

A Conversation with

Max Corden*

by

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*Because of some improvements in the printed version I
(WMC) recommend to an interested reader getting hold of the
printed version. But this is better than nothing! Apparently
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link to that version.*

* The interview was conducted with Max Corden in 2005.

William Coleman:

Max, you were born in Germany in 1927. Could you tell us something about your family background there?

Max Corden:

I can tell you a lot because my father's brother wrote an autobiography. He was a schoolteacher, a historian, and quite a scholar. (When I was a little boy my parents would say; "You're taking after Uncle Willy"). This brother didn't emigrate from Germany, as we did, but was left behind, and was finally murdered by the Nazis, with his wife and two little girls. Two weeks before he was deported (to be shot) he finished his autobiography, based on the diary that he had kept. The manuscript was found after the war.

The basic story is that in the late 19th Century my grandfather emigrated at the age of 14 to Breslau, a large vibrant German city, from a small town in the Province of Posen, then part of Germany, and inhabited by Poles, Jews and Germans. In Breslau he and his brother started a little business, which eventually became a substantial, haberdashery store, located right in the heart of the town. My grandfather, had six children, my father being the youngest. They lived in comfortable middle class circumstances. But grandfather died unexpectedly at the age of 40. Some of the sons carried on the family business but it got into financial trouble in, I think, the depression, so they had to sell it. My father eventually became the manager of the store, even though the family no longer owned it. We lived on the 4th floor of an apartment building, and that is where I was born. Of course, the building had no lift. I have memories of endless walks up and down stairs.

It also must be explained that both my father and my Uncle Willy served in the First World War. Uncle Willy was a non-commissioned officer, and my father was a corporal, and they were patriotic Germans. So they saw themselves - and this is important background - as Germans who happened to be Jewish, like other Germans happened to be Catholic, or Protestant. My grandfather was quite Jewish in a religious sense, and Uncle Willy was also, but his wife - my grandmother - came from a highly assimilated and non-

religious family. That was quite common for German Jews and explains my father's attitudes. Actually the family of my grandmother were music publishers and booksellers.

WC:

Heinz Arndt also lived in Breslau before 1933. Do you know of any contact between your family and the Arndts?

MC:

No. Heinz was brought up a Lutheran. His father was a distinguished professor at Breslau University. Now, there is a huge gap in social status between a professor and a small businessman, like my father. Germans really respect professors, or did then! And this may explain the difference in style between Heinz and me. I was the son of a provincial haberdasher; he was the son of a distinguished professor. And he himself had something of the air of a German professor.

WC:

Hitler overshadows this whole thing.

MC:

Yes. I had a happy childhood, but I was aware of what was happening.. I read newspapers and listened to the radio. There was a specialist anti-Semitic newspaper (*Der Sturmer*) put out by the Nazis, which not many people bought, I think. There were displays in glass boxes in the streets, so you could stop and read pages of it, and they always had cartoons of horrible looking Jews. What I do remember was walking from my grandmother's place to home and going past one of these boxes, and stopping and reading the displays, fascinated. And I said to myself, 'My parents are not like that – why do they hate us so much'? And I did apparently have a bad experience, though I don't remember it. My parents told me that some boys verbally (or perhaps physically) assaulted me. The episode decided my parents that I should follow my brother and leave for England ahead of their leaving.

My parent's friends were almost all Jewish, but all the same kind of Jews; very Germanic Jews. When the Nazis came to power it took a while for most of them to realise that this was going to get worse, and they would have to leave the country.. For some the realisation of this, and the attempt to get foreign visas, was too late. War veterans, particularly, thought they were safe.

WC:

You were sent to England for your safety.

MC:

Yes. When I was ten my parents sent me to England, to my aunt who lived in London, and who would then take me to a boarding school. That was April 1938. When I left Breslau by train I wasn't worried or upset, though my mother was. I was only preoccupied with one thing: to do everything right. If I can put it like this: suppose you are walking in a fog: you don't know what's ahead, and you don't really care. You just want to make sure the next step is OK. And coming to England of course, the big step was to go to a new school, a small private "prep." school..

It was very nice. People were kind. I couldn't speak a word of English (almost). I couldn't understand what they were talking about. Everything was strange. It was an Anglican school, and we went to chapel every week. And there were a thousand things that were different. It wasn't only the language or the religion. Cricket really puzzled me..

WC:

Let me just quote: "Following the Kristalnacht (this is Snape's tribute in *The Economic Record*) his father spent several weeks in concentration camp".

MC:

That's right – which I didn't know about, I was at school. In those days, - we're talking about November 1938 - the Germans had picked up all the

able-bodied male Jews and put them in a concentration camp. But they would let them out if they had a visa to go abroad. But you can't organise a visa if you're sitting in Buchenwald. The crucial person who saved my family's lives was my aunt - my mother's sister who lived in London. She organised an Australian visa for us. In total Australia had about 5000 visa available for Jewish refugees, (There were about 600,000 Jews in Germany, and also many in Austria, and the total visas available from all helping countries like Britain, the United States, France, and Australia were of course much less.) Somebody had to handle things in Breslau, so my mother had to handle that, - all the organising, the paper work and so on - and she had a tough time.

When they got the visa my father was let out. Immediately my parents took the train to Rotterdam, and there boarded a Dutch ship. Their sons joined them in Southampton. We had a very pleasant trip to Australia, and arrived in Melbourne on the day before Australia Day January 25th 1939. The promised land!

WC:

You knew nobody when you came to Australia?

MC:

Correct. But the Jewish Welfare Society helped us. It was still a time of quite high unemployment..

WC:

So you had now made a new life, but did you continue to converse in German with your parents?

