

## 25 ARTICLES WITH SOME IMPACT

*Many articles which I published, sometimes even in good journals, sank like a stone (SLAS). That leaves my eight best-known articles (on which I have a separate note), and 24 others. Some of the latter appeared initially to SLAS but were later rediscovered. But, mostly, the impact has been very modest.*

*To make an impact an article must obviously be correct and not trivial. It must be reasonably well written. It can be elaborate or profound, or it can be simple, like many of mine, with their simple diagrams. And there are various degrees of originality. The latter is of interest, but does not seem to be much related to impact. Here I focus on impact, as judged not only by citations in journals (usually the primary criteria), but also by whether an article is much listed in textbooks and surveys, and whether it is reprinted. Any evidence of significant readership is a sign of impact. I am only concerned with international impact, **so that Australian policy papers are excluded**. In general I want to see whether or not it SLAS. I regard an article as a reasonable success if it is basically correct and not trivial and if it makes some impact – i.e. does not SLAS, or does not stay down, even if it initially SLAS.*

The Social Science Citation Index is a useful source, but my impressions depend not just on journal citations. Some articles have had more citations than I expected, and others less. I am also interested in impact on non-academic readers. Using the citation index covering the whole period from 1954 to 2003, I do have total figures for most articles, and these are given in brackets ( ) at the end of each note below (or in the text in a few cases). Of course, Google Advanced Scholar gives much bigger figures. The SSC Index only includes articles that appeared in journals (not books or booklets). All articles with ten citations or more are included here, other than three that are Australian policy papers and six that are on the separate list (“Eight articles with most impact”)

## London Period 1954-1957

**“Economic Expansion and International Trade: A Geometric Approach,”** Oxford Economic Papers 8, June 1956, pp. 223-28. (Also in Corden, Protection, Growth and Trade)

This was the core of my PhD thesis. It was a neat geometric exposition of the main results of the growth-and-trade model owed to Johnson. For a short period there was a big literature in this field, and this article was always cited. Thus, for a period it was a much-cited article, my first - which gave me much pleasure. It is forgotten now.

**“The Calculation of the Cost of Protection,”** Economic Record 33, April 1957, pp. 29-51. Italian translation in *Economia Internazionale* 3, 1960, pp. 3-10. (Also in Corden, Protection, Growth and Trade)

In the same year that Harberger published in the JPE his famous Harberger-triangles article I published this one, also with Marshallian triangles. It was motivated by the *Brigden Report*. I still think it is a very good article, but it only got international notice when Johnson cited it in his 1960 article on the cost of protection. He was probably influenced by it. I think its influence was mainly via Johnson, and it has had many citations. I regard it as one of my best articles.

## **“Tariffs, Subsidies and the Terms of Trade,”**

Economica 24, August 1957, pp. 235-42. Reprinted in J.P. Neary (ed.), *International Trade*, Elgar 1995. (Also in Corden, *Protection, Growth and Trade*)

The first part of this article is a neat, geometric exposition of a simple point in *Trade and Welfare*: for a given output target (non-economic objective) a production subsidy is better than a tariff. The second part introduced terms-of-trade effects, and was quite original. For about eight years it SLAS.

In 1963 Bhagwati and Ramaswami published their first “domestic distortions” article in the JPE and they made some key points that were also in this article of mine. In Johnson’s 1965 article on the same subject he referred to my article at length, noting that I had anticipated some of the new ideas. Ever since this article has been recognised as a (or the) pioneering article in this “trade-policy-and-domestic-distortions” field. The actual pioneer (but without impact) was Meade in *Trade and Welfare*, and the part of my article that is always used, and the diagram of which is reproduced, is, as I have noted above, the unoriginal, part. Of course, doing something neatly with diagrams is a kind of originality, and is my trademark. The article has been cited and summarized in textbooks, notably at first in the *Caves & Jones* book. For many years it was my best-known article – quite short, and written in a few days in London. But, I think, that the impact in this field of my *Trade Policy and Economic Welfare* has been far greater. (cit. 20)

## First Australian Period 1958-1967

**“The Effective Protective Rate, the Uniform Tariff Equivalent and the Average Tariff,”** *The Economic Record* 42(98), June 1966, pp. 200-16.

