is perhaps now difficult to appreciate the extent of Hutchison’s achievement in that book. Yet there is little in the literature prior to its appearance with which it can be compared. It covered the years 1870–1929 and dealt not merely with Jevons and Marshall but with Sidgwick (normally little more than a footnote in accounts of English economics), and Wicksteed, as well as Edgeworth and even J. A. Hobson, the Austrians Menger, Wieser and Böhm-Bawerk, the Lausanne school (Walras and Pareto), the Swede Wicksell, and several American writers—J. B. Clarke, Veblen, Newcombe, and Irving Fisher. But this was only Part I of the book. In Part II Hutchison moved on to what he classified as dynamic analysis, and in Part III he discussed literature dealing with cycles and unemployment. It is a book to which those concerned with the history of economics return frequently. Hutchison had read not only widely but very perceptively. For instance it was in this book that he drew attention to the likely influence on Alfred Marshall of the Cambridge polymath William Whewell, a name hardly known outside Cambridge at that time, by economists at least.

At LSE Hutchison gave twenty lectures as part of the ‘Introduction to Economic Principles’ course. This covered ‘General Economic Theory’, which included history of economic thought. However his teaching was not confined to historical matters. Following the curious pick-and-mix organisation of courses at LSE at that time, Hutchison gave some lectures on national income accounting.

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38 Hayek taught the first part of the course, covering the years up to 1870, Hutchison gave the subsequent lectures on the history of economics after 1870. After Hayek’s departure for Chicago, Hutchison’s share of the teaching expanded.


41 Hutchison gave the twenty lectures on Economic Principles, as part of a fifty-lecture cycle over the two years of Part I of the old B.Sc. (Econ). His lectures were not confined to history of economic thought, however, and included the lectures on national income accounting mentioned above. In addition, in accordance with the LSE system of providing lectures for external students,
Birmingham

In 1956 Hutchison was appointed Mitsui Professor of Economics at the University of Birmingham. It must have been a strange experience in some ways. A number of the staff at Birmingham when he arrived were involved in the development of highly abstract forms of economic theory, in mathematical form, of a kind with which Hutchison had little sympathy. Rather more congenial intellectually would have been the development and application of econometric techniques, particularly associated with the appointment in 1952 of Alan Walters. He later told an interviewer that ‘there were the most awful tensions’, though these seem to have revolved principally around Gilbert Walker, the Professor of Commerce.

In addition to teaching the history of economic thought, Hutchison taught in Birmingham the big first year economics course, using Samuelson’s textbook until the appearance in 1963 of the first edition of Lipsey’s *Positive Economics*. He also taught a course on the Principles of Economic Policy.

The critical works

Hutchison continued to write. Although there was at that date a view that only aspirants to professorial chairs wrote books, Hutchison’s publications, many of them in book form, continued. The year 1964 saw the appearance of ‘*Positive* Economics and Policy Objectives’. This book powerfully restated the need for care in distinguishing between the positive and the normative. While economists typically paid lip service to this, in practice it was a precept more honoured in the breach than in the observance, perhaps most of all in the 1960s, a decade in which economists began to display an unattractive degree of collective hubris. The result of this self-inflation by economists was pronouncements in a pseudo-scientific tone which particularly irritated Hutchison and, with his remarkable eye for a damaging quotation, gave him a fruitful field in which to exercise his powers of irony.

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Hutchison taught the evening course ‘Introduction to Economic Principles’ in 1955–6, shortly before moving to Birmingham.

43 Ibid., p. 139
If the applications to public policy of economic theorising are not to consist of arraying rival political points of view in impressively persuasive pseudo-technical jargon, or if the discussion of policies by economists is to amount to something other than a clash of rival brands of political propaganda dressed up in esoteric patter, then an area of consensus, in some sense, or to some extent, ‘objective’, must be reached.45

In Hutchison’s view, as the role of the State expanded, the temptation to economists to indulge in this kind of thing expanded proportionately.

Hutchison was a considerable traveller, spending time in the United States, Germany, Australia, and Canada. He also attended conferences over a wide geographical area, including Soviet-era Leningrad, and visited Japan, an experience which, in a letter to a colleague, he described as ‘much the most interesting foreign visit I have ever made’.46 It may have been physical distances from the United Kingdom which helped him to write two books in particular which punctured the pretensions of economists when they engaged in the kind of activity criticised in Positive Economics and Policy Objectives. They were two outstanding—and for some in the economics profession acutely embarrassing—books. First came Economics and Economic Policy in Britain, 1946–1966.47 This appeared in 1968, and was a book which his publisher, Charles Firth, believed could only have been written at a safe distance (Hutchison spent the year in Australia) from the British economic establishment.48