MC:

My brother and I spoke in English (in which we were fluent by then) and at first my parents would reply in German. My mother was fluent in English very quickly (as she had studied it in Germany), but my father struggled a bit. On the general matter of assimilation, we assimilated very quickly. The

evidence is that my brother and I both married non-Jewish Anglo-Australians – or, to be precise, he married the daughter of Scottish immigrants, and my Dorothy’s mother was of half-Scottish descent.

WC:

Can you speak German now?

MC:

Children’s German.

WC: You’ve got no problems about visiting Germany?

MC:

Strangely I never had any problems, even in the fifties. But my parents wouldn’t go. They may have been a little upset that my brother and I were so willing to go to Germany then. The full implications of the Holocaust had not sunk in with us, or other people. Even though we knew we’d lost relatives, it somehow didn’t sink in.

In the fifties we must have met Germans who were guilty, but now we are into innocent generations. I have German friends. In 1986 I was awarded an academic prize by the Institute for International Economics in Kiel. (I started my thank-you speech in German but then switched to English.) In 1998 Dorothy and I visited Breslau. It is called Wroclaw now, and is a wholly Polish city.

WC:

Can you talk about your decision to enrol in a Bachelor of Commerce at the University of Melbourne?

MC:

I went to Melbourne High School, the, best state school for boys in Victoria – very academic, and the teachers were very good. It suited me perfectly. I got the ‘literary prize’ which was for History, English literature and probably languages. I wanted to go to University and do History. My father said ‘No, not History; you can’t make a living in History’. He was preoccupied with economic survival, really. ‘You do commerce. You can read history in the evenings’ (what I have indeed done ever since). So I did commerce, and discovered economics.

WC:

I’d like to talk a bit about Melbourne University. Can you tell me firstly: any significant personalities? Perhaps there were none ...

MC:

The head of the department, Wilfred Prest, was somewhat uninspiring. The outstanding personality in the commerce faculty for me was Richard Downing. He was - how can I put it? - striking, cultured, enthusiastic. And thanks to him I became an enthusiastic Keynesian. But I learnt a lot also from Doug Hocking, whose course put me on to two books that had a big influence on me, namely Joan Robinson’s *The Economics of Imperfect Competition* and A C Pigou’s *The Economic of Welfare*. The first launched me into partial equilibrium diagrams and the second, with its emphasis on market failure and the use of taxes and subsidies to correct for externalities, became a kind of ancestor of my later book *Trade Policy and Economic Welfare*.

Actually, I felt more at home in Arts. I used to go to lectures in the Arts faculty, particularly in history and politics. I did not think about becoming an economist. Indeed I did not know what it implied.

WC:

Did Jim Cairns teach you?

MC:

Yes.

WC:

What was he like as a teacher?

MC:

Well, as a person he was very nice.

WC:

What were your politics?

MC:

My politics were what one called 'Fabian', or moderate labor. I thought of myself as being on "the left". I was very much influenced by the writings of the British Fabians. I used to read *The New Statesman*, the then-famous British weekly. At the University I was one of the founders of the ALP club. There was a Liberal club, and a Labor club. The Labor club got taken over either by communists, or fellow travelers, so the ALP Club was a breakaway. I was on the founding committee of the Club in 1949. I wrote the press releases and the publicity. I always had this tendency to journalism, and also to be in the background. The secretary was Clyde Holding (later a leader of the ALP in the Victorian Parliament and for a time a Federal minister). Another member of the committee was John Cain, junior, later Premier of Victoria. His father was Premier at the time.

WC:

What was your attitude to the communists?

MC:

I was hostile to communists. Now there are two reasons for that. One was my father. He was strongly anti-Nazi, obviously, but also very anti-Communist. In his view – with which I agree – the Nazis and the communists together had overthrown the Weimar Republic, and thus democracy in Germany. More broadly, and that was quite important, he subscribed to what I call the liberal Enlightenment values. And so do I.

But also I happened to read a brilliant book, probably while I was still at school, which had a big influence on me. *Assignment in Utopia*, by Eugene Lyons. This chap was initially a communist when he went to Moscow as a journalist - from 1928 to 1934 - and learnt all about purges, famine in the Ukraine, and authoritarianism. It utterly convinced me that the Soviet Union had a very bad regime. And it is amazing how many apparently intelligent intellectuals were communists and either denied this or claimed not to have known. Some very prominent and impressive students were communists, notably Ian Turner and Stephen Murray-Smith. But I was very much pro-democracy and anti-communist, although on the left.

WC:

Can you clarify what it means to be ‘left’?

MC:

It meant to be for social welfare. It also in those days meant a mistrust of corporations. One favoured reforms and some planning. One preferred Chifley to Menzies. Most ‘left’ people were pro-trade union. But here I began to have doubts quite early.

WC:

What about socialism? State ownership of the means of production?

MC:

Nationalisation of industries was part of it, and was an important part of the British Labour Party programme. I didn’t feel strongly on those issues. For

me and many Jews it also mattered that at the time anti-Semites tended to be on the right. As for nationalisation, and its opposite, privatisation, I am pragmatic on it, but I think that Mrs. Thatcher's privatisation of a whole lot of British industries was a good thing. But it is a case-by-case issue for me.

WC:

You said that you had doubts about trade unions. Can you elaborate?

MC:

This began in Melbourne in the fifties. Every year in Melbourne there would be a tram strike, or a train strike, or both. And who were inconvenienced? Not the people who had cars (who were then a minority) but the ordinary person – the workers. The unions were led by communists, and they were striking in publicly-owned industries. Yet they claimed to be “socialists”. At some stage it dawned on me that unions were not in the interest of the working class. Also, the unions would strike against – or embarrass - Labor governments. The coalminers made it tough for the Chifley government. In the seventies the unions in Britain made life really hard for the Wilson and Callaghan Labour governments, and the Whitlam government here. In Britain the unions, with their “winter of discontent” helped to put Mrs. Thatcher into power. In addition, in the early seventies I realised, like many economists with my slightly left (or social democratic) orientation, that excessive wage demands cause unemployment. This really made me hostile to unions as they operated in Britain and in Australia. They had too much power. Of course this has changed completely in both countries. Lessons have been learnt.

