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**Name: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH
KATHLEEN BURK LONDON _cust ref_MID19725734**

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It's my very great pleasure to introduce Sir Alec Cairncross, one time professor of applied economics. Chief economic adviser to the British Government. Master of Peter's College, Oxford, and currently Chancellor of the University of Glasgow and prolific historian. Alec. The first thing that strikes one about you is that you're Scottish. Now, is this an important element in your early development, or were there other, other influences that you'd rather emphasize?

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I think it was very important. The first 21 years of my life was spent entirely in Scotland. I went to school in the local village school. I went to higher education in Scotland, University of Glasgow, and when I went to Cambridge in 1921, 1932. 2032? Yes, in 1932, I felt very much the difference between being at Glasgow and being in Cambridge. My parents had hardly ever been to Scotland, and I had only once been out of Scotland at that stage.

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And certainly unlike many Scotsmen who've come to England, you return repeatedly. Your career development has actually gone back and forth between Scotland and England, has it not?

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Well, that was partly because I went back and forth between academia and government. I came to Cambridge in 1932, said the 35, went back and lectured in Glasgow and then in the war, spent the next ten years virtually in Glasgow in one capacity or another. And then in the 1950s went back to Glasgow. So it was this one, then the other, and then back again to government in the 1960s.

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Now, when you had your early schooling, one thing that strikes me is that you thought you were going to grow up and be an accountant. Now, what attracted you about that and how did you actually change to economics in history?

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I changed because I had two scholarships to the university, and I couldn't believe that it was possible to throw them away. Besides, I found that you could cut two years off your apprenticeship as an accountant if you took a degree in political economy. So, although I hadn't the faintest idea of what political economy was, I decided I would take a degree.

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And of course, the Scottish system means that you don't have to just single honours into economics, does it not? You actually had a wide range of you.

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Can you have to take at least two subjects outside of what's called your group. If you're specializing in economics and history or economics and mathematics, you must take two other subjects. In fact, because economics lasted only for three years and it's a four year degree with honors. I could take all sorts of subjects. I took English, model, philosophy, logic, almost anything you could think of.

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And even some history.

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And I did two years in history, diplomatic history, not economic history.

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All right. So you actually did have some historical training, but that in a sense was your second career. And for the first 30 years, I suppose, of your of your working life at least, your whole concentration largely was on economics, was it not? So what was your early economics training like? First at Glasgow and then we'll go to Cambridge.

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Well, the training at Glasgow was not very profound. You were given the ordinary class one year, then you went into the higher class and stayed there for two years, and you were lectured to almost exclusively by the professor, who was a very distinguished economic historian, but had no idea how to teach economics, so that when I finished what economics I knew I had learned by myself, by reading. I specialized particularly in international trade, and that was the subject which on the whole, English economists avoided. It was nearly all the international trade was written by Austrian, Swedes, Americans, people in other countries, and very little by the UK.

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That's very curious when Britain's so much of her dependence was on international trade.

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Well, that's what I thought. And in fact I concentrated on that. And during my years at the university, taking my first degree, I did a thesis which was on international trade. What did it do? How did it grow? There was a slight historical aspect to it. Indeed, it really set me on to history in the way in which I was initially interested in history, because I read books which described how if a country exported capital, the terms of trade moved against that country. And I thought that this was a rather doubtful thesis. It seemed to me that it was the other way around, that if. The prices of the goods exported by a country went up. Then it was likely to invite foreign investment so that foreign investment would move in favor of the importing country at the same time as it imported capital, and it would move against the exporting country, the country exporting capital, but not because it exported capital. That was the source of the motive for exporting the capital that you're getting a high prices.

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I mean, this is a piece of work that you returned to again in Cambridge, of course, and then later when you are actually a professor of economics.

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Yes. In Cambridge, something else happened because there I was listening to Keynes, and he was developing a theory which at that point was exclusively a closed system story. It didn't bring in international trade at all. Earlier work by him had dealt with international trade, very much so, and I thought that it was necessary to extend his theory to the international trade field. Now, if I looked at foreign investment and the relationship between foreign investment and domestic investment, I was dealing in Keynesian terms with Keynesian concepts. But I was dealing with that historically, and I wanted to see the relationship. When you exported capital, did that mean you cut domestic investment or did the two things blow up together and subside together?

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Speaking of Cambridge, it is notable that you were there in the golden age of economics, were you not? You went up to Cambridge in 1932, I believe. And what did you find in terms of economics then?

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Well, it was a remarkable faculty. Not all of them had a degree in economics, Keynes, and no degree in economics, of course. But you had Cairns, Dennis Robertson, Gerald Shaw, Richard Khan, John Robinson, Austin Robinson. You could go on and on. Lots of very distinguished people. I would say by far the most distinguished faculty in the world in 1932. And although they might not have SAT examinations in the subject, they had studied it intensively and were very good lecturers. So I learned a lot. But in addition, of course, because they had that reputation of being very distinguished, they attracted people from all over the world and I met and made friends with people from America, from Australia, from all kinds of different countries, not many from Europe. They didn't come from Europe very much, or few, but mainly from the British colonies and the United States.

