

# In Memory

## A Tribute to W.H. Hutt

Morgan O. Reynolds

One of the great economists of our age, W.H. Hutt, died in June, 1988, just two months shy of his eighty-ninth birthday. As he once told me, “I was born in the century of Napoleon.” The comment typified Bill Hutt’s amiable pride and gentle character.

Hutt’s admirers have long lamented their hero’s lack of fame and influence—no awards, knighthood, or Nobel prize. Yet it was partly owing to Hutt’s fateful decision to depart his native England for South Africa in 1928, a career venue almost guaranteed to ensure academic obscurity. In recent years, however, a distinct Hutt revival has been under way. And the timeless quality of Hutt’s contributions to our body of knowledge promises a growing Hutt impact.

Hutt’s academic career began with a 1926 *Economica* article exposing the myth that mass production methods were antiworker in “The Factory System of the Early Nineteenth Century,” since reprinted in Hayek’s *Capitalism and the Historians*. Hutt was amused and pleased that he continued to receive about forty dollars a year in royalties from a sixty-year-old paper.

The article was only the beginning. His minor classic, *The Theory of Collective Bargaining* (1930), effectively debunked the errors of countless labor writers and economists by demonstrating the antilabor consequences of union coercion. *Economists and the Public* (1936) unfortunately was swept away by the Keynesian tide; *The Theory of Ideal Resources* (1939), perhaps Hutt’s most original contribution to economics, was a general theory of unemployed resources clearly superior to Keynes’ theory. *The Plan for Reconstruction* (1943) was a valiant if utopian scheme to dismantle market impediments in the postwar world. His important 1954 article, “The Yield from Money Held,” extended Mises’ theory by integrating the demand for money assets into the general theory of the consumer. *Keynesianism—Retrospect and Prospect* (1963), later revised as *The Keynesian Episode: A Reassessment* (1979), was a wide-ranging dissection of faulty macroeconomic analysis, and *The Economics of the Colour Bar*

(1964) identified how market forces dissolve the economic and social inferiority of nonwhites and how political forces tend to perpetuate racial inferiority. *Politically Impossible . . . ?* (1971) challenged economists to speak the unalloyed truth, without regard to public opinion or current political fashion. *The Strike-Threat System* (1973) exhaustively showed that union aggression in the long run cannot deliver on its claim to redistribute income from the owners of capital to owners of labor services, and *A Rehabilitation of Say's Law* (1975) straightened out Keynes' distortions of Say's law and focused on the real villain in deficient employment and output: "defects in the pricing system."

Hutt's key ideas—that fiscal and monetary policy cannot offset pricing problems, except temporarily; that restraints on market competition impoverish the poor and disadvantaged rather than helping them; that free-market pricing is the only device available to coordinate and maximize employment and output; that politically expedient concessions to sectional interest groups harm the social interest; that every increase in employment and output via a price cut adds to the source of demands for noncompeting outputs and employment; and that free markets maximize employment and output and diminish inequality generally—no longer wander as intellectual outcasts, beyond consideration in civilized quarters.

Hutt was a familiar figure at international conferences like the Mont Pelerin Society, an organization in which he was a founding member along with luminaries such as Ludwig von Mises, Friedrich von Hayek, and Milton Friedman. Professor Mises once said, "Professor Hutt's rank among the outstanding economists of our age is not contested by any competent critic."

Hutt was a literal citizen of the world, a man who had traveled to every continent and whose work was known on every continent. As a scholar, perhaps courage was his most outstanding characteristic. He was unswervingly devoted to the discovery of the truth, regardless of public opinion, professional fashion, or temporary political sentiment. He was completely detached from sectional interests and a master of rational thought, as the best economists have always been. He always perceived that competition was the shield and support of the general interest, as well as an egalitarian force. He took extraordinary care with definitions, exemplifying the highest standards and rigor of thought. But he always was modest, forever denying originality. He insisted that he was merely clarifying what he thought was "pure orthodoxy" of the pre-Keynesian kind. He truly had the manners and style of another era.

W.H. Hutt was a classical political economist who brilliantly applied and extended economic theory in a variety of contexts. Hutt always put the consumer and entrepreneur at the center of economic action, thereby avoiding the fundamental error embedded in the British classical tradition. Hutt, for example, can be credited with coining the phrase, "consumer sovereignty." True, Hutt's pen was not always facile, he had a penchant for peculiar terminology, and his contributions were not error-free. Yet each work he left behind displays his

fearless courage, unswerving dedication to the pursuit of truth, and the power of simple economic theory in the hands of a master.

Walter Bagehot wrote that “no real Englishman in his secret soul was ever sorry for the death of an economist.” Let us hope that Bagehot’s proposition is wrong in Hutt’s case. Bill Hutt, a man of gentle courage and scholarly integrity, is gone but his ideas will live on.