WC:

Can you attempt a summary evaluation of your education at the Faculty of Commerce?

MC:

It was good because they made you read original books, that's the main thing. The faculty didn't inspire me, apart from Downing, but I read a lot,

particularly at the honours level. I have already mentioned Joan Robinson and Pigou. But, also, I could browse in the library, and there I discovered Boulding's *Economic Analysis*, a more advanced text than we had been using, and which excited me. You don't have that freedom in the American system, where there's a huge program of prescribed reading to do. And all those techniques to learn!

WC:

Did you read the *General Theory*?

MC:

You had to read the *General Theory*. And at that stage there was no popular text. I had one personal characteristic, extreme Germanic thoroughness, or conscientiousness, and I felt I had to read the *General Theory*, right through. Of course, I struggled. Some of it should be skipped by any sane person. But it certainly influenced me, and not only the main theme. There's some very good writing in there, and I was always inclined to literature.

WC:

So the impression of the *General Theory* on you is almost literary, rather than scientific.

MC:

Perhaps. *The General Theory* is quite hard to understand. But right at the end, or maybe even a year after I left University, two books came out that were American textbooks expounding Keynes, I think by Dillard and by Hansen. What I do remember is enthusiastically studying them, and it all fell into place. But I got the basic policy message from Richard Downing, and he really influenced my thinking. He believed in Keynesian economics: there was no reason to have more depressions. Variable fiscal policy (what Lerner called "functional finance") can stabilise the economy. I wrote an article in a student newspaper, which, when I re-read it I thought, 'it's just pure Downing'.

WC:

Were you reading Wicksell or Marshall?

MC:

You certainly had to read passages in Marshall, and maybe I got some of my verbal style from his big book. I mean Marshall's style of writing is very English, very un-mathematical. But it's rather boring. On the other hand there was a lot of interesting stuff in it. And, of course, I liked his diagrams.

WC:

What was your degree of mathematical dexterity?

MC:

I was good at mathematics at Melbourne High in my earlier years there, , but I wasn't naturally mathematical as an economist. If economics had been what it is now, probably I wouldn't have gone into economics, I just would have found it boring. Of course, since geometry is a form of mathematics, perhaps I should not describe myself as un-mathematical.

WC:

OK, you graduated. What was your plan in life (as far as one could have one) on the day of your graduation?

MC:

It was like when I left Breslau at the age of ten. My life was a fog, one thing at a time just trying to survive. So the first thing was to get a job, I had no idea where it would lead.

WC:

But you could have tried for example to immediately to pursue post-graduate studies. Why didn't you?

MC:

The normal process for someone with a first class honours degree who wanted to follow the academic road was to become a tutor for one or two years at the University. One would then get a scholarship to go to Cambridge (or later the LSE), and that was the path followed by several Melbourne University economics graduates. Well, they didn't offer me a tutorship. Perhaps there were not enough tutorships available. Anyway, they gave me no encouragement, and I assumed I was not meant for academic life.

I had no clue what I was really meant for. But it did me good working for three years outside academia. At first I worked for the *Argus and Australasian* newspaper company, and then in a very junior position for the Federal government. I think these jobs were far more educational than being a tutor.

WC:

How did the job with *The Argus* come about?

MC:

There weren't many jobs in those days, and I always had this newspaper obsession. I had some vague idea that I wanted to become a journalist. Again my wise father had doubts. But the British *Daily Mirror* company had taken over *The Argus*, and they were looking for a research assistant type of person. I got a job there. I did some useful work and saved them some money. But this story is too long to tell here. As a sideline I wrote articles, primarily in *The Australasian Post*. But the company ran at a loss, the new British owners could not turn it around, and the newspaper died a few years later. I left before that to join the Department of National Development, then based in Melbourne. Let us move on!

WC:

What happened next?

MC:

I decided I wanted to go to England. All young people at that age wanted to go overseas, and overseas meant England. What's more, the Coronation was going to be on the 1st of June 1953, and, like thousands of other young Australians, I wanted to be there. So I got leave from the Public Service. Now, at a crucial stage in my life, I had an accident: a car hit me at the corner of Russell Street and Bourke Street. I was in hospital, I was six months on crutches, and during that time I kept on working at the Department of National Development, I used to hobble on crutches. (Great experience, everyone should have it once). And that meant I had to postpone my trip.

During this period, after I had recovered, I paid a visit to Professor Prest – still the head of the economics department at the University. In my spare time I had been writing a Masters thesis on *The Economics of the Australian Press*. It was obviously inspired by my work at *The Argus*. I had also written an article - my first academic article actually - based on a section of this thesis. (Nobody had ever done theoretical "Newspaper Economics" before, I didn't realise that. I just did it straight from the first principles). I showed Professor Prest the article, and asked

Me: "Do you think this could be published somewhere, maybe the *Economic Record* or something like that?"

Him (looking through it):

"I'm going to England shortly. I'll take it with me, and show it to Ursula Hicks, the editor of the *Review Economic Studies*. Maybe she'll be interested in it...What are you going to do next?"

Me: "I am going to England for the Coronation".

Him: "And what are you going to do?"

Me: "I am going to work for the *Daily Mirror*, possibly".

Him: “Would you like to get a scholarship, and study more?” (He shuffled his very messy papers everywhere, like a typical Professor’)

Me: ‘Study more? What would I study?’

Him: ‘Well, you can go to the London School of Economics, if you get a scholarship. Why don’t you apply?’.