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And what was it like being a research student at Cambridge? I gather your thesis was about a third one ever done in economics at Cambridge. I mean, in other words, you were in some sense, at least in a minor way, a path breaker. Now, does this mean that you were. I don't know. An unusual element in Cambridge that was still mostly for undergraduates. Or did you find a post graduate circle with whom you could actually work, or did Keynes encourage postgraduates?

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Both things are true. But when I went up, there were no PhDs alive anywhere in economics. There had been one who did a book on increasing return but was run down by a boss. There was one who was just about to graduate, Eric Ronald Walker, an Australian, and he went off to Australia shortly afterwards. In 1933, we gave him a dinner when he got his PhD because we said it could be done and I think I was next in 1936, in fact, I did a piece on home and foreign investment and relations between the two. That was my doctoral thesis. And for that purpose, although originally I was attached to Pigou, who was the professor, I very soon found that Pigou wasn't going to help me very much. And I went to Colin Clarke, who was the young statistician working on the same area as I was working on.

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How much contact did you actually have with Great Cains while you were there?

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I had lunch with him. That's about as far as I got. But I did hear him in what was called the Cains Club on Monday nights. He came down for the weekend and lectured on Monday at 12, and then in the evening on Mondays at 8:00. Picked undergraduates and sometimes postgraduates like myself were invited and could come and take part in the discussion. In fact, you were obliged to take part in the discussion because immediately you came into the room. Richard can advance with bits of paper, and if you picked one of the number, that meant you had to speak after the guests for the evening had given his paper. So you had Ken's sum up on all of those occasions, and of course got to know him to that extent rather distant. He gave a paper himself at least once while I was there, or Moses was.

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He is as awe inspiring as we taught.

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Not all inspiring, but what he had to say would command silence and respect. You listened eagerly to hear what he had to say. On the same was true of his lectures. I went to all his lectures.

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So what do you think you actually gained from being at Cambridge?

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Oh, immensely. I think in the first place, when I went there, I don't think I understood economics except international trade. I listened to the subject as if it was something quite new, because you were being given new courses in many different directions. Welfare economics by Pigou, which hardly existed before his time. You had statistical economics from Colin Clarke, which again was something more or less knew the national income, all that kind of thing. You were given the economics of the short period by Can, which was something that had not been dealt with at all previously. And John Robinson was lecturing on imperfect competition. Well, the whole area was just blazing with new ideas. That was new. And you had there some very bright people from different countries who liked to talk with one another. We organised at the research level meetings on Sunday mornings of the graduate students to talk about the subject.

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So in 1935. Then you leave all this, this cauldron of new ideas, and you return to Glasgow to become what sounds to me almost like a jobbing lecturer. Could you describe, for the benefit of your, your successors, who aren't quite so energetic, just what you had to do as a as a young lecturer in economics?

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I was appointed a lecturer, not an assistant lecturer. I was a full lecturer right from the start, which meant I was well off financially to an extent. I don't think I ever have been as well off since because I wasn't married. I had three different assignments. One, I was a university lecturer, which meant I might occasionally be allowed to lecture if the professor wasn't there. Two, I had to correct all the essays, which were enormous in length, and there were 2 or 300 of them. I had to correct all the examination papers, and that too was quite laborious. Then, in addition, I was obliged to lecture to the chartered accountants who took a course in economics covering the whole field in 40 lectures over ten weeks, four lectures a week. Usually at 515 when they were pretty dope. Then I had to lecture at 3:00 to the intending farmers, the agricultural students, agricultural economics. And sometimes that was rather difficult because you finished lecturing starting at two, you finish just 5 to 3, and you had to be at some other part of the city by 3:05 if you were going to lecture to the agricultural student.

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So did you actually lecture to people we would consider single honours economists?

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I did sometimes get loose on the second and third year students. Not very often. That only really occurred after the war when I went back as professor. I don't think before the war I had much opportunity to lecture them once in a while.

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Of course, this particular period did give rise to your first book, did it not?

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Yes, that came about because I was asked to write a textbook by the Glasgow School of Accountancy, and I said, I can't do it. I'm afraid I've got my thesis to do. It took 18 years before that thesis was published and in a different form. But when I saw the book they were using, I changed my mind and said, well, I'll have a go. And I wrote a textbook, almost complete when the war broke out, but I finished it during the war.

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So basically your Glasgow years where you're apprenticed occupational years, were they not? You had the incredible intellectual blossoming at Cambridge. You then came back with a bump. I should have thought to the to the real world. And then the war broke out and you were shot into an entirely different period of your life and atmosphere. Can you tell us how that happened?

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Yes. I was rung up just before Christmas when I was due to go to Edinburgh to organise pub crawls.

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1939.

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In 79, the end of 39 Christmas 39. I had arranged to go to Edinburgh and be employed in the Scottish Office, organising a series of enquiries into what was going on from the from the talk in the pubs. As people were drinking they would tell some of my spies, so to speak, what was being said. Oh, I didn't do that. That was to have been the job. Instead I was rung up by Austin Robinson, who said, why don't you come and join us in the Cabinet Office? I hadn't much idea of what they wanted me for, but I thought that was too good to miss. So I went there. Who was.

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Austin Robinson?