The book certainly ruffled some feathers. When it was reprinted in 1992, Hutchison noted in a new preface that the original publication had been described in the New Statesman as ‘the publishing outrage of the year’. Inexcusably Peter Jay, then economics editor of The Times, claimed that it ‘would have thrilled Senator Joe McCarthy’.49

Nine years later, but in the same vein, and featuring some of the same protagonists, Hutchison produced Knowledge and Ignorance in Economics.50 In the latter book he had a particularly engaging target—the rapid rewriting of the history of economic opinion after the 1967 devaluation of sterling, by those who had engaged in the pre-devaluation public debate. In both books Hutchison did something which had hitherto

48 The comment was made to the present writer.
49 The Times, 15 Aug. 1968, p. 18. So extreme was Jay’s review that Hutchison was allowed to reply—The Times, 10 Sept. 1968, p. 23.
been really outside the normal rules of engagement (to use a military metaphor). For he quoted extensively, and with that unerring eye for the singularly foolish public pronouncement, which was his hallmark, from the confident assertions of economists on economic policy which had appeared in the public prints, especially the correspondence columns of *The Times*. George Stigler, himself an outstanding wielder of the rapier in academic controversy, wrote appreciatively of the two books:

Professor Hutchison has written two mordant volumes on the treatment of macroeconomic policy by contemporary British economists. They are unattractive tales of unjustifiably dogmatic recommendations, quick changes of direction, and convenient loss of memory. The tales could be matched in other countries.51

Hutchison had a real talent for ridicule, though it was never employed in a purely malicious way but simply to deflate the pretensions of the economics profession, pretensions which he sincerely believed to be very harmful to society. Its practitioners could push economic policy in completely the wrong direction through sheer self-confidence. In surveying Hutchison’s attempts to counter this, the parallel with Jonathan Swift’s parody of Political Arithmetic is indeed compelling. Hutchison had a particular talent for making the dogmatic seem ludicrous, and was free in his addition of italics to quotations, to bring home the point to the more casual reader. He was, as already noted, a master of the incisive use of irony, and his style swept the reader along.

Retirement

After twenty-two years in the Mitsui chair at Birmingham, Hutchison retired in 1978 at the age of 66. Retirement, however, resulted in little slackening of activity, even though he could not type, and never seems to have learned to do so. One year after *Knowledge and Ignorance in Economics* there appeared a book dealing with the history of the subject, *On Revolutions and Progress in Economic Knowledge*. This drew on a number of his previously published papers, though revised, but, unlike the modern practice of stapling together without further consideration a set of previously published articles, the end product was a finished book. The appearance of the book had already been signalled by an exhilarat-

51 G. Stigler, ‘The history of economics through Professor Hutchison’s spectacles’, *Minerva*, 16 (1978), 596–9, p. 598.
ing blast by Hutchison entitled ‘The Cambridge Version of the History of Economics’, which had appeared as a Birmingham Occasional Paper.\(^52\) However, when the book appeared, the Occasional Paper, incorporated as a chapter, had been toned down. Hutchison later told Bob Coats that he regretted allowing Cambridge University Press to place pressure upon him to remove ‘some of the more derogatory remarks on Joan Robinson and Maurice Dobb’. However the dead hand of censorship still allowed much characteristic irony to remain. For instance, after noting that the authors of an introductory text had described J. S. Mill’s *Principles* (1848) as reflecting the increasing self-confidence of mid-nineteenth-century Britain, and many pages later, that the *Communist Manifesto* reflected what the authors called ‘the ferocious conditions of the 1840s’, Hutchison pointed out that both were published in the same year and then asked, characteristically tongue in cheek, whether this was ‘History of Political Economy Through the Looking-Glass; or whether it is all done by mirrors.’\(^53\)

The book contained two chapters on Keynes. In one, Hutchison cast a remarkably benevolent eye over Keynes’s idiosyncratic interpretations of the work of economists of earlier generations. In the other he painstakingly set about defending Pigou against the accusations levelled by those who claimed to be the inheritors of the Keynesian message. Having attended lectures by both Pigou and Keynes, Hutchison was determined to set the record straight.

Hutchison had been able, in his second and third years at Cambridge, to attend lectures given by Keynes (he was later, to his regret, unable to find his Cambridge lecture notes), and he first heard Keynes lecture on Germany, when he was defending the weak Brüning government which was clinging precariously to power. He also heard Keynes discuss Mandeville in lectures, something which reflected Keynes’s genuine interest in the historical literature of the subject, though inconceivable today in a leader of the profession teaching a mainstream course. Since Hutchison was to become one of the leading scholars in the history of economic thought in the twentieth century, his presence while Keynes was talking about Mandeville was particularly appropriate. It may in part explain the fact that Hutchison was subsequently, and in marked contrast


\(^53\) Hutchison, *Revolutions and Progress*, p. 252.
to the more or less unanimous view of other scholars in the field, broadly favourable to Keynes's idiosyncratic account of the history of economics.