This article relates the uniform tariff concept to effective protection and was a by-product of my review of the Vernon Report. It was certainly original, but *SLAS*. Many years later the same general idea of a “uniform tariff equivalent” (with the same term) as a measure of tariff impact was rediscovered and further developed by Anderson and Neary. Peter Neary actually discovered my ancient article, and so it has been cited. While it has recently been cited, it did not make any direct impact itself.

**“Monopoly, Tariffs and Subsidies,”** *Economica* 34 February 1967, pp. 50-58. (Also in Corden, *Protection, Growth and Trade*)

This is a partial equilibrium analysis focusing on economies of scale. It was a by-product of my reflections on Australian tariff policy. It was completely original and, to me, interesting. It played a part in the development of my thinking on the relationship between tariff policy and monopoly, expounded in detail in *Trade Policy and Economic Welfare*. But it *SLAS*. Many years later, thanks to Krugman, Helpman and others, mainstream trade theory brought in economies of scale, both in partial and general equilibrium. My article was then rediscovered, and sometimes cited as a kind of forerunner. The story is the same as three of the other articles above. It had no direct impact at all (apart from contributing to the development of my own thinking, culminating in my two trade policy books) but it was discovered when the field moved in its direction. (cit.14)

**“Protection and Foreign Investment,”** *The Economic Record* 43(102), June 1967, pp. 209-32. Reprinted in G. McColl (ed.), *Overseas Trade and Investment*, Penguin Readings in Australian Economic Policy, 1972, and in Bobbs-Merrill Reprint Series in Economics.

This is a good article (excuse the immodesty), highly relevant and very comprehensive, and it has been noticed, above all, by Richard Caves. I also included it in *Trade Policy and Economic Welfare*. It was inspired by reflection on Australian issues. It is not rigorous in the Kemp-Jones sense but covers many more issues. No doubt it would have had more impact if I had used more mathematics and the article had appeared in an international journal. (cit.10)

### Oxford Period 1968-1976

**“Effective Protective Rates in the General Equilibrium Model: A Geometric Note,”** *Oxford Economic Papers* 21(2), July 1969, pp. 135-41.

This paper, written shortly after arrival in Oxford, was part of the effective protection literature (and later I incorporated it in *The Theory of Protection*). It was meant to bring out the general equilibrium role of effective protection: to show that relative effective rates mattered, not absolute levels. (cit.21)

**“The Efficiency Effects of Trade and Protection,”** in I.A. McDougall and R.H. Snape (eds.), *Studies in International Economics: Monash Conference Papers*. Amsterdam; North-Holland, 1970.

I think that this is one of my best articles, with an original and important idea. It was inspired by the debate as to whether Britain should join the EEC. Would its efficiency improve? I show precisely what the answer depends on. I incorporated it in a chapter in *Trade Policy and Economic Welfare*. I do not think it made the impact it should have. If I had published it in a major journal, padded it out with some mathematics, and publicized it at seminars, it might have made more impact. But my outstanding Oxford student (and close friend) John Martin

developed it further in *Economica* 1978, and there was some literature exploring the ideas further in that journal (by Kwang Ng and others). So it has been noticed.

**“A Tariff that Worsens the Terms of Trade”** with F.H. Gruen, in *Studies in International Economics: Monash Conference Papers*, 1970. Reprinted in J.P. Neary (ed.) *International Trade*, Elgar 1995. (Also in Corden, *Protection, Growth and Trade*)

This is another short, neat, article, but this time without even a diagram. It did not SLAS. Fred Gruen produced the basic idea and I formalized it. It has had a surprising history. It is a kind of companion to the celebrated Rybczynski article. It combines the Heckscher-Ohlin model with the specific factors model and produces a seemingly paradoxical result. It was enthusiastically picked up by Ron Jones, who used it in his own work. It was also used by several of his students in their work, and also by Ron Findlay and Anne Krueger. It has become almost a standard article in pure trade theory, somewhat specialized but clearly with impact. This is all thanks to Ron Jones.

**“A Note on Economies of Scale, the Size of the Domestic Market and the Pattern of Trade”**. In *Studies in International Economics: Monash Conference Papers*, 1970.

