Brian Reddaway

Almost everyone in the Cambridge Faulty of Economics and Politics during the 25 years from 1955 to 1980, and the many generations of Cambridge economics students over that period, were influenced, often fundamentally, by Brian Reddaway: although, curiously, few beyond Cambridge, and very few outside Britain, were anything like so strongly influenced. Certainly he had a strong effect on me, though to this day I am not sure why it was quite so strong.

Reddaway was an applied economist, with not all that much time – some would say too little time – for theory. Certainly, as he once explained to me, he had long discovered that fact is stranger than fiction: or, in his case as a professional applied economist, that data were stranger than theory. That is not to say that Reddaway did not appreciate the role of theory: but he was more inclined to move from a study of facts to the construction of a theory, than to start with a theory and search for facts to test it.

This led Reddaway to devise his own, unique, way of reviewing articles, which he employed when he was co-editor, with David Champernowne, of the *Economic Journal* – Reddaway reviewed the applied articles, Champernowne the theoretical ones. Reddaway's practice was first to read the tables and charts, and make up his own mind about what they showed. Then he would read the author's own conclusions. If, and only if, these tallied with his own would he then read the article proper. If they did not, he would write back to the author and ask how the conclusions had been arrived at. This happened surprisingly often, he once explained to me: plainly, many authors started with a theory, sought to verify it, and forced the data and the conclusions together, even though they did not fit.

A central feature of Reddaway's own applied work was that, whenever he was considering the effect that some policy or variable had had, he was scrupulously careful to make his evaluation with reference to what might have been expected to have happened otherwise. While the importance of the 'counterfactual' is perhaps more widely appreciated today, at least in economics, than it was in Reddaway's day, he undoubtedly did his students and his colleagues great service by always placing so much emphasis on this simple, but basic and all-important, issue.

So influential was Reddaway's approach to applied economic questions that it even acquired a name: "The Reddaway method", which he himself explained thus:

> "I have attempted to tackle *practical* problems, whether on full employment, growth, underdeveloped economies, inflation, the effects of direct investment overseas, the selective employment tax, or the investment of portfolios. To do so, I have sought to combine theory with realistic data and look for the factors which are quantitatively important, rather than those which are intellectually stimulating. I have tried to be pragmatic in my choice of methods for tackling problems and to be clear about the alternative position with which comparisons are effectively being made (and to be sure that it is a meaningful and consistent one). Favourite slogan for pupils and research colleagues 'It is better to be roughly right than to be precisely wrong (or irrelevant).'" (Reddaway, *Who's Who in Economics, p. 932* (1999)

Not surprisingly, perhaps, Reddaway was somewhat critical of econometrics, or at least of the use to which that technique was often put. He considered that there were often too many relevant variables for econometrics to be able to cope with; that practitioners all too frequently confused correlation with causation; and that too little attention was paid to limitations imposed by structural change. While theory, and to some extent practice, has in subsequent years come to address these problems, even today's practitioners are often less careful than they would have been had they been taught by Reddaway.

I really came to know Reddaway over two episodes. The first concerned his evaluation of the Selective Employment Tax (SET), which had been introduced by the Labour government in 1966 on the advice of Nicholas Kaldor, for whom I had just gone to work. A clear theory lay behind Kaldor's tax: that manufacturing output was constrained by the level of manufacturing employment; that services, however, could expand output without employing more labour – for example by moving from small shops to supermarkets; and that labour would not flow from services to manufacturing because, in the United Kingdom at least, wages had approximately (and, in Kaldor's view, prematurely) equalised between the two sectors. Given that services output was largely (in Kaldor's view) linked to, and driven by, manufacturing output, it followed that aggregate output growth was

constrained by the supply of labour: and this constraint could be eased by taxing employment in the services sector, so as to make it more expensive to hire, and thereby encouraging employers to be more economical in its use.

Reddaway was asked by H.M. Treasury to prepare an independent and impartial assessment of the effects of the Selective Employment Tax, and this he duly did (*Effects of the Selective Employment tax (*HMSO, 1970). Because Kaldor and Reddaway were not only colleagues but also near neighbours, and because Kaldor was a very insistent man, Reddaway showed his draft chapters to Kaldor shortly before the report was published. And Kaldor hated them. Hated the approach. Hated the conclusions. He wrote Reddaway four long letters, totalling over fifty foolscap pages – copies of which I have, and treasure – complaining about Reddaway's method which, Kaldor felt, paid virtually no attention to the way in which the tax was supposed to work, and hence the counterfactual against which it ought to be judged.

The second episode involved a piece of research that I had undertaken for Wynne Godley on the determinants of the United Kingdom's import prices. Wynne liked the piece, and suggested to Reddaway that he publish it in the *Economic Journal*. Reddaway read my piece, and basically approved of it. But he then sat me down and told me all of the things that in his judgement needed to be done to it. I duly did them: and then he sat me down again and repeated the process, with a whole new list of 'requests'. Believe it or not, that paper went through twenty one revisions after Reddaway had accepted it in principle. I was not particularly thrilled with the process, by the end, but I have to admit that it would not have been half as good had it not been for Reddaway. He could be incredibly kind, especially to the young.

He could however also be tough, bordering on the harsh, with older people. I started to feel this towards the end of my time at Cambridge, when one of my responsibilities was secretary of the Degree Committee of the Faculty Board, of which Reddaway was the chairman. Whenever I was even slightly late with some piece of administration – which I often was – Reddaway, whose room was opposite mine, would invariably descend on me and make my life a misery. I began to dread bumping into the old buzzard, as I had begun to see him. What kept me going, more than anything else, was a print, given to me by my good friend Nicholas von Tunzelman, of one of Daumier's *Types et physonomie, les moments difficiles de la vie.* It portrays a desiccated lawyer, the spitting image of Reddaway, pleading for leniency for a miserable sinner (clearly me). I hung it on the wall in my room in the Faculty, where it gave me much solace. Reddaway saw it once, and studied it for what felt like an eternity. But he made no comment. I have no idea whether he recognised the likeness. I have it still, on the wall of my study.

Reddaway died in 2002. There were many obituaries, and I read most of them; and more recently, in 2006, my friend Ajit Singh has written a thorough, perceptive, and appreciative Biographical Memoir for the British Academy.

So, why did Reddaway have such an influence? I am still not sure. But he did. ■