Having lived through the 1930s, and having been in Cambridge during the gestation of the *General Theory* (he later recalled that he had been aware of the strong sense of intellectual excitement during that time), Hutchison was concerned to defend the essence of what Keynes himself had believed, against two particular groups of claimants to the Keynesian heritage. On the one hand there were Joan Robinson and Richard Kahn (and also Thomas Balogh), who claimed Keynes's support for inflation-arily high levels of aggregate demand, for disregarding the importance of inflation altogether, and for direct controls on the economy, especially on prices and incomes. Roy Harrod, too, had claimed to be able to speak with authority in invoking the support of Keynes for ‘growthmanship’. With both gusto and impeccable scholarship, Hutchison sailed into the attack in his *Keynes versus the Keynesians*. There seems little doubt that the assault was successful. Before Hutchison published, people like Harrod were prone to make confident statements about what Keynes would have believed, perhaps thirty years after his death, concerning this or that contemporary problem. Later on this became a less fashionable activity.

On the other hand, Hutchison was seriously irritated by what he felt to be a patronising attitude towards Keynes, on the part of general equilibrium theorists. Hutchison was extremely critical of general equilibrium theory itself, which he considered to be a leading example of the completely tautological economic theory at which he had aimed his 1938 book. He was scathing about the primitive approach to economic knowledge in such models, which often relied upon the nonsensical assumption of perfect knowledge, or its later transmutation into rational expectations. He was clear that central to Keynes's vision was the idea that the knowledge of economic actors was imperfect, and indeed regretted that Keynes had not developed much further his ideas on the imperfection of economic knowledge.

While Hutchison was concerned, with detailed reference to Keynes's own writings, to preserve what Keynes himself had meant, he was, like Keynes himself, very critical of much of Austrian economics. He later told Bob Coats about the very hostile attitude in Cambridge, during his

undergraduate years, towards Austrian economics; but the crucial thing was his concern that the Austrians had been very much on the wrong side of the debate in the 1930s at a time, with soaring unemployment, that the very existence of a free society had come under threat, as he believed. But there was another factor. The very starting point of his 1938 book had been an objection to apriorist economic theory. As Hutchison saw it, the most extreme exponent of that was also the most important twentieth century figure in Austrian economics, Ludwig von Mises.

The hostility did not extend personally to Hayek, despite the vilification of which Hayek was the victim in Cambridge, though Hutchison of course believed him to have been wrong in the interwar debates and specifically on the issue of the advisability of measures to counter the depression. He delivered a paper to Hayek’s LSE seminar in March 1938, as already noted, and, during his year as an occasional student at LSE, he had attended lectures by Hayek. Though at the time he thought Hayek wrong on the main policy issues, he still found the lectures interesting. Subsequently he was to argue that Hayek had moved away, in 1937, from Mises’s apriorist methodological position and had become, at least to some extent, influenced by Popper and the latter’s emphasis on testing of the conclusions of a theory.

The year 1981 saw the appearance of The Politics and Philosophy of Economics.56 The book contained two chapters dealing with the apriori approach of Austrian economics. While Hutchison was critical of Menger, the full force of his criticism was directed at Menger’s successors—Wieser, Mises, and Hayek. However here Hutchison developed his view that Hayek had moved away from Misean apriorism, a move which he regarded as entirely for the good.

Whatever influence the Cambridge hostility to Austrian economics in general, and to Hayek in particular, may have had upon Hutchison, the tremendous hostility towards Pigou, amounting almost at times to demonisation, does not seem to have impressed Hutchison. As an undergraduate, he attended Pigou’s lectures, for Pigou was the main lecturer on economic principles, delivering two or three lectures a week in each session. Hutchison later described him as ‘a dry, precise lecturer with touches of humour’. (Gerald Shove was the most outstanding lecturer.) In his 1981 book, as in his 1978 one, Hutchison painstakingly assembled the evidence to show the falsity of the endlessly repeated claim that all

Pigou had to offer in the midst of depression and low wages was further wage cuts.