This three page note, also from the Monash Conference Papers, appears to have anticipated some later ideas of Paul Krugman on the “Home Market Effect”, and is referred to in his 1980 AER paper, and also in the review of his work for the Nobel Prize. So, it has not SLAS.

**“The Substitution Problem in the Theory of Effective Protection,”** *Journal of International Economics* 1(1), February 1971, pp. 37-57. (Also in Corden, *Protection, Growth and Trade*)

This is probably my best theoretical article. It was tough to work out. The subject is complicated and I managed to extract significant results. I did my best to make it clear, but I am not sure it has always been fully understood. I incorporated it in *The Theory of Protection*. This whole subject of “the substitution problem in the theory of protection” generated a big literature started off by my JPE 1966 article, and this article here is part of that literature. The article goes well beyond the brief discussion in JPE 1966 and only partially confirms what I wrote there. (cit.17)

**“The Effects of Trade on the Rate of Growth,”** in J. Bhagwati et al. (eds.), *Trade, Balance of Payments and Growth: Papers in Honor of Charles P. Kindleberger*. Amsterdam: North-Holland, 1971. (Also in Corden, *Protection, Growth and Trade*)

I used to say that this is my best, and most profound, contribution to trade theory. But I was wrong! It is certainly original and filled a gap. It combined neo-classical growth theory (using Swan’s diagram) with trade theory. At the time there was a rigorous literature on the effects of growth on trade, and this article considered the reverse question: what is the effect of trade on growth? There was a similar, but more obscure, article by Harry Johnson in the same Festschrift. My

paper has been cited a reasonable amount because it was certainly one of the first articles to deal with a problem that subsequently has – rightly - been the subject of a large literature. But I must confess to disappointment.

One issue it raised – the “factor weight effect “ has never been pursued by anyone, and the impact has certainly not been as much as I had expected. Probably the lack of impact of this paper has something to do with my non-mathematical manner of exposition. In addition, it only focussed on the effects of capital accumulation, and ignored other important factors, notably technological progress. Publishing in a Festschrift is always a disability, but this particular Festschrift did get a lot of attention because it contained a number of important articles, notably by Bhagwati and by Jones.

**“The Costs and Consequences of Protection: A Survey of Empirical Work”** in Peter B. Kenen (ed.), *International Trade and Finance: Frontier for Research*. Cambridge, U.K.: Cambridge University Press, 1975.

This is a pretty good, and very comprehensive survey article that has been noticed and referred to, partly because the whole book is well known. My article contains thorough surveys, among others, of empirical work on effective protection, on cost of protection, and on customs union theory. It foreshadows the need for more political economy work.

**“Customs Union Theory and the Non-Uniformity of Tariffs,”** *Journal of International Economics* 6(1), February 1976, pp. 99-106.

This article makes a rather special point: if tariffs are initially non-uniform (in a simple model) the change in the import pattern resulting from a customs union may have a favourable effect, outweighing the usual trade diversion. It is just a fine

point, and was just right for the JIE! It was a by-product of my work on customs union theory in 1968, when I produced a survey that I chose not to publish at that time. The original JIE referees misunderstood it and rejected it. But eventually it was published. In 1982 Peter Lloyd published an excellent (and now well-known) article, also in the JIE, comparing various 3x3 customs union models, including this one. My impression was that only Peter Lloyd brought this article into view, and that, otherwise it SLAS, but actually I find it did get 13 citations.

**“Devaluation, Non-Flexible Prices, and the Trade Balance for a Small Country”** (with Ronald W. Jones), *Canadian Journal of Economics* 9, February 1976, pp. 150-61.

This paper was written when Ron Jones visited Oxford. It was originally rejected by the QJE and was actually written by Ron. It was an elaboration of the Salter model (which I had been teaching at Oxford). We had fun interacting on it. In retrospect it has seemed to me that the points it made were not important, and, indeed, I had the impression that it SLAS. But it got 17 citations, so I was wrong.