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Austin Robinson was a lecturer in economics at Cambridge, the husband of John Robinson, a much more famous economist, but not necessarily a better one. And he and Professor John Jukes from Manchester, were really helping Lord Stamp to conduct a survey of plans for the war effort. When I went there, they were still conducting that survey. Two economists were helping Sam Henry Clay and Hubert Henderson, and it was they who had recruited Austin Robinson and John Jukes. It was rather like going into the Ark. It always two by two by two. I joined in January 1940. What later became, at the end of the year, the economic section of the Cabinet Office. And soon later, in 1953, the economic Section of the Treasury, which no longer exists, but was the group of young economists who were at the center of government and were advising the government on economic policy.

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Now. This period of your life is particularly important for your work as a historian, because just to look ahead a bit, all of your work in government, in one sense or another, provided the beginning raw material for the books you were then to write from the 1970s and 80s on. So can you take us through the experiences you had in the economic section and aircraft production in Germany and so forth?

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Yes. But let me start by saying that the first work I did in history was done before the war. I did a quite a large number of different things, which were essentially using economic history as a laboratory to see whether you could. Prove certain propositions about what was important or what caused what. In economic affairs. I did not just the textbook. I did a lot of essays which were later published in Home and Foreign Investment. In order to trace the way in which, if you had capital moving one country

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to another, it affected the economy of that country, how it pulled in labor as well. Migration tended to move with the capital, and at the same time it tended to give a stimulus to the export trades from the United Kingdom, so that you were looking at some interactions within the economy on a historical basis. And it was a particular kind of history because it was quantitative. It was the beginning of what I would regard as the new economic history trying to bring to bear on the past. The knowledge that economics supplies insights, that economics supplies, and the quantities that are important if you're trying to relate one thing to another. So that was that was very much Orthodox history, but Orthodox history of a different kind from what was practiced previously when it came to the war. I was involved in a number of different things. I spent some time in the Cabinet Office in the economic section in 1940 41, and then after that I went thinking something more active was needed to the Ministry of Aircraft Production and was responsible for planning the production of propellers, aircraft engine components. But in between these two jobs, I was in the Board of Trade for a short time, for six months, planning the acquisition of factories as a reserve, a reserve against the blitzing of aircraft and other factories that could be taken over. So I moved from the Cabinet Office to the Board of Trade and then to MEP. And at the end of the war I went still as a civil servant to Germany, to Berlin, to argue the case for reparations with the French and the Americans and Russians. And that was a very interesting experience. We were preparing a plan for the level of German industry. In order to decide what could be taken away in reparations and yet allow production equal to the European average. That was the thesis at Potsdam. And that's that took up six, six months. And it was only after that that I got back. And then I went to The Economist for six months or so, and after that went back into government.

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Well, I think I'd like to take a look a bit closer. Look at your Home in Foreign Investment book, which you published in 1953, when you were actually a real professor by that time. Professor of economics at Glasgow. And we'll return to the war years. When we take a look at some of your other history books, I think. And you said it was the beginning of the new economic history, but there were, of course, fairly famous economic history books around Sir John Clapham and Lipson and so forth. What were they like, and how did your economic history differ from theirs?

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Well, I read Lipson. I found him rather boring. There were people like Anwen, of course. Very interesting work, mainly on earlier periods. I was interested in economic history. Of my own time. Not going back too far. 18 Sunday was as far back as I was able to go, where the institutions were similar to those now existing, and you could look at the development of the economy in a continuous way. You were no jumps. You were not really dealing with the beginnings of industrialization or anything of that kind. So if I were looking at the area history, it seemed to me to deal with institutions, to be largely descriptive to an extent that I thought was not really what I was interested in. It might have. It might attempt to trace causation, but a trace without the use of figures, or occasionally they will be cited by way of restriction. I was interested in time series, so that you've got to continue the series of figures, and you could see how one thing operated on another inside the economy. So it was a different kind of economic history from the earlier time.

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And you like providing pictures, didn't you? Graphs.

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Yes. You had graphs all the time. Yes. Well, I was really fundamentally what I was saying to myself was Keynes has provided the tools to look again at the past. Let me use these tools to see if it throws a different light on the past.

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Were you trying to do that for its own sake, or did you actually have any agenda, a political or an economic agenda in mind? Or was this was this purely of an academic in the good sense, an academic exercise?

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I think it was an academic exercise because having tackled the capital export problem at Glasgow for my thesis, I was building on that and therefore my interest was already aroused by the question, what was the relationship between home investment and foreign investment? When I went to Cambridge, I thought I could do it on a different footing. I could really build up new indices of home investment. Nobody had done that before. The figures were there. You could assemble them and you could begin to make an index of home investment. There were attempts to measure foreign investment. S.K. Hobson had done a book on the subject, but nobody had really tried to put the two things together. How did the one relate to the other?

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But figures, especially then, were very slippery characters, weren't they?

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Well, you had to use a little bit of speculation putting them together. This is where Colin Clarke was very important because in the past statistics had to be exact. People had to fool themselves into thinking they knew exactly what happened. In fact, they never did. Colin was prepared to take a chance and say, well, the best guess you can make is this. And if you supplied enough guesses, you began to see how things fitted together.

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But economists nowadays don't issue health warnings with their figures.