The Politics and Philosophy of Economics was followed by a spirited defence, against an Australian critic, of the politics and philosophy of Jevons’s great Theory of Political Economy of 1871. This was indeed part of a continuing involvement in controversy, in which Hutchison seemed to revel and for which, as is apparent from his writings, he was extremely well equipped. Indeed in some of them, notably Keynes and the Keynesians, and in his defence of Pigou, the reader may well feel that, had Hutchison chosen the law as a profession, he would have been a devastating advocate and risen to the highest level both of regard and remuneration. He also engaged in a semi-public debate with Samuel Hollander over the latter’s long term programme to build an interpretation of classical economics as a coherent whole which was essentially neoclassical in content, describing this programme, in a review of Hollander’s book on John Stuart Mill, as ‘a gigantic operation [which] might be described as a reification wrapped in an anachronism’.58

Remarriage and the American connection

Hutchison’s wife having died in 1981, as already noted, he married in 1983 Christine Donaldson, an American academic. Following this marriage, the couple spent the summers in Birmingham (thus enabling Hutchison to enjoy cricket at Edgbaston) and the winters in Connecticut (where Hutchison relearned the childhood skill of riding a bicycle). Christine Donaldson died in 2003. Hutchison then left Edgbaston, and moved to Winchester to be closer to his three children, six grandchildren, and fourteen great grandchildren.59

59 Hutchison dedicated his The Uses and Abuses of Economics (1994) ‘To my great-grandchildren: in the hope that the maintenance and growth of useful economic knowledge may help to make the twenty-first century rather less unpleasantly unstable than, at the moment, it looks like becoming.’
The American connection, and the months spent in the United States every year, also enabled Hutchison to make contact with American relatives. His sister had married an American, and had three children. In addition his flamboyant father, Robert Langton Douglas, had spent his last two decades in the United States, where he had two more children, having married his third wife in 1928. One of these children was married to J. D. Salinger, the author of *The Catcher in the Rye*, though the marriage ended acrimoniously and publicly.

**The 1980s—before Adam Smith**

The 1980s saw the emergence from Hutchison’s pen of works on both a small and a large scale. The year 1988, ten years after his retirement, saw the appearance of a very substantial book, *Before Adam Smith, the Emergence of Political Economy 1662–1776*.\(^{60}\) This was a significant departure from the area of economic literature on which Hutchison had previously concentrated, but it may, like his 1953 *Review* dealing with economics after 1870, have had its origins in his teaching at LSE.\(^{61}\) Hutchison ranged across economic literature in British, French, German, and Italian sources. The extraordinary scholarship here no doubt owed something to his early and sustained interactions with Lionel Robbins. It was Robbins who had encouraged Hutchison to read the Continental literature during the latter’s year as an occasional student at LSE (though Robbins was later to regret—in Hutchison’s view unnecessarily—his own immersion in the German literature), and it was indeed to learn German that Hutchison had gone to Germany in 1935. In this book, Hutchison’s characteristic standards of appraisal were applied—methodology, regard for personal liberty, attitude towards State expenditure,\(^{62}\) and policy towards unemployment. But it would be quite misleading to give the impression that the end result was (as could be said even of some of Hayek’s writings in the history of economic thought\(^ {63}\)) that the works

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\(^{61}\) The LSE calendar for 1953–4 lists Hutchison as giving five lectures to graduate students on the period 1689–1776.

\(^{62}\) Thus Hutchison wrote that ‘There was something markedly “Keynesian” about Quesnay’s warnings against hoarding, together with his emphasis on public spending’, *Before Adam Smith*, p. 280.

were interpreted narrowly in terms of a personal agenda. The book is rather an invitation and a challenge to insular Anglo-Saxon academics to read more widely.

Though *Before Adam Smith* was not a controversial book (though his exaltation of Sir James Steuart might be regarded, by some Smithians in particular, in that light) his taste for controversy never seems to have faded. In the 1950s he had pointedly noted that Piero Sraffa’s marvelously scholarly Ricardo edition had been published under the auspices of the Royal Economic Society, rather than the Moscow State Publishing House, given that its appearance was part of a programme to construct an alternative (and ‘true’) lineage of economic truth running from Ricardo to Marx.64 This was particularly the case since Hutchison felt that the interpretation of Ricardo’s own work was, to put it politely, influenced by this same agenda: ‘There is, perhaps, something rather questionable in the sort of intellectual generosity which assumes that Ricardo’s interests and purposes, rightly understood, must certainly have been the same as one’s own, when, after all, Ricardo was as explicit as he could have been that they were distinctly different.’65

Critical methodology

In 1992 there appeared another critical book, *Changing Aims in Economics*.66 This discussed what Hutchison regarded as a vast misallocation of resources, in what is known in economics as the ‘formalist revolution’. He was also highly critical of the sort of discursive and relativist developments in methodology which could be characterised as ‘anything goes methodology’.