### Second Australian Period 1977-1986

**“Exchange Rate Protection,”** in R.N. Cooper, et al. (eds.), *The International Monetary System under Flexible Exchange Rates: Global, Regional and National. Essays in Honor of Robert Triffin.* Cambridge, MA: Ballinger Publishing Company, 1981. (Also in Corden, *Protection, Growth and Trade*)

This paper was inspired by the North Sea oil issue in the UK , and thus the policy implications of the Dutch Disease effects. It contains my first exposition of Dutch Disease theory, and in addition develops the new concept of “exchange rate protection.” This concept – which, I think, is important - has made an impact, but not through this article. I expounded it in my *Economic Policy* book and also mentioned it elsewhere (It is also in the 2<sup>nd</sup> edition of *Trade Policy and Economic Welfare*).

**“The Exchange Rate, Monetary Policy and North Sea Oil: The Economic Theory of the Squeeze on Tradeables,”** *Oxford Economic Papers* 33(2), July 1981, Supplement, pp. 23-46. Also in W.A. Eltis and P.J.N. Sinclair (eds.), *The Money Supply and the Exchange Rate*. Oxford: Oxford University Press, 1981.

This paper was written for a conference on the effects of North Sea oil in Oxford on the UK, organised by Walter Eltis. I think it was interesting and pretty good. It aimed to explain the sterling real appreciation at the time, pointing out the interaction of two factors: the Thatcher monetary squeeze and the Dutch Disease effect. It got attention in UK, and 11 citations.

**“Taxation, Real Wage Rigidity and Employment,”** *The Economic Journal* 91(362), June 1981, pp. 309-30.

This paper was a by-product of my work on Australian macroeconomic policy, and specifically of the paper “Wages and Employment in Australia”. I thought it was significant at the time I worked it out and expected much impact. But, after a time, it seemed that it SLAS. Now I find that it got 17 citations, mostly in articles on trade unions, and by Europeans. It was cited several times by Andrew Oswald, the authority in this area, and also by some Swedes. So it did make some impression.

**“The Logic of the International Monetary Non-System,”** in F. Machlup et al. (eds.), *Reflections on a Troubled World Economy: Essays in Honor of Herbert Giersch*. London: Macmillan, for the Trade Policy Research Centre, 1983.

This is a very important article for me; thinking it through greatly affected my views. It is quite fundamental and (in my view) basically original. I think it is potentially more important than much of my theory-of-protection work. It caused me to write Chapter 12 in the 3<sup>rd</sup> edition of *Inflation, Exchange Rates* and the even better Chapter 10 in *Economic Policy*.

This article directly, in the Festschrift, made no impact at all. But I widely distributed Stockholm Institute reprints of it. As a result it was cited in surveys in the North-Holland *Handbook Vol II* on international macroeconomics. It should have made some impact since my two books, especially *Inflation, Exchange Rates*, have been widely read. But, apart from the Handbook surveys, there is no indication that these specific ideas have been attributed to me, as indicated by citations. Hence it does not really meet the “impact” test.

**“The Normative Theory of International Trade,”** in Ronald W. Jones and Peter B. Kenen (eds.), *Handbook of International Economics 1*. Amsterdam: North-Holland, 1984. Also in R.W. Jones (ed.), *International Trade: Surveys of Theory and Policy*. Selections from the *Handbook of International Economics*. Amsterdam: North Holland, 1986.

This is a comprehensive survey on which I worked hard, and like other surveys in the North-Holland Handbooks, it has probably been read a great deal. The most original section is the survey of customs union theory. This section is exceptionally

thorough, and draws on the work I did way back in 1968 in Oxford when I produced a manuscript on customs union that I decided not to publish. This section is sometimes cited.

**“Quotas and the Second Best”** (with Rodney Falvey), *Economics Letters* 18, 1985, pp. 67-70. Reprinted in C. Kowalczyk (ed.), *The Theory of Trade Policy Reform*, Elgar 2001.

This is a very short article, making a simple but original point, that has been cited surprisingly often. I suppose the point is practically important. It filled a gap in the theory of tariff policy. With a given quota for one industry, and zero protection for another industry, the second-best tariff for a third industry will still be zero. By contrast, if the given protection in the first industry were by tariff, the second-best tariff in the third industry would (usually) be positive. (cit.14)

### Washington Period 1987-2002

**“An International Debt Facility?,”** *International Monetary Fund Staff Papers*, 35(3), September 1988, pp. 401-21. Also in J.A. Frenkel, et al., (eds.), *Analytical Issues in Debt*. Washington, D.C.: International Monetary Fund, 1989. Reprinted in D.K. Das (ed.), *International Finance: Contemporary Issues*, London: Routledge, 1993; and in G. Bird and P.N. Snowden (eds.), *International Debt*, Elgar 1995.