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Do they know? They do not, but they should. There should be a mark attached to each figure saying this is 50% reliable, or 20% reliable, or 90% reliable, because the figures are never exact. After all, the Central Statistical Office spends its time changing all the figures from time to time, and often very drastically.

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So if you have slippery figures. How do you actually plan during wartime and then write about the outcome of planning in history? Do you see what I mean? How can you plan on the basis of figures you know are probably only 50% right? This is a new idea for the British government when you are involved in this.

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Sort of thing. Well, it was a difficulty in wartime because initially the government more or less suspended the collection of statistics, and we had to really get them going, collecting them all over again. We had to go round the various controls that were set up saying to them, look, we have no figures of production. We haven't had a good figures of manpower. We must have figures. Well, the first job we had to do was to assemble the statistics. Now, some of these statistics were 100% reliable. If you were getting deliveries against contracts, then you knew where you were. When I went to the Ministry of Aircraft Production, for instance, I found that they had no statistics of the weekly output of propellants. They had deliveries against contract A, contract B, contract C, but nobody added them up so that you really had no idea whether the output was going up or going down. You knew what was happening in relation to a contract, but that didn't mean anything. So your first job was to really get going on time series, and these time series were indispensable if you're planning.

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So to what extent is there a continuity from that period in terms of a statistical effort in the British government?

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I think from that time on things changed in the first place. The look of the figures changed. If you get a book issued on statistics before 1939 and look at the figures, take a statistical abstract. It's unreadable, small figures. You can hardly make them out. We introduced gill sands type, which still is used in all the government publications and which really makes them readable and sometimes rather inviting to read. Second, we issued a series. Series A, series B, c, c, c, d, c, d all secret statistics, which of course no longer continue, but series B turned into the monthly digestive statistics. All the statistics you see nowadays virtually all had their roots in what we were doing in 1940.

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All right. So 1951, then you returned to Glasgow University as professor of applied economics, which is interesting rather than just political economy or economics. To what extent? Can you convey to your students lessons learned from your time in government, or is this irrelevant to what you're doing?

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I don't think that anything I told my students between 1950 and 1960 had very much to do with what I did in wartime. It had a big influence on what I did personally, but it didn't, I think, influence much of the teaching I engaged in because I was there as a research professor, not as a teaching professor. I insisted on lecturing because I thought it was silly to do research and not lecture, but I was not there as a as the researcher. I was the new professor of applied economics and director of department engaged in social and economic research. So I had to chip in my chaps into doing research on what I thought were interesting subjects in economics, not history. There's a big gap in my life, if you're talking about history, between what went on up to 1939 and what I started in the 1980s, when I began again to write about what had happened in the past in each of the activities I engaged in during the war and after the war.

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To what extent were you able to guide your younger colleagues into doing the sorts of research you thought were important, which I gather had to do with Scottish industry and labour markets and that sort of thing.

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Well, I think some of them did take to it rather well, particularly when they were dealing with either labour or industry. These were the subjects that seemed to me natural in a university like Glasgow to study. And there were a succession of people. Donald Robertson was one, but there were others. And in in a book called *The Scottish Economy*, I got each of them to do a chapter or two chapters so that they could really work together and get some sense of the way in which what they were doing impinged on what the others were doing. But that was all fundamentally either about the social economy or the economy proper in the Glasgow area and the Scottish area.

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Why didn't they like it? Do they think this was too narrow an area for them to concentrate on or.

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Well, many of them, of course, were lecturing in some other field. They were researching, but they were also lecturing, and they tended to abide by the subjects on which they lectured. If they lectured, for instance, on trade unions, they would show some interest in labour economics and did. But they usually had two jobs. As lecturers and research workers. And I have to find research which would interest them. And the main research, I think, which they undertook was on. The local industries. Local society. The Scottish problems. Of course, there was another set of interests in management because we came to the conclusion something should be done to educate the young managers in economics, accountancy and other subjects. And they came to the university and wouldn't stay away. They kept coming back and wanting more and more and more from us. So we developed training managers. Not just in the technical subjects because they could read these up like accountancy, but more in the philosophy of their relations with their workers. They wanted to know what are a manager's duties, what are managers rights, what should he be doing? And that was a much wider subject, which some of my colleagues were particularly good at expounding.

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Nevertheless your period at Glasgow this ten year period. One gets the impression you were away rather more than you were there with a series of other governmental jobs, both in London and, of course, abroad.

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I was on committees nearly all the time. I was on committees on old age, committees on crofting, committees on anthrax, committees on the Radcliffe Committee. I spent a lot of time in the train travelling between Glasgow and London, particularly after 1956. And in 1955 56, I was in America running a new institute, the Economic Development Institute for the world Bank. What was.

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That meant to do.

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That had not existed before? And indeed I had been out. In 1954, advising the world Bank on what they should do about training people from the governments of developing countries. What could they do to train these people to come to the bank and negotiate for a loan for a useful purpose? Because if they had no idea about their economy, how could they choose the right projects? So they came or were invited to come to Washington and with the help of two of the staff of the bank, I started an institute where they were being trained to deal with that kind of topic, studying how the bank functioned, studying how economies function, how development took place. And that should have gone on for quite a long time. I could have stayed indefinitely on that job, but I wanted to get back to Glasgow, and Glasgow was going to give me 18 months leave, so I had to go back rather soon.