Then, two years later, came a further critical work, *The Uses and Abuses of Economics*.67 This demonstrated clearly that Hutchison had lost none of his considerable powers of ironic criticism. The subtitle—which may have been the publisher’s suggestion—was *Contentious essays on history and method*. Hutchison attacked the claims of general equilibrium writers, and in particular the ludicrous idea that Adam Smith had offered a conjecture about perfectly competitive static equilibrium which

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65 Hutchison, ‘Some questions about Ricardo’ p. 423.
had to wait two centuries to be proved by the mathematical economists Arrow and Debreu.68

In a sense he seems to have felt that he and other critics were running up against a brick wall. Advocates of such a view of Smith were in an ideologically self-sealing position—anyone who disagreed with them was held to be unable to understand their work, and to be excluded from the select gathering of ‘the best minds of the profession’. The same outlook characterised those who believed that the true line of progress in economics ran from Ricardo to Marx—anyone disagreeing had simply failed to understand Ricardo correctly.

But Hutchison was a trenchant critic of all kinds of fictionalised intellectual history, created in order to legitimise a suspect lineage. He was as critical of Marxists and modern Austrians, as he was of the general equilibrium theorists.

Hutchison extended his critique of fanciful versions of intellectual history, and in particular of ‘what Ricardo really thought’, to a discussion of Ricardian politics. The opening paragraph of the essay nicely summarised the conflicting interpretations of Ricardo, and then continued: ‘For decade after decade these various, and often quite contradictory Ricardo’s have been hagiographically extolled and expertly, obstinately and dogmatically fought for. Now (1991) we have something entirely different: Ricardo, the major, original, overlooked, radical political thinker.’69 The irony in the characterisation is evident enough.

These late books in particular, though the comment applies to his work from the 1960s onwards, demonstrate another characteristic of Hutchison’s contributions. Essentially it can be read at two levels. There is the text—polished, flowing, and with a developed sequence of argument. But underlying this is a bubbling current of endnotes in which his particularly acute eye for the reckless giving of hostages to fortune, by

68 Ibid., pp. 288–9, 300.
69 Ibid. p. 107. The opening of this essay, preceding the passage quoted above, is worth quoting. ‘We have had Ricardo, the sometimes trenchant (but sometimes wavering) champion of classical free-market political economy, as earlier expounded by Lionel Robbins, and more recently, in Chicagoan terms, by George Stigler. We have had, too, as claimed by Maurice Dobb (perhaps the more decisive editorial comrade of Piero Sraffa) the Ricardo from whom ‘the true line of descent’ in our subject ran on to Marx and the labour theory of value, by-passing Marshall and the other bourgeois neoclassicals. We have had, also, more recently, from Samuel Hollander, Ricardo as the late-twentieth-century, non-predicting, academic taxonomist and methodological follower of George Shackle. Moreover, we have had Ricardo the brilliant methodological innovator, who not only has been hailed as having “discovered the technique of economic analysis”, but who, according to Joan Robinson, bequeathed—especially to Cambridge Marxists and Marxo-Sraffians—“Ricardo’s habit of thought”.’
members of the economics profession, is given free rein. Thus in Changing Aims in Economics the text covers pp. 1–103, while the notes occupy pp. 104–68.

Conclusion

Terence Hutchison died at Winchester on 5 October 2007. He had enjoyed an extraordinary career. From Cambridge via LSE, Bonn, Baghdad, the British Army in India and Egypt, LSE again and then Birmingham, he manifested a willingness to speak his mind, a clarity, and a fearlessness which have made him stand out from almost all historians of economic thought and economic methodologists. It would be wrong to give the impression of a purely negative agenda. Hutchison was passionately concerned to try to ensure that economics developed in a way which would improve the lot of mankind. This coloured his attitude to the 1930s debates, and Keynes, towards the damaging posing as technocrats in which economists were prone to engage in the 1960s, and towards the retreat into ever more sterile forms of apriorism devoid of empirical contact, let alone empirical content. It explains too his cogent opposition to the attempts to give Marxism, the fruits of which were all too clear to him empirically, the veneer of respectability provided by a bogus historical lineage back to Ricardo. Hutchison was essentially a man with a mission, and it was this that drove his critical approach.

Terence Hutchison was not in the least abrasive personally; rather he was charming and slightly diffident. But his was a mighty and incisive pen which brought much honour to the field in which he worked. He may sometimes, in print if not personally, have made his co-workers feel uncomfortable, but he was honoured by them in election to the British Academy (somewhat belatedly some felt) as a Senior Fellow, in 1992.

D. P. O’Brien
Fellow of the Academy

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