This was on a Thursday, and applications would have to be in by Tuesday. And so I decided “Yes, I will apply for this”. I had to think of a thesis topic. It was ‘transport economics’ (but I changed that topic when I got to the LSE). This was a complete change in my plans, I had never considered going on as an academic. It may seem odd, but you’ve also got to remember there wasn’t a big market for academic jobs, and I had not been given any encouragement so far..

I travelled to London at my own expense, to make sure I got to the Coronation, scholarship or no. After many months in London I was informed I had won the British Council scholarship.

I had always been an Anglophile, thanks to my British education in Melbourne, and all the British influences that one felt in Australia during the War. And also because of my absorption in British politics, literature and history. But now the British had given me this scholarship!

WC:

Did the LSE live up to your hopes?

MC:

The very first thing one did when one arrived at LSE was to attend a Robbins seminar. And that was awe-inspiring. Robbins was awe-inspiring..

WC:

What were his awe inspiring attributes?

MC:

He was a big man. Physically. You could use the word 'charismatic'. I mean, he filled you with awe, a sense of importance. If you were in his presence you knew you were in the presence of importance. He weighed his words.

WC:

You have this charismatic, powerful personality called Lionel Robbins. And down the hallway, you have another powerful personality called Karl Popper.

MC:

Never had anything to do with him. Nothing.

WC:

The history that I have read of the LSE in the '50's is that the LSE was one of the post-war centres quantitative empirical revolution.

MC:

That came later. That was Lipsey. He seemed to be deep into economics unlike me, and had strong views about methodology and so on. Very serious, and strong views about everything. And he knew far more than I knew. Far more. And - this is very surprising for a man who wrote a famous text book - he seemed to have difficulty writing. But what I particularly remember is his dedication and passionateness about things I wasn't passionate about like methodology.

WC:

The kind of work that you are doing, or that you have done, is in one sense very Robinsian. It's pure theory.

MC:

Well it's policy orientated. It is not abstract theory.

WC: It might be applied to deal with interesting issues like tariffs and so on, but it's purely theory. At about this time we have Friedman writing his Essay on the methodology of positive economics saying "Theories are only as good as they can give predictions".

MC:

I don't accept Friedman's theory at all. I've read it and I dismiss it. No: I think you have to ask yourself about the assumptions because many theories could predict correctly. So I dismiss it. But testing things: I'm sceptical about a lot of extreme versions of this. Almost all the econometrics I read never gave me a satisfactory answer because of the problems of econometrics. Unless the answer is so obvious you hardly needed econometrics.

WC:

You never test your theories...

MC:

Well I test them in this sense: I get all my ideas from the real world. And I want to sort out and explain arguments and issues, I mean for example the Brigden Report, it had empirical elements to it, but it was an argument, a policy influential argument. So I would say I wasn't a pure theorist, maybe one or two articles. I wasn't a man who was interested in the fundamentals if you like, I was more like James Meade. I was in the business of using theory to understand policy issues.

By that time, I had bought Meade's *The Balance of Payments*, and I had spent a great deal of time reading it thoroughly. I went and saw the LSE person who dealt with graduate students, to see who could be my supervisor. And then I said "That's the man I want to study under". So, the lady who is in charge of graduate students (Ann Bohm) said "Many people

want to study under him, it's quite hard to get in. Well, I'll try ". Now I think Meade immediately agreed to take me was because of that article. I mean he doesn't often get candidates who had already had an article published in the *Review of Economic Studies* So I came to be a student of Professor Meade's and that was the beginning of my international economics. I spent the first year going to lectures by Meade, and by Harry Johnson.

WC:

How would you describe Meade?

MC:

Well, first of all, he was an English gentleman. Always polite. He wouldn't put you down. He'd say something humble, like "Don't you think the curve should go this way?" And I gradually learned that he was always right. Furthermore, he was prompt. You'd give him a draft, say, on Thursday, and Tuesday he would bring it back with comments. He wasn't outgoing. He was shy, really. I didn't feel I got to know him personally at that stage.

Meade discovered I had read nothing but his own writings. He gave me three things to read. He gave me Haberler – that's number one. And Kindleberger. Also Viner. I still have Viner's book, although I found it not helpful, really. But Haberler became one of my favourite books. And a model of good writing. And I started reading the articles of Harry Johnson. The young Harry Johnson. And my thesis was completely based on Meade and Johnson.

WC:

Tell me about Harry Johnson.

MC:

Harry Johnson was the major figure in my intellectual life, apart from my father. Harry was only a few years older than me. He encountered me first

because Ursula Hicks had passed on to him the editing of my article on newspaper economics. So he knew about me before I knew him. And I must have made a favourable impression.

I think I met him first at the joint seminar for graduate students from Oxford, London, and Cambridge. I gave a paper at this joint seminar on the basic ideas of my thesis. I still remember my presentation, very much with diagrams. I would stop and occasionally say “Is that clear?” And there was a big fat man at the back who’d go [MC makes nodding motion]. He was a person who cottoned on to bright students from non-elite universities.

WC:

Why?

MC:

Well, he had a sense of being an underdog. And he was a Canadian. He had a sympathy for Australians, Burmese, Indians ... anybody who was not from Oxford or Cambridge; or from MIT and Harvard. If he got a letter from a graduate student in Sri Lanka, he’d reply. Ron Findlay was from Burma; an MIT graduate, who went back to Burma, and when they had the military coup he couldn’t get out. Harry Johnson took initiative. Harry Johnson got him a job. Other people might say “Oh poor old Ron, I can’t help him”, but Harry Johnson would do something. He was on the side of the outsiders, and I was just one of many people who benefited

WC:

It’s interesting to suggest that Johnson had this self-perception as the underdog when his career was just so successful.

MC:

He started off as an outsider. And he built up a special resentment against Cambridge

WC:

He hated Cambridge.