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How successful do you think the Economic Development Institute was?

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Oh very successful. It when I last had contact with it in Korea in about 1982, it was really going very strong. All over the place. Korea was really being run by people who had been trained at the Economic Development Institute. And other countries, the same might well be true. There were a lot of people who'd come. Who'd taken the course and gone back and become important figures in their administration and risen in the administration, knowing a little bit about economics, but understanding also how the world Bank worked and able to pull in the world Bank whenever they thought that would help.

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So he returned to Glasgow and soon in 1961, you were going to have what must have been an extremely important and interesting invitation, which was to. Found the first government statistics.

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Well, I went down. I was invited to come into the government in succession to Robert Hall, who had been the economic advisor to the government ever since 1947, 14 years. Uh. He must have advised the Treasury to come to me. It was either myself or it would have been done to go. He was the obvious alternative because he also had been in government quite a lot in his time. The Senate. I went to the Treasury to so annoyed to start with. And then after that Reg modeling and after him, Jim Clayton and after him, Roy Jenkins. So I had four chances, one after another in that time.

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What did you start doing first? What was your first position? Because it's it changed midway.

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Through you, simply a change of title. I was given the same title as Robert Hall had that I was economic advisor to Her Majesty's Government. But they abandoned that title in 1964 when the Labour government came in. For some reason, I don't know why. And I was then. Asked to go to Washington as an ambassador and refused because I wanted to stick by my staff and I wasn't sure what was going to happen to them. And it was finally agreed with Jim Callaghan that I would stay on as the head of the government economic service. Previously it had been purely a Treasury affair, but I spent a lot of my time trying to recruit economists for other departments. And Jim Callahan, when he had that, I said, well, you ought to be head of the government economic service. There was no government economic service. There were a set of private armies, but now it is a government economic service. It is gradually become melded into one service.

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All right. So you go to Whitehall in 1961 with Selwyn Lloyd. What did they say your job was going to be and how did it develop?

S2

00:34:25:03

But when I went, at first there was a staff of about a dozen, all very high level, who did, who did the work. I sold the jobs. I said, I'm your. I'm your market. You. Supply me with the goods, and I will find the minister who ought to be told, and make sure that your ideas are acted on. It. It was difficult in the Treasury because they were they were doing jobs involving economics without having been trained as economists. And the economic section, in a sense, had to do the training. Certainly if you took somebody like William Armstrong, he would have agreed right away that he had been trained in economics by the economic section. He became the permanent secretary in my time. And was probably one of the most distinguished permanent secretaries they've ever had in Treasury. But you were dealing with the Lee brothers and you were officially cast, and you had to do the more technical stuff. Mainly forecasting, I would say. What what they couldn't do at all was forecasting, and that occupied a good deal of the time. And then interpreting the forecast in terms of the action that the forecast pointed to, what should be done because it didn't point automatically to one course of action, you had to decide, what did this suggest you ought to be doing?

S1

00:35:55:06

He was made fairly clear in the 1970s by one of the later Chancellor of the Exchequer that somehow these forecasts should be something that were cast iron, correct, that you could actually depend upon, and it was something wrong if they weren't dependable. Now, to what extent did your ministers in the 1960s depend upon you for absolute cast iron forecasts, or were they aware of the malleability of these figures of of?

S2

00:36:22:09

To the.

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI

S1

00:36:22:13

Extent they reflected reality.

S2

00:36:24:01

It varied. They let them through time that forecasts could not be relied on 100%. They merely indicated that the direction you should be moving towards, I think so annoyed probably accepted forecasts at the face value because he didn't know any better. Rigid modeling, I don't think was very much impressed. Jim Callahan learn to discount them appropriately. But in a way, the advisor of the government did the discounting. He had to advise how seriously to treat the forecast and how to shade it in the direction of that direction. It pointed to action, but it only pointed to action. If you could interpret the forecast and see what what the chances were that things might go that way or that way, you didn't. We didn't have two separate forecasts, a top on the bottom, which some people recommended. You had one forecast, but the forecast had to be looked at rather carefully to indicate the line of action that followed from it.

S1

00:37:25:04

One of the single most important economic concerns of that of all those labor governments, from 64 to 70, was the question of the pound. Now, you must have been making fairly. Frightening forecast about what was going to happen to the pound. To what extent were you able to convey these forecasts to politicians? I mean, what was your. Obviously some, such as Harold Wilson, didn't want to accept them. Now, what is a situation of an adviser when you know, in your bones what has what's going to happen and you can't convey it to your political masters?

