Hutchison, Terence Wilmot (1912–2007)

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Terence Hutchison, a specialist in economic methodology and the history of economic thought, defended the idea that, if economics was to make progress, economic propositions needed to be testable and confronted with evidence. This, together with scepticism about theory based on the assumption of perfect knowledge, informed not only his methodological writing but also his work on the history of economics.

**Career**

Hutchison was born in Bournemouth on 13 August 1912, and attended Tonbridge School. He went to Cambridge in 1931, to read classics, but switched to economics in which he had Joan Robinson as his tutor, obtaining a first in 1934. Though much of his subsequent work can be seen as a rebellion against his tutor’s economics and her politics, he acknowledged her role in training him to think. In his final year he picked up some of Wittgenstein’s ideas from two of his friends, to whom Wittgenstein was dictating the lectures that comprised his *Blue Book*. Hutchison attended the now-famous lectures in which John Maynard Keynes worked his way towards the *General Theory*, and later rued the loss of his lecture notes in his wartime travels.

After a year spent going to lectures at the London School of Economics and reading widely, in 1935 he obtained a job as *Lektor* in Bonn, where his main duty was to give lectures which could be on any subject, so long as they were in good English. He remained there for around three years, learning German and developing the interest in German economic and methodological writing, the latter having been stimulated by his undergraduate exposure to Wittgenstein, that ran through all his work. While there he married. As his wife was German, they decided not to move to England, but to Baghdad, where he taught at a teacher training college. With the coming of a pro-Nazi government which wanted to reduce British
influence there, he managed to get his family out, via Basra, to Bombay. A while later, he was allowed out to join them, and he joined up. He served on the Northwest Frontier and later in Egypt where he worked as an intelligence officer. He spent the last years of the war in Delhi, at one point working with All India Radio.

Hutchison’s British university career began, in 1946, with a year at Hull, after which he moved to the London School of Economics. There, working alongside Lionel Robbins, who shared and stimulated his interest in continental European writing, he taught courses on the history of economic thought since 1870 and on the history of economic controversies. In 1956 he was appointed Mitsui Professor of Economics at the University of Birmingham, the position he held until his retirement in 1978. He taught the history of economic thought until 1980, when university regulations forced him to stop. In retirement, his research continued unabated till only a few years before his death.

Away from his academic pursuits, he had a passion for cricket. He played the game in Egypt during the war, and in the 1950s became a good club cricketer. He first visited Lords (Middlesex versus the Australians) with his mother in 1921, and during the final match between England and Australia in 2005, he appeared on television to give an account of the corresponding game in 1926 (perhaps he was by then the only person alive who had seen all four days of that match).

**Economic Methodology and the History of Economic Thought**

Hutchison’s reputation was established with his first book, *The Significance and Basic Postulates of Economic Theory* (1938). This was a response to the recently published *Essay on the Nature and Significance of Economic Science* (1932/1935) in which Lionel Robbins had defended economic theory as a body of propositions deduced from the assumption of scarcity. Hutchison argued that most economic theory comprised tautologies that said nothing about the real world. Economists should instead seek to develop testable propositions and confront them with evidence. The book’s significance lay partly in its being the first attempt systematically to apply to economics philosophical ideas being developed in the 1930s, the most prominent of which went under the label of logical positivism.

Hutchison was particularly critical of any theorizing based on the assumption of perfect knowledge. The book received unexpected attention when it was the subject of a 32-page review article, “What is truth in economics?” in the *Journal of Political Economy* for 1940 by the eminent Chicago economist Frank Knight, to which Hutchison replied from wartime Baghdad (Knight 1940; Hutchison 1941).

Though Hutchison continued to emphasize testability and the limitations of theorizing based on perfect knowledge, one strand of his methodological work involved engaging with ideas coming from the philosophy of science. In the 1950s he became involved in an exchange with Fritz Machlup, after being described as an ‘ultra-empiricist’ (Machlup 1955, 1956; Hutchison 1956). The framework within which this debate, over the extent to which propositions needed to be testable, took place reflected the concerns of the so-called ‘received view, then dominant in the philosophy of science. In the 1970s, Hutchison brought detailed knowledge of the history of economics to bear on the question of whether economics had exhibited revolutionary changes corresponding to those that Thomas Kuhn and Imre Lakatos claimed to have identified in the history of science (Hutchison 1976, 1978, chapter 3).