MC:

For good reasons.

WC:

Tell me.

MC:

They were a very arrogant lot. And also, he had very high standards of rigour, and they were unrigorous. Even though they were arrogant, he didn't think it was justified, so he had a chip on his shoulder.

WC:

Was there a personal sympathy between you and Harry outside the seminar arena?

MC:

We were very different. He drank a lot and I didn't. He probably saw me as slightly prissy – I wasn't a drinking type. But he wasn't critical. He may even have respected me for it. I know he respected me. I learnt it from his widow how much he respected me.

WC: What struck you about other personalities at the LSE? Students?

MC: I was so overwhelmed by the quality of everybody else.

Kevin Lancaster just stunned everybody with his presentation at the seminar. He gave a critique of a paper by Pearce, or somebody, in a most sophisticated way, that showed he not only knew mathematics, but he knew how to write. He was brilliant And he became famous among his fellow students. Immediately, he was the star of our group. He came from Sydney. He got a mathematics degree and an English literature degree – what a combination! And he did an LSE economics degree externally and

got a first, so he came already with a reputation. And he was slightly older than we were, and he had an air about him of profundity. He used to sit in the common room chewing on a pipe and thinking. But he wasn't self-confident. And apparently this pipe was always part of his way of making himself seem older, and he felt uneasy with people who had gone through the normal process of education. To me he was the outstanding intellectual.

And we had Tad Rybczynski, and we became close friends. He was a modest fellow. He was Polish, he was a refugee before the war, and he had been in the air force, and you wouldn't think so from his modest demeanour that he was actually a pilot. Unbelievable, very modest.

And there was Archibald. They all seemed to know more than I did, and they were sure about things.

And then we had three visitors from America. They all became famous, Bob Mundell, Peter Kenyon and Richard Cooper. Mundell was brilliant. He just had flair. He had something special. He was also quite a womaniser. He was full of ideas, he'd read everything. He had opinions. He didn't read the text of *The Balance of Payments*; he read the mathematical supplements, you see? He went straight to the Supplements. That impressed me. And he wrote original articles very early, and he was fun to be with. We became good friends.

Cooper conveyed an impression of being very mature and adult, even when he was young. And very serious. Everything he said was so clear you could write it down and publish it.

And Kenen had an air of importance. You felt he must be very important. He was only twenty-one or twenty-two. He was always busy, and I had vague ideas that he had something to do with the CIA ... there was something about him that was important, but I wasn't sure what it was.

I was so overwhelmed by my feeling of inadequacy, that I remember writing a letter to my parents saying as follows, I said “I’ll probably only do a masters degree here. . I know I already have an Australian masters degree but it doesn’t count for much, so probably I’ll do a masters degree.”

WC:

But at the LSE you completed a PhD, and started publishing in international economics.

MC:

At the LSE I wrote my first article, called ‘The Calculation of the Cost of Protection’, and in due course it was published in the *Economic Record* (1957, vol. 33).

WC:

I would like to ask you here about a diagram that encapsulates the message of the paper. The diagram presents what is now the pedagogically standard analysis of the welfare cost of a tariff in a price-taking small country, by means of home supply and home demand curves, and two Harberger Triangles. It is standard fare in texts, and something one might think had been around for good 60 years prior to 1957. But it is Doug Irwin’s conjecture that this diagrammatic analysis of the welfare cost of a tariff is completely original.

MC:

I was never conscious of doing anything original. I was conscious of doing a problem with whatever method I found reliable. Now I was conscious that the basic ideas were all in the standard books and I felt that everything I was doing was an application of these books. The basic idea of the triangles was not new, it goes back to Marshall. And at the same time Harberger wrote an article also with triangles and so on. Our work was independent. The more I think about it, I suppose the fact that I was thinking about Australia, which was my special theme, meant that I could do the small country case. Now most literature did not have the small country case. But doing the small

country case means to have a horizontal line and that made that diagram possible. I think I have sometimes been original without being aware of it.

WC:

You have referred to your ability to do diagrams. Is there anything we can say about this ability?

MC:

I'm naturally inclined to diagrams. Every problem I've worked at in diagrams and maybe then some mathematics afterwards. (Maybe occasionally I've worked in mathematics first). I'm not unique in that, there are other people. Dornbusch. and Hicks.

WC:

Diagrams have sort of died, haven't they?

MC:

They've died. But the fact is everybody loves them when you do them. When I looked at my eight most popular articles, judged not by quality but by impact – five of them were diagrammatic articles. But it doesn't get the respect. I do it because it comes natural to me.

WC:

What brought you to this issue of protection? It was not some deep seated animosity towards protection, was it?

MC:

No not at all. I did not have strong feelings about it at all. All my strong feelings were on other things.

My interest developed for two personal reasons. One of them was my father who was actually in the business of importing, part of his business was importing. And changes in import licensing system always had a disruptive

or worrying effects. He would come home and talk about it. So this got me interested in the subject of import licensing. That is the first thing.

Secondly, the job I had with the Department of National Development. Now that raised all the issues of protection and industrial development. So I was interested in that broad area of issues. And I never really studied it properly at the University, it was not part of the course and I was not interested. But then I heard a lot about the *Brigden Report*, it was an almost sort of legendary document, and so I looked at it. And I found it was very confusing.. But it had been very influential in Australia, was often talked about, and clearly was related to my work on industrial development in the Department of National Development. and so on. Interesting, but confusing. And my whole psychology is that anything complicated and confusing attracts me and I find it is a challenge to understand it.

So that is how it started.

WC:

Why did you come back to Australia in 1958?

MC:

I got married in 1957 in London – to Dorothy from Melbourne - and we wanted to go back to Australia. Dorothy wanted to be near her mother. For me there was an element of patriotism, actually. If you're an immigrant who values his Australian nationality - who regards it as a privilege because it was hard to get – then you do develop a kind of patriotism. (You see that in the United States). So I returned to Melbourne University first as a lecturer and then senior lecturer.

