BOOK REVIEW:

“ECONOMISTS AT WAR. HOW A HANDFUL OF ECONOMISTS HELPED WIN AND LOSE THE WORLD WARS”

BY ALAN BOLLARD

REVIEWED BY

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Review of Alan Bollard, *Economists at War. How a Handful of Economists Helped Win and Lose the World Wars*, Oxford: Oxford University Press, 2020

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Alan Bollard, a professor of economics at Victoria University of Wellington, New Zealand, former Governor of the New Zealand Reserve Bank and Secretary of the New Zealand Treasury, and author of scholarly works, memoirs, and novels, aims at offering a historical narrative about the role of economists in the wartime years 1935-55, covering the Chinese War, World War II, and the early Cold War. Specifically, he focuses on the stories of Takahashi Korekiyo, Kung Hsiang-hsi, Hjalmar Schacht, John M. Keynes, Leonid Kantorovich, Wassily Leontief, and John von Neumann (the last two émigrés to the United States). As Bollard writes in the Preface, theirs are stories “of good and bad economic thinking, good and bad policy, good and bad moral positions. Despite the differences, the seven had their similarities and their connections” (Bollard 2020, p. v).

The similarities are summarized in very general terms at the beginning of the book. Not unexpectedly, these economists were intellectually clever and often arrogant; they received excellent educations with challenging mentors, came (almost all of them) from middle-class families with intellectual parents, and experienced chaos and disruption in their youth. Most of all, Bollard notes, “these men all believed in the power of economics to make a difference” (Bollard 2020, p. vi).

Bollard is clearly sensitive to the serendipity of human trajectories. Especially in difficult times, the history of political economy is more often than not a history very distant from the proverbial ivory tower. Looking at it from the perspective of processes of policy-making

offers a unique perspective to appreciate how the economics profession is part and parcel of eminently political events. But despite this promising starting point, the stories Bollard tells of these economists are poorly written, anecdotal, and lacking any unifying theme.

We learn that some economists focused on finding the resources for the war, while others focused on increasing productivity; some were high civil servants, others great economic thinkers, and a few (like Keynes) were both; and that all went through very difficult times and some of them had truly adventurous lives. And yet, this information does not offer any insight about war from the perspective of an economist. The reader is bombarded with anecdotes but reemerges from the book with no understanding or refreshed insight about the specific experiences and contributions of economists to war, except perhaps the truism that they do almost the same things in war as in peaceful times. They are Ministers, advisers, and academicians, they study ways to make production more efficient, and they draw plans on fiscal and monetary reforms.

Actually, World War II marked an important transformation in the role of economists—and social scientists in general—in modern societies, as they became involved in the war effort as never before. The resource mobilization required by World War II made the contribution of economists fundamental, both for managing domestic production and for devising strategies to destroy enemy productive and transportation facilities efficiently. Yet this point is not developed by Bollard. The chapter on von Neumann, obviously, deals with von Neumann's contribution to strategic bombing (though more with his participation in the Manhattan Project), but does not offer any explicit critical discussion of how this contribution marked a crucial transformation in the role of economists as social engineers.

Despite his diachronic approach, Bollard does not offer any historical analysis: nothing is explained, facts are simply juxtaposed, and unreliable sources such as Schacht's memoirs are used at length with a total lack of critical analysis. It's not that Bollard is totally "uncritical."

For example, Bollard duly notes that Schacht's belief that he could guide Hitler "into the path of righteousness" (Schacht as quoted at p. 82 of Bollard's volume) shows "what a poor judge of personality Schacht was", and that Schacht "never accepted that he might have been completely unrealistic about the Nazis' ambitions" (Bollard's analysis, Bollard 2020, p. 82). But Schacht had been the President of the Reichsbank from 1933 to the beginning of 1939, put in that position by Hitler. Surely more than a mild reproach is appropriate here. In the end, the simplistic, repetitive, and erratic historical reconstructions that populate this volume offer neither a thesis nor any conclusions about economists at war.

Bollard tries hard to show the reader that the stories of the seven economists are intertwined. Indeed, a diagram describing their connections opens the book, from which we can see, for example, that both Keynes (through his wife Lydia) and Kantorovich had families who endured the Leningrad siege during World War II, and that Kung, Keynes and Leontief were all at the Bretton Woods conference. Yet, the usefulness of the diagram is elusive at best. As Bollard writes about Bretton Woods, for instance, Kung enjoyed convivial chats with Keynes, "but he was unlikely to have thought much about the potential application of Keynesian reflationary policies to China" (Bollard 2020, p. 53). There are numerous observations such as these, which are meant to point to connections between the economists, but their superficiality is counterproductive to Bollard's argument.

As a few examples from the chapter on Leontief show, Bollard's idea of "connections" is deeply unconvincing. Bollard notes that both Leontief and Kantorovich were "precocious and clever children raised by liberal parents in a very unsettled environment". Also, "Similar to the Keynes family, the Leontief family was internationalist in outlook" (Bollard 2020, p. 167) and "Leontief's father held a position as economics professor . . . (similar to Keynes's economics professor father)" (Bollard 2020, p. 169). Bollard continues enumerating other elements that, in his view, connect Leontief to Keynes, Kantorovich and Schacht: "Like

Keynes, Leontief was able to take advantage of his father's position at the top university to gain a place there. But like Kantorovich he then found he needed special permission, because it was thought he was only 15 at the time. Like Schacht he took some time to settle to a subject" (Bollard 2020, p. 169). Then Leontief translated from German a study on currency stabilization, "a work that no doubt Schacht was aware of" (Bollard 2020, p. 170), and later studied in Berlin under Werner Sombart, "a particular admirer of Schacht", even attending a lecture presented by Keynes (Bollard 2020, p. 171). It is unclear what the reader is expected to do with these observations.

The discussion of their intellectual and policy achievements is likewise very limited. Bollard, for example, describes Leontief's journey to China—another connection, perhaps the most convincing one, this time with Kung—as an economic expert on railways. One and a half pages (out of thirty in the chapter) are devoted to a long digression about Chinese railways and the serendipitous invitation. But when it comes time to discuss Leontief's work in that instance, apparently the author loses interest. As Bollard writes, Leontief did not know anything about China and its railways, "But he was confident that he understood this work was all about connecting up economic sectors and regions" (Bollard 2020, p. 173). This is the concluding comment to the episode: "Schacht, Keynes, and von Neumann had all at varying times hoped to visit China, but Leontief was the only one to actually make the trip" (Bollard 2020, p. 174). Despite its promise, this book is truly a missed opportunity.