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI
S2 **00:38:00:01**

Well, that didn't happen in 64 and it didn't happen in 65. We had to say to the government, look, if you seriously want to continue the existing policy, you must take some action. They did not take the action we suggested. There was a great occasion in November 1964, when we came forward with what we thought was the appropriate deflationary action, and at the same time, the other boys in the new Department of Economic Affairs came forward with a rather different line. Both papers were destroyed. The ministers never looked at them, because on that very day they got £3 billion loans through the Bank of England, which had been raised with central banks all over the world without strings, as they said. Well, there were strings because they had to be repaid. But at any rate, in 64 and 65, and even in 66, it looked as if it might yet be possible to get through. Without devaluation, it was conceivable by 67. It became increasingly difficult to see it. They did take action in 65. The government, they did take action in 66 of a more stringent kind in 67. They felt the the the economy was already too depressed to take further action. And when it came to the autumn, when it was very clear that they would have to devalue, I had to go to Jim Callaghan and say, look, I'm afraid, Chancellor, there is no alternative. You have to act now. Even though I well know that you will have to resign. I'm telling you that whether you resign or don't resign, devaluation will have to be undertaken. And that started it off, but there were rather slow. I told them at the beginning of November, and it wasn't until about a fortnight or more had passed before they did devalue, and in that time we lost an awful lot. We lost about £1,000 million. One way or another, running through the exchanges. That can't happen. But that's a very rare event. I mean, you had a Chancellor who had made it clear to his staff that if he had to devalue, he would resign. So you couldn't really go to him very easily and say you had to be absolutely sure of your ground. And even then he and the Prime Minister thought that they could live through the winter and the Americans would be staging a boom in 1968. So that would save them.

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI

S1

00:40:44:05

Well, that was obviously either the high or the low point in terms of anxiety and emotion. The following year it was a bit easier, was it not? As the economy under Roy Jenkins moved into surplus.

S2

00:40:56:04

It was even more terrifying. Oh yes. It looked as if the whole thing was going to pieces. He did all the right things. But he got very little credit for it. Uh, and even at the end of the year in November, we were in as big a mess and as as terrifying a situation as I think we've ever been in. It looked as if we were going to be forced again to devalue, and if we did it again, we might have to do it yet again. 1968 was an absolutely terrible year. 69. It was all right when I left. When I left the Treasury at the end of 1968, I was convinced everything was fine. Just as when I left the Board of Trade in 1949 after the devaluation that year, I was convinced everything was fine. Very few other people believed it, but it proved to be true.

S1

00:41:47:12

At least for the next few years.

S2

00:41:49:14

Well, yes or no for a few years. But they could have. It could have gone on if they had done the right things. They did the wrong things in 1972. But up to 1972, everything was fine.

S1

00:42:00:15

You left the Treasury, of course, in response to an invitation from Oxford, which was to become Master of Saint Peter's College. Now, this must have been a very difficult decision for you to take in entirety, to leave hands on occupation, to go to administer the head of an institution. Did it cause you any difficulty?

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI

S2

00:42:21:02

No, not at all. I had already agreed to go to Canterbury to be master of King's College. Um, I knew that at the end of 68, once the devaluation was over, I'd better get out. I did the same in 49 and the excitement was passed. After that, it would be plain sailing as I saw it. It wasn't quite plain sailing, but it was not too bad. Did you.

S1

00:42:44:12

Did you leave because you thought you had a measure of responsibility, or just that it wouldn't be very interesting anymore?

S2

00:42:51:13

I think I was getting a bit to feel that I had enough. William Armstrong had gone. I'd worked very closely with him. Uh, the great event had occurred. There was no more. And we survived it for the next year. I was getting near to the age of 60. I think when I got the offer of an academic appointment, I felt. I ought to go back, back into academic life. So it wasn't academic life at all when I got there. It was administrative life. The Treasury was academic life.

S1

00:43:24:13

Well, this must have been an awful discovery. How long were you at Oxford? What did you find? The main lines of your duties were as master of a college. Not a very rich college.

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI
S2 00:43:34:20

For one thing, it was the poorest in Oxford. And I didn't mind that. Well, running a college was quite difficult in 69. Remember I got there just at the height of the more revolting students, and I had drug cases very soon to deal with. Uh. I think the more difficult problem was dealing with your fellows. I mean, you were in the chair. The fellows of any college are liable to see things very differently, particularly the future of the college, and liable to be personal animosities which you got to compose. I mean, that's part of your job. So you have both to raise funds. On the one hand, compose the differences of the fellows, if there are any. Give them a lead if you can. They're all too eager to give their own needs, and at the same time deal with the undergraduates. I had hoped to do some teaching, but I could only teach if the fellows in my subject came to me and said, why don't you take on X, Y, and Z? And I did a little. But the fellowship colleges feel that the undergraduates are theirs, their property, so to speak, so they don't turn to the master and say, you take him on.

S1 00:44:58:03
Nowadays, they'd be only too happy to get rid of some of teaching load, I suspect.

S2 00:45:01:15
Well, you might think so. You might think so. But it didn't always happen in the 1970s.

S1 00:45:06:12
Did you not have postgraduate students? Research students?

S2 00:45:10:13
1 or 2? Yes, 1 or 2. And very good. But they were beyond me. I learned by that time that my knowledge of economics was rather. She'd rather dusty.

S1 00:45:22:10
Economics changed, hadn't it? Y you'd been in charge very much.

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI

S2

00:45:25:24

It had become very mathematical. More than I thought was proper in a subject which is not neither medical to my mind. I mean, they use mathematics. I don't object to using mathematics, but most of the issues have a high element of uncertainty. And unless you have some feel for the interrelations independent of the mathematics, you won't reach the right answers.

S1

00:45:48:22

And the word econometrics comes to mind.