WC:

You spent four years at Melbourne University, followed by five years at ANU. What did you get out of those nine years?

MC:

Well, first of all, I discovered that I liked teaching, and was good at it. I just had to overcome an initial awkwardness. I taught trade theory and balance-of-payments theory (as one then called it) to Melbourne third-year students, as well as separately to honours students. The honours students included three future professors (and friends) – Richard Snape, Peter Drake and Bob Gregory.

WC:

You say you were good at teaching. What makes you a good teacher?

MC:

First of all: Anyone who can write clear articles should be able to teach clearly. Secondly, I like students. Thirdly, I'm conscientious, I prepare my lectures carefully and I take the job seriously, I don't regard teaching as an incidental distraction from my research. Fourthly, I want to influence people. I see students, for example in Melbourne, who are not highly academic types but are the future influential citizens, including members of parliament and businessmen, and I want them to be well educated. It might make a difference to economic policy. Well that's the motivation. I take it seriously the same as I did later in Oxford - more seriously than some of my Oxford colleagues did. I prepare a lecture carefully and then I find there are certain elementary things that could be taught to anyone.

That's enough self-praise. To an extent teaching is a branch of the entertainment industry. There are tricks.

A key thing when you're talking is the right pauses – pause before something important. Whatever you want to say, you should frequently have a pause, you pause before the important thing. I noticed on TV in America that President Reagan was very good at pauses. So there are tricks.

WC:

Apart from teaching, what was valuable in those years ?

MC:

My work on Australian tariff policy and the response it got.

WC:

Tell me more.

MC:

I wrote numerous papers both analysing and describing the existing system of protection – working out its peculiar “logic” - and making proposals for reform. There was a big paper I wrote describing the whole system and its history, and introducing the concept of “effective protection”. That was published in *The Economics of Australian Industry* edited by Alex Hunter.

In June 1958, I gave a paper at the annual congress of ANZAAS in Adelaide on the subject of import restrictions and tariffs, proposing basically that the existing system of import licensing be replaced by a uniform tariff. Typically for me, I noted qualifications at some length. And that lecture got into all the newspapers. Suddenly, I became a prominent economist.

WC:

What did the other prominent economists think?

MC:

At that time there were three economists in the Australian academic world who were prominent as policy economists, namely, Peter Karmel at Adelaide, Dick Downing at Melbourne and Heinz Arndt in Canberra. They were really the people who were prominent in the community, who wrote lots of interesting articles on the Australian economy and so on. They were not protectionists. I had the enthusiastic support of all of them. It was not that they had a different view; just they had not talked or written about this issue.

WC:

Why hadn't they?

MC:

Well the basic answer was the preoccupation with macroeconomics, especially the balance of payments, foreign investment, and so on – and immediately post-war with the fear of another depression.

Anyway, I wrote numerous papers. Most of them are collected in my book (my “least seller”) *The Road to Reform*. I started this work in Melbourne and continued it at the ANU, where I went in 1962. At the ANU I edited, jointly with Heinz Arndt, a book of collected articles called *The Australian Economy: A Volume of Readings*, which sold very well, and also wrote *Australian Economic Policy Discussion: A Survey*. It is obvious that this period was very productive for me.

WC:

Your work on tariff policy in Australia made quite an impact, especially on the Tariff Board, (even if most of the actual changes in tariffs took place after you left Australia in 1967) . You were not even a professor in that period.

MC:

Yes. Why did my work have a quick impact? The answer may shed some light on the role of academics in influencing economic reforms.

Firstly, my lectures and articles were timely. With the removal of import licensing in 1960, tariffs became really important again, and members and staff of the Tariff Board needed guidance. It was obvious that the existing system was inadequate. It was pure chance that the subject I had been thinking about and working on, and that had not been much discussed or studied by Australian academics for some years, was becoming highly relevant at that time. At that time,

as I have just said, Australian academics were generally preoccupied with macroeconomics.

Secondly, two crucial individuals, Alf Rattigan, who became Chairman of the Tariff Board in 1962, and Bill Carmichael, who was his “right-hand” man, held key positions and were prepared to rethink tariff policy and the details of tariff-making. They were politically skilled, and prepared to support major changes if in the national interest. My work filled a need for them in providing an intellectual basis for reform.

Thirdly, my proposals were pragmatic. I never proposed radical, politically inconceivable changes. I always suggested changes in stages, laid out alternatives, and, above all, had in mind gradual changes. Mostly I made the explicit assumption that the exchange rate would stay fixed, this being the reason for proposing some kind of uniform tariff.

In retrospect, I was surprisingly moderate. I advocated second-best (or third –best) solutions. It is not surprising that, much later, a more committed “free trader”- Wolfgang Kasper - remarked that I was really a protectionist. Perhaps I was really a free trader in sheep’s clothing. The program of staged tariff reductions initiated by the Hawke Labor government was much more radical than I would have thought possible in the sixties.

Finally, it helped that I was familiar with the details of tariff-making, and did not just rely on general principles. I could not be accused of being an academic who only knew “theory”.

WC:

Anything else?

MC:

Yes. I knew how to write clearly, without jargon. Indeed, that was my comparative advantage.

WC:

In 1962 you moved to the ANU. Why?

MC:

Melbourne had been fruitful for me. But I really felt I should have a Readership, and that was not available. Actually, going to Canberra turned out to be a very good move. I was one of the first of Sir John Crawford's recruits to the new Department of Economics in the School of Pacific Studies of the Australian National University. Because I was in that department I was required to write some papers on south-east Asian countries – on Malaya (as it was then called) and on Thailand – and these were published in two books sponsored by the Department. They certainly made less impact (even in those countries) than some other papers that I wrote on the side. In fact, I wrote in that period at the ANU two of my internationally best-known papers namely the article on the theory of effective protection that was published in the *Journal of Political Economy*, 1966 and the *Survey of International Trade Theory* published by the Princeton University International Finance Section. The ANU provided an excellent research environment.