This knowledge of the history of economics was first demonstrated in *A Review of Economic Doctrines, 1870–1929* (1953b), a book that arose out of the course Hutchison taught at LSE, which provided a systematic coverage of the subject from the date of the so-called marginal revolution to the onset of the Great Depression. It was unjustly overshadowed by the appearance of Joseph Schumpeter’s posthumous magnum opus a year later. Methodological themes were never far from the surface. Interestingly, the book concluded with a discussion of the growth of economic statistics, on which what he thought ‘the most spectacular progress in economic
knowledge was necessarily being founded’ (p. 427). This view that the development of economic statistics was the main example of progress in economics was one that he maintained throughout his career (see, for example, Hutchison 1977, chapter 2; 1992, 1994, chapter 8). He became increasingly critical of theoretical work that was not grounded in empirical work, criticizing the ‘crisis of abstraction’ of the 1970s (Hutchison 1977) and later the ‘formalist revolution’ (Hutchison 1992, 2000) and the literature that developed from around the 1980s, dismissing a focus on prediction as outdated positivism.

The other strand in Hutchison’s methodological work was analysis of policy. “Positive” Economics and Policy Objectives (1964), though a methodological book that sought to bring clarity to policy discussions through applying the positive-normative discussion, had a strong historical dimension, analysing economists’ statements over several centuries. Most prominent, however, was Economics and Economic Policy in Britain, 1946–1966 (1968). This examined what economists had said on economic policy, in some instances contrasting this with what they later claimed to have said. He followed this up with an essay, ‘Economic knowledge and ignorance in action’, which showed that, despite claims to the contrary, economists simply did not agree on the questions of whether sterling should have been devalued in the 1960s, or whether Britain should have entered the European Community (Hutchison 1977, chapter 5). He clearly delighted in pointing out how reviewers considered it an outrage to hold economists to account for claims they had made in newspaper articles or correspondence columns and the suggestion that this was, somehow, merely journalism. His own view was that to understand the policy process it was necessary to take account of economists’ views, wherever they were published.

Though concerned throughout with methodological questions and with what had shaped modern economics, his interests extended much further back. Before Adam Smith (1985) was the first English-language work to analyse systematically the entire century of economic writing before Adam Smith’s Wealth of Nations. As his use of the phrase ‘contentious essays’ in one of his book titles suggests, he never shirked controversy, often challenging widely accepted beliefs about major figures in economics. As with his work on economists’ policy advice, he repeatedly pointed out inconsistencies in the statements of economists who upheld dogmatic views. A particular target was the Marxian ideology of his former teacher, Joan Robinson, and Maurice Dobb, and the way it coloured their interpretation of the past. He believed that readers of their historical interpretations should be informed about their views on Stalin’s Soviet Union and Mao’s cultural revolution (Hutchison 1981, chapter 3). He argued that early ‘marginalists’ were not unqualified supporters of laissez-faire, concerned to defend capitalism against Marxist critics, but supporters of extensive pragmatic government intervention in economic activity. Similarly, he pointed out that in the early 1930s the differences between A. C. Pigou and Keynes were slight: Pigou advocated fiscal cures for unemployment and Keynes attributed part of the problem to the rigidity of money incomes (Hutchison 1978: 179).

Hutchison’s most controversial target was David Ricardo, who he saw as the source of the excessively abstract theorizing that plagued modern economics (1952, 1953a, 1978, 1994). When reviewing Piero Sraffa’s edition of David Ricardo’s collected works, he feigned surprise that its sponsor had been the Royal Economic Society, not the Moscow State Publishing house (Hutchison 1952: 421). He questioned not only the Marxist interpretation of Ricardo but, even more controversially, made the heretical suggestion that Ricardo was less original and less central to the history of economics than was commonly assumed. Decades later (1994, chapter 5), he ridiculed the idea that this believer in the sanctity of private property was, despite his influence on Marx, a man of the left. Ricardo was, he claimed, ‘something of an innocent abroad, whose inconsistent ideas ... fell into the hands of people too keen on exploiting them for their own ideological purposes, and who had to pretend that these inconsistencies were not there’ (Hutchison 1994: 99).

However, his criticisms were not just directed against those on the left. He also raised questions
about Friedrich Hayek and the Austrians (Hutchison 1981, 1994). The common theme running through his writing was the need for clear thinking informed by knowledge of what economists had actually said.

Acknowledgements This article draws on an obituary written by the author for The Times, published on December 5, 2007. See Coats (1983a, b) for appraisals of Hutchison’s work, and the interviews recorded in Tribe (1997) and Hart (2002).

See Also
► Falsificationism
► History of Economic Thought
► Methodology of Economics
► Philosophy and Economics

Selected Works

Bibliography