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Book Review: International Organizations and the Analysis of Economic Policy, 1919-1950 Endres, Anthony M. & Fleming, Grant

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Economists nowadays are generally familiar with research conducted by the international institutions that were created during and immediately after the Second World War, including agencies of the United Nations, the IMF, the World Bank and the GATT (more recently the WTO). They are likely to be less familiar with economic research undertaken by international organisations that arose after the First World War, including the League of Nations (LON), the International Labour Office (ILO) and the Bank for International Settlements (BIS); it is with the research conducted by these institutions, and by various committees of the United Nations from 1945 to 1950, that this book is principally concerned. Some of the twentieth century's most eminent economists worked at various times and in various capacities for these organizations, including Gustav Cassel, Ragnar Frisch, Gottfried Haberler, Roy Harrod, Michal Kalecki, Tjalling Koopmans, James Meade, Oskar Morgenstern, Ragnar Nurkse, Bertil Ohlin, Trevor Swan, Jan Tinbergen and Jacob Viner.

Endres and Fleming's book is said to be the culmination of eight years of research that began with the discovery in Auckland of the papers of a former Deputy Director of the ILO. Its purpose is not to explain the operations of these international organizations, or to assess the impact that economic research by international organizations may have exerted upon policy in member countries. Rather the object is to survey the economic and social research undertaken by economists and others who worked in, or were consultants to, these organizations. In other words, the work is to be regarded as a contribution to intellectual history. The book is structured as follows. After an introductory chapter, which focuses on general issues relating to research in international institutions, separate chapters are then devoted to the nature, causes and implications of business cycles; the role and conduct of monetary policy in the 1920s and 1930s; public investment programs in the interwar period; trade policy research; the scope, content and significance of social economics at the ILO; international finance and exchange rate policy; and the full employment movement in the late 1940s. Each chapter contains a considerable amount of detail on the particular topic; in fact, there is often far too much detail provided. In a concluding chapter, however, the authors attempt to identify general themes, and they draw conclusions about the significance of the research.

Of the contributions by economists to the work of these institutions, Endres and Fleming identify no fewer than twenty 'distinctive contributions which hitherto have been neglected in standard histories of economic thought and policy for the period 1919-50' (p. 244); another seven areas are identified, in which 'the work of economists in international organizations became a reflection of the prevailing orthodoxy' (p. 246). Among these twenty-seven contributions, there are three major ones that are highlighted for special mention: the ILO's work in the 1920s on objectives and indicators of monetary policy; the LON's work in the 1940s on international economic policy coordination; and the ILO's work on social economics, including labour market policies and social security policy.
Special emphasis is placed by the authors on the cautious and guarded nature of policy pronouncements attaching too much of the research, at least until the 1940s, when a decidedly bolder and Keynesian stance came to be adopted. Generally the ideas that economists working in these institutions drew upon were quite eclectic, coming as they did from different schools of thought, rather than from a particular school. At least this was the case until the 1940s. Most of the work was not abstract or mathematical; nor was there much econometrics, Tinbergen's work being a notable exception. On the role of the market versus government in economic affairs, the authors are adamant that there was no general commitment in the 1920s and 1930s to 'liberal fundamentalism', or even to the 'notion that a world economy relying on market forces to allocate resources would lead automatically to high rates of economic growth' (p. 252). But it was otherwise from the 1940s, so much so that the authors conclude by saying that: 'Our main criticism of research completed by economists in international organizations during the 1940s… was that it appeared to demonstrate egregious faith in government institutions (national and international). In short, while market failure in many instances forms the rationale for policy proposals, government failure seems to receive short shrift' (pp. 256-7).

Endres and Fleming deserve praise for their initiative in drawing our attention to the research undertaken by international institutions in the first half of the last century, but the book has a number of shortcomings. One is the tendency to exaggerate the significance of the work undertaken in these institutions. The problem may arise from the authors' failure to appreciate the wider context in which ideas were developing during the interwar period. For the most part, the work carried out in the international organizations broke no new ground, simply rehearsing work done elsewhere. For example, the work of J. R. Bellerby on monetary policy, a significant area of original research according to Endres and Fleming, appears to have been heavily influenced by the work of Keynes, Hawtrey and Robertson. (The work on full employment policy by the LON during the Second World War, and by the United Nations immediately after it, was not of the quality of the work undertaken within government agencies in individual countries, such as the United Kingdom, Australia and Canada.) Although the authors inform readers that their concern is strictly with intellectual history, it is frustrating that no attempt is made to examine whether the work undertaken had any impact on policy debates and decisions in member countries, or indeed on the writing of other economists. Surely a test of the significance of this work is the effect it had on policy, and upon the history of ideas more generally.

For an Australian reader, it is disappointing that the authors have failed to acknowledge the work of Australian economists on United Nations economic committees in the late 1940s. Perhaps more than any other country, Australians stood out for their membership of these committees: Roland Wilson and Leslie Melville chaired two United Nations committees (indeed, Wilson chaired the Economic and Employment Commission); Ronald Walker and Trevor Swan were members of other committees, as was the Australian-born Arthur Smithies. There is also the failure to acknowledge the international attempts by Australia – at all the international economic conferences throughout the 1940s - to secure agreement on an international full employment treaty. There is brief mention of similar work in the United Nations, but no reference is made to the Australian 'Full Employment Approach'.
Finally, the discussion is marred by the style adopted by the authors; simple, but accurate words are frequently discarded for more pretentious ones. For the reader this means that a considerable amount of time has to be spent decoding the text in order to understand what the authors are actually trying to say. It is surprising that the editors at Cambridge University Press allowed the book to go to press without attempting to translate the prose into something (resembling plain English) more appropriate to the average reader.

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