WC: But your association with Crawford made for a link with the Vernon Report.

MC: Sir John Crawford had conceived the idea of a commission to review the Australian economy, and he was deputy chairman. Anyway, one aspect of reviewing the Australian economy is obviously reviewing the tariff system. Now that is where I came into the story. I was asked for suggestions as to what kind of research they should do. They followed my suggestions (to calculate the "cash cost" of protection and "effective rates of protection"). Their tariff policy suggestions were also close to what I had been advocating. Heinz Arndt and I also wrote an initial paper designed to sort out some issues. Apart from the tariff area I don't think the Report (which The Treasury disliked) had much influence.

You do not stay in the ANU, instead you go to Oxford. Now what was the occasion of that transition?

From mid 1964 to mid 1965 I went, with Dorothy and our small daughter, on sabbatical to London and then the States. Dorothy and I were both Anglophiles. Not long after we arrived in London Dorothy said, “Why don’t we come back here? Why don’t you ask Harry if he can find you a job?” That brief remark led to a turning point in our lives. So, let me fast-forward to the end of 1965, when we were back in Canberra.

In December 1965 Harry Johnson wrote” “Would you be interested in putting in for the Nuffield Readership in International Economics at Oxford?” (Sir Roy Harrod would retire in 1967, and Johnson was an elector, the other six being from Oxford).

I replied at some length with a letter that now seems somewhat silly, but indicates my perception of myself at the time.

(MC looks it up and reads)

“But really Harry! It seems to me that I would not have a dog’s chance of getting the position. Indeed one might say that it would be preposterous of me to apply.... I would be making a fool of myself by applying.”

I thought that others at Oxford were as good or better. In any case, Oxford would prefer Oxford people. Harry replied somewhat testily that he did not agree, and that if Oxford prefers to appoint Oxford people we should not “co-operate in the game”.

After consulting an ANU colleague, I decided to apply, and Harry wrote back that he was surprised but thinks it was sensible of me. Later I found that there were three Oxford candidates, but the Oxford members of the

electoral committee were not agreed on which of these they preferred. I also learnt that John Hicks had favoured me, which must have counted.

(MC looks at his files)

On February 4th 1966 a cable arrived: “Congratulations. The Best Man Won. Harry”.

That was an offer I could not refuse. I had been very productive first in Melbourne and then in Canberra, and the ANU especially was an excellent research environment. But Canberra was not Oxford. When I was at Melbourne High School I soon realised that Henry Lawson was inferior to Byron, Shelley and Keats. And perhaps a similar “elitist” thought applies here. We did not have to stay in England for ever, and indeed we did not.

WC:

Why do you think that Hicks supported you?

MC:

My Recent Developments in the Theory of International Trade had just been published and was being read all over the world. Hicks read it and liked it. It was written in a British style, all words. Perhaps it reflected a certain maturity of judgment. I know he liked it. He told me afterwards. That may have been crucial.

WC:

How would you describe Hicks?

MC:

Very shy, so not a good lecturer, stuttering. Very cultivated, very widely read, well beyond economics, especially history. Very profound, really, but shy, awkward. But he did not underrate his own work, and sometimes his writing style was quaint. He was amazingly original in his thirties. He and I got on well, Looking back now I realise that I should have been more

forward with him. One of the lessons that I've learnt, and which I pass onto younger people, is that some top people, if they are shy, want you to be a little forward with them. (Of course, one can overdo this). Actually I was one of the closest persons to Hicks, I now realise. I didn't realise it at the time. We became quite friendly when he and Ursula visited ANU in 1966. I've got a photograph of the four of us - Dorothy and I, with John and Ursula - on a picnic near the top of Black Mountain.

WC:

At Oxford you started writing your books.

MC:

Having done a lot of thinking and writing on the theory of tariff protection and other things, I decided to put it together and write a book. Actually, two books resulted. *The Theory of Protection* was really an expansion of my 1966 JPE article on effective protection. *Trade Policy and Economic Welfare* followed. And then, in 1975, I switched fields and started writing on international macroeconomics.

WC:

Why was that?

MC:

With the breakdown of Bretton Woods, the great inflation followed by recession, and the oil shocks, this field was becoming exciting. I wrote *Inflation, Exchange Rates and the World Economy*, and earlier a Princeton booklet on *Monetary Integration*. All these were very popular. Events stimulated me.

WC:

What else can we say about Oxford?

MC:

Fantastic.

WC:

Why?

MC:

Nuffield College was a great community. The intellectual standard was very high. The students were excellent and most stimulating. I have maintained contact with many. Oxford, with London, was one of the crossroads of the academic world. Numerous conferences were accessible. And I became part of the international academic community. (Of course, one can still sit in remote locations and do good work – as I did in Canberra. Or, to cite more superior examples, Immanuel Kant did so while living in Konigsberg, or as Karl Popper did in New Zealand during the war). And there was the physical environment, the Cotswolds, and all that. Dorothy just loved it.

And Oxford was a good place for conversation, which I happen to like. Every Friday night people would come for dinner from London. Top politicians and senior civil servants. I met many more of those kinds of people than I did in Canberra, and, above all, they were more ready to talk.

WC:

There must have been some negatives in Oxford.

MC:

The weather

WC:

The weather!

MC:

Do not laugh, that is a serious thing. Humidity. Too cloudy. Lack of sunshine. Need I say more? Oxford is even worse than some other parts of England because of the “Thames Valley effect”. From that angle, imagine what it felt like to return to sunny Canberra. And, by the way, why do you think all those British emigrants have come to Australia?