This article resulted from my work at the IMF – in fact, it represents my most important work there – and is quite complicated and also original. It made a little impact (not a major one) both at the policy and academic level. It has been reprinted several times, and is well known in the relevant field. (cit.6)

### **“Debt Relief and Adjustment Incentives,”**

International Monetary Fund Staff Papers, 35(4), December 1988, pp. 628-43. Also in J.A. Frenkel et al., (eds.), *Analytical Issues in Debt*. Washington, D.C.: International Monetary Fund, 1989. Reprinted in G. Bird and P.N. Snowden (eds.), *International Debt*, Elgar 1995.

This article is shorter and more theoretical than the previous one, with a neat diagram, and is very much in the “Corden style”. It is also a by-product of my IMF work. It has also been cited, and got considerable prominence in the widely read book on the debt crisis by William Cline of the IIE.

**“Does the Current Account Matter?”** in Jacob Frankel and Morris Goldstein (eds.), *Money Adjustment and the International Monetary System: Essays in Honour of Jacques J. Polak*. Washington, D.C.: International Monetary Fund, 1991. Reprinted in *Economic Analysis and Policy*. Sydney: Economic Society of Australia, 1991.

The answer to the question is: “It all depends... but to an extent it does not, at least in the way most people think it does.”

The high current account deficit (as a percentage of GDP) of Australia was a worry to many in Australia. This motivated the article. I first put the broad ideas in *Inflation, Exchange Rates*, and this did attract attention (and may have influenced the “Lawson Doctrine” in UK). In particular, Tim Congdon picked it up. I incorporated the article, with some changes, in Chapter 6 of *Economic Policy*. It has certainly been noticed by policy economists, but probably there are few academic citations to it. It was reprinted in Australia, and this made a great impact there,

being widely read and discussed. It is closely related to my thinking behind “The Logic of the International Monetary Non-System” I regard it as one of my major contributions.

**The Asian Crisis: Is There a Way Out?** Singapore: Institute of Southeast Asian Studies, 1999. Reprinted, abbreviated as “The World Financial Crisis. Are the IMF Prescription Right?” in Shale Horowitz and Uk Heo, (eds.), *The Political Economy of International Financial Crisis*, Rowman and Littlefield Publishers Inc., 2001.

This small booklet was based on lectures I gave in Singapore in 1998. This was in the middle of the crisis, and there was great interest. The publication itself was widely circulated in the Asian region, though not many people will have read it in the US, other than at the IMF. It certainly was worth doing and made an impact. It was more balanced than many writings on the crisis. It emphasized not the causes of the crisis but what policy responses were appropriate, and stressed the need for Keynesian analysis.

## ***OVERVIEW***

*There are nine macro papers (including “Exchange Rate Protection” and “North Sea Oil: in that category) and two survey papers. All the macro papers (excluding the paper with Ron Jones) were motivated by policy issues of some kind. All these seem to me very worthwhile. I regard two of them (“The Logic” and “Does the Current Account Matter”) really important. Both of these are incorporated in my Economic Policy book.*

*That leaves 14 trade theory papers. Four are substantial (“The Effects of Trade on the Rate of Growth”, “Protection and Foreign Investment”, “The Efficiency Effects of Protection”,*

*and “The Substitution Problem”). The first of these had a purely theoretical motivation but the other three were motivated by some real-world considerations. None have made a big impact, though I praised them all!*

*We are then left with ten trade theory papers. Many make a small point, usually with a diagram or two. Some are more elaborate. One very short paper (“Tariffs, Subsidies and the Terms of Trade”) made a big impact. These are all” theory motivated,” filling a gap in the standard body of theory, though indirectly motivated by some observations in the “real world”. In that group only the “Cost of Protection “paper is really good, in my view, though all have been noticed.*