S2

00:45:52:10

Yes, well, you could do economic history. I never did because I thought it was making it too scientific. The subject is not fundamentally a scientific as all that. When I came to the subject originally, it was a branch of philosophy. To find it. A branch of mathematics was more than I could bear.

S1

00:46:12:07

So your period Oxford was. Do you think of mixed success or at least mixed enjoyment on your part, or did you find other interests that overcame the and?

S2

00:46:21:04

I enjoyed it, I enjoyed it, yes I think. It was. I asked my predecessor, Robert Hall, what does the master of a college do? And he said, well, half the time is your own. You can write books, you can do things. Or you can be a member of a committee or do something. This guy, I did all sorts of things in London. I mean, I spent half my time on one committee or another committee or working for this organization or that organization outside the college altogether. And it was only my half time that went into the college trying to raise money and getting around and doing the things I've described.

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI

S1

00:47:01:16

You were still doing some writing in economics, were you not?

S2

00:47:04:13

Oh, yes. Oh, I published at least two books in the 1970s. Not what I did later when I had complete freedom, but I did quite a bit of writing. But I was attached to an awful lot of different things, different government committees and course, different inquiries. There must have been about half a dozen. I was doing it one time or another. They wouldn't be publicized, but they were quite important.

S1

00:47:32:19

All right, so once you actually left Saint Peter's, which is which year?

S2

00:47:37:07

19 end of 1978.

S1

00:47:40:01

There seems to be not exactly a hiatus, but a period when books don't appear and. Barr being chancellor of the University of Glasgow. You don't have institutional positions, but quite clearly this fallow period was a precursor to a burst of fairly amazing productivity. What is striking is that you then start off in 1983 with the publication of a book called Stirling in Decline, looking at the devaluations of 31, 49 and 67. And what's striking there? Of course, it's a bit of intellectual autobiography as well as history. This is your new departure in history writing, I think.

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI
S2 **00:48:16:17**

Yes. I think initially when I left, I found myself writing other people's books. I did two books for Hans Singer, who was still alive and could have done them himself. And I did two books for Otto Clarke, who had died, and his widow came to me and asked if I would edit them for him. This appeared, but at some stage along the line I said to myself, this is really ridiculous. I should be writing my own books. Now is the time. And it happened that Barry Greene was working on the devaluation of 1931, and he was in Oxford. I got talking to him and we discussed things, and I said, I've done a piece of 1949. I could easily do a piece of 1967. Let's make a book of it. And we did. And that was the sort. Once that began, it really released me. In a sense. I went on from to do more or less a book a year. From then on, I did an X book, a study of the economic section, because I found that I could get access to the public record office and get hold of material there and write it up. And I wanted to go back over things in which I had been engaged and see whether they had worked out as I thought they worked out at the time or how they worked out subsequently, afterwards. And I did that with. The economic section. And then I went on to do a book on the Ministry of Aircraft Production, where I spent four years and wrote a book on that. I wrote a book on two books on Germany, on my negotiations with the other allies for the future level of industry in Germany. Uh, one full length study coming right up to 1949 of what happened in Germany after the war. The price of war, it was called not my title and one called A Country to Play with, which was a rather spree I'd really written when I was suffering from mumps in 1952, but had never really finished. I added a little bit and put it out, in a sense, for private circulation to get it off my chest. And after that I looked around to see what else I could do and. Did I do another book on historical experience? Uh, nothing on the 50.

S1 **00:50:43:21**
Years.

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI
S2 **00:50:44:10**

Of years of recovery I did. Years of recovery. Yes. That was a major activity that acquainted me with the riches of the Public Record Office. Once I got to the Public Record Office, I felt this is heaven. I could sit here for ages just reading all these entertaining minutes that people write to one another. I wrote that book there. Um, and then I wrote a life of Austin Robinson, who was an economist. Uh, in Cambridge in my time, and whom I had followed on, I think, 2 or 3 separate occasions. I joined him in the economic section in 1940. It was he who invited me to come. I took his place in Berlin in 1945, when the negotiations were going on on the future of reparations and German level of industry, and I followed him into the Board of Trade as economic advisor in 1946. Uh, so I felt I owed him something. And I wrote his biography. Actually, he wrote quite a bit of it himself, because he kept writing me letters all the time, which contained more and more information about his life.

S1 **00:52:03:17**

Now, that's a problem, isn't it? It can be. It can be useful. It can also be dangerous. I mean, working with private memoirs or people's diaries, you can always ask yourself, why is this man trying to fool me? Now, what sort of test could you apply to someone who had been your friend, who obviously whose word you were willing to accept? But how do you how do you distance yourself from the friendship to be an actual working historian here, a skeptical historian?

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI

S2

00:52:28:18

Well, I wish myself quite largely on his published work. And on his unpublished work because he wrote letters. He was a great letter writer. That was in the days when people did write letters. 20 pages of them. From Bombay. I remember after a great journey from way up country down to Bombay that took him three days. He wrote his wife a letter of 20 pages. And these these letters survived. He'd written them to his parents before he was married. When he was out in India was June. And he'd written them when he was in Africa and South Africa to his wife in 1932. So I had great stretches that were covered in that way. And then sometimes I would come on pieces. He had written from Bangladesh an account of. Two days in Bangladesh in the capital steaming at au humidity an enormous but he the things he'd done at the age of 75, going right around all the institutions and finding out what was going on in Dhaka, which was then the capital of Bangladesh, were fantastic. So I had a lot of firsthand material. What he told me in his letters to me were supplementary. I could I could check against the publisher count. And I knew him. That was more I knew him so that at that that county.