The other negative that developed, was that at that time the pay was not high. The result was that many Oxford people did other things. But that was not a problem for me since I could go to the States in summer for some time to make enough extra money.

WC:

Why did you leave Oxford?

MC:

I had enquiries from various US Universities, and Chicago Business School was particularly keen. There were others who sounded me out, and clearly I had lots of choice, but I did not encourage them to pursue it because we wanted to return to Australia for family reasons. As simple as that. Otherwise we would probably have stayed in Oxford, supplemented by visits to the US, as many Oxford academics did that. (Incidentally, I do not believe in encouraging “offers” if I have no intention of accepting an offer. Unfortunately, in the American system such “game-playing” is often necessary to get promotion or salary increases).

WC:

You went back to the ANU, the same Department, with Heinz Arndt as head. Now this was a difficult period.

MC:

Only one aspect was difficult. Everything else was great. Let me turn to the difficult bit later.

I now had another nine-year period in Australia, from October 1976 to the end of 1985. Again, my academic work clearly had two parts. I was the Australian economist and I was the international economist, and this was reflected in my writings. As before, the Institute for Advanced Studies at the ANU was an excellent base for writing. Indeed, it is meant for people like me who are highly motivated and know what to do. There were many like me there, but, I must add, also some others.

One other thing I must mention. That Canberra blue sky! After Oxford, I loved it. Not long after I arrived I sent back a letter that said, ‘This is like going to Majorca with a University’. Dorothy was less enthused. She liked urban-ness, and one thing Canberra did not have then (except perhaps in Manuka) was urban-ness.

WC:

Tell me something about your international writings at this time.

MC:

I will be brief. I wrote several papers on the “Dutch Disease” The general idea was becoming well known in Australia as the “Gregory thesis” I had started this work in Oxford, influenced by the North Sea oil discoveries. What complicated the situation in Britain was that, at the same time, there was a monetary squeeze as a result of the Thatcher policies. So, for two reasons sterling appreciated sharply. But the main paper on the basic theory of this “Disease” was written jointly with Peter Neary, who had been an Oxford student. It has been my most cited paper ever.

I also wrote a lengthy survey of the normative theory of international trade. And I kept on writing papers on international macroeconomics and the international monetary system.

WC:

Can we talk a bit then about your Australian work on unemployment and macroeconomic policies in the seventies and eighties? Can you explain what you were trying to do?

MC:

Well, first let me say that I was brought up to believing in old fashioned Keynesianism. My views evolved, as they did of many other economists in the late seventies and early eighties. I have already talked about my change of views about the role of trade unions.

In Australia there were two big increases in real wages – in 1973-74 and in 1981 - and both led to increased unemployment. Unemployment could not just be reduced by expanding nominal demand, though that could be a short term effect. I tried to sort out this big subject in my Presidential Address to the Economic Society in 1978 (published in *The Economic Record*, 1979 (entitled “Wages and Unemployment in Australia”). In Australia, with centralised wage determination, unemployment was caused by unions pushing up wages too high. I called this “union-voluntary unemployment”. I believed that unemployment, particularly of young people, was a major problem in Australia at the time, and that wage moderation was required.

This view is now generally accepted, but I was not the only one to expound this view at the time – others were Richard Snape and the Federal Treasury. But I explored the issue in greater depth, notably in the 1979 paper I just mentioned – which was hard work to research and write and of which I am proud. I had to go thoroughly through all the available empirical studies. I gave lectures and wrote a number of papers in this area. This was comparable with my tariff policy activities earlier, though the same ideas were being advanced elsewhere, notably in Europe. Thus I was less original. A theoretical article in *The Economic Journal* on “Taxation, Real Wage Rigidity and Employment” also came out of it.

WC:

So at this stage you were no longer a Keynesian.

MC:

Well, I was a short term Keynesian. I still am. I describe myself as a short term Keynesian and medium term neoclassical. I still believe in demand management up to a point. There is a role for Keynesian demand management policies to moderate booms and recessions. But because of practical problems of timing or fine-tuning they can hardly be avoided completely.

WC:

Let us now come to the difficult part of your return.

MC:

The Department to which I returned – the Department of Economics in the Research School of Pacific Studies (now Pacific and Asian Studies) of the Institute of Advanced Studies of the ANU. It did not suit me very well. I could and did get on with my own work, but I was the second Professor and possible future head. To summarise my initial reaction, there was too much emphasis on “Pacific” (and implicitly “Asian”), and not enough on “Advanced”.

I don't want to go into details here since personalities are involved but it raised basic issues both of the nature of area studies (how much of an economist does one have to be to study, say, the Indonesian economy?), and of tenure, especially in a research institute. When Heinz Arndt retired I became head of the department. Some members of the department were not happy about that (though they were not keen about possible alternatives either). And since I felt I could not change much, I was not happy either. I did not have the personality to bring about radical changes, though some others might have. I was too weak. I got on with my work, but just administering the department took up a good deal of my time. For me, it was a mistake to accept the headship, which I held for five years. I certainly

did not enjoy it. I made a small number of good (indeed, very good) appointments (including persons who came before I became Head but who came because I was there). And I brought some notable visitors. But otherwise I was not a success. I felt inadequate. Perhaps making good appointments is the main thing.

WC:

You and Heinz Arndt were close collaborators during your earlier period at ANU. How did you get on this time?

MC:

He had been instrumental in getting me to return to ANU (without the support of most members of his department). After my arrival we fell out - and later, "fell in" again.

Heinz had built up a Department consisting primarily of experts on various countries - people who knew Indonesia, Malaysia, Fiji or something like that. Peter Lloyd was the exception, and he went to Melbourne not long after I came. Heinz wanted me to move in the direction of the department's current main