S1

00:53:55:08

That can be the danger, can't it? If you're too close to your subject or if you're too close to the Ministry of Aircraft Production or you're too close to the Chancellor, how do you make yourself. How do you validate yourself? Do you see what I mean? That I can I can look at these things anew and I can check one document against another if you've written the document. How do you then?

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI

S2

00:54:17:11

Well, I hadn't really had much contact with Austin since 1946. I'd seen him from time to time because he was, of course, secretary of the Royal Economic Society when I was president. And he. He came in. To my life on occasion for a short time, but we didn't discuss the past. It's merely that I saw him at work. In 1940. I knew how he worked. Uh, and I'd seen how he edited the journal. What kind of things he put in the journal. I had enough to go on in that way. It might not be a real problem. Was not Austin? The real problem was John. What did I say about John was they were not on the happiest of terms, if you know. And in the end, I did it rather discreetly. I decided there was enough in Austin himself to write about without making half the book about his wife. And I relegated her to about two pages. And that was all.

S1

00:55:16:04

Makes it in some sense an old fashioned biography, doesn't it? I mean, they treated their children very badly, but you draw a veil over this as well.

S2

00:55:22:17

Well, I talked to the children and their children talk to me as far as I could see. They didn't necessarily treat them badly. They neglected them, and not entirely. June did take quite a lot of trouble over the children. I think I got to know quite a bit about that. I know it's not a perfect biography because it's the first one I've ever done, and therefore I'm conscious of the defects. But I think I did an honest account of Austin as a man.

S1

00:55:50:01

I mean, one striking thing, in fact, I'd like to ask you to reflect on briefly is you had mentioned before your home and foreign investment. Investment is, in a sense, the first of a new type of economic history. Now, your lifetime has seen, in a sense, the rise and fall of economic history. Now. Why do you think this happened? What do you see as the reasons for this?

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI
S2 **00:56:14:21**

Well, I read papers by people who say that economic history has fallen. I'm rather surprised by all that. I think British economic history may have fallen because Britain is a country of much less interest than it used to be. And if you write books about British history, maybe they don't sell. Well, usually they would have sold in all kinds of countries who want to know what happened in Britain, because that will tell us where we are going. Uh, I think it's still true that there is an interest in economic history as a laboratory for economics, but for the moment, the fashion and economics has turned towards the mathematics, towards very definite scientific statements, not against the kind of statements the historian would make. I think that economics ought to be more of the character of history, with more uncertainty surrounding the conclusions, with judgments, not demonstrations of everything. And I think when the faction swings back again in that direction, as I'm sure it will, economic history will be found a very good way of teaching economics. I still think that if I had to tell a young person how to approach economics, I might get them to read modern economic history as a beginning, which would give them some clue as to what the institutions are all about. How do they behave? What goes on? If it's modern, if it's ancient stuff, it may be different, but I'm only interested in what's happened in my own lifetime.

S1 **00:57:47:14**
It's quite clear that, having begun as an economist, you're ending as an economist. Sir Alex, thank you very much.

S2 **00:57:54:12**
You should have let me quote.

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI

S1

00:58:18:03

It seems fairly clear to me that certainly in the spate of history books since 1983, based on your wartime period, on the Attlee government, years of recovery, on price of war or Berlin experiences. Austin Robinson that you have. What has interested you in history are the periods and the occupations you yourself had. So therefore, that you, in a sense, are part of the raw material. You have now written all of these substantial works. You must be running out of your own experiences. What can you do now?

S2

00:58:52:18

Oh, I think there's lots to do. It is true that I took these subjects because it gave me a start. I knew much more at the beginning, so I could write the book more readily than something I was taking from scratch. But I think I could do quite a lot now. I did start going back to textbooks after my first book was a textbook, and I wrote a textbook of economic history since 1945 up to 1990, which seems to have gone down quite well. And I thought I might write another textbook from 1945 to 19, but dealing not with the British economy, but either was a world economy or the European economy. Was doesn't seem to be any treatment of the European economy as a whole, except every year books come out about the European economy from the Economic Commission of Europe of the world. United Nations does things of this game, but that, I thought, would make a good subject. Of course, there are lots of things I like to write about which are not necessarily of that character. I'd like to write Keynes's last year, which would be an interesting subject, and I think would probably be easy to do. But I had used the material and the piano and all sorts of things, which I don't think will be used by Skidelsky anyhow. That would be one possibility.

S1

01:00:14:18

But basically it seems to me that having begun your working life as an economist, it's the economic problems that still dominate in your mind. So you're ending as an economist?

Clip: CAIRNCROSS ALEC_ALEC CAIRNCROSS WITH KATHI

S2

01:00:26:02

No, I'm not ending as an economist. As Arthur Lewis said, old economists never die. They become economic historians. And I am in process of that. Transmogrification. I'm becoming a pure economic historian.

S1

01:00:40:04

Sir Alec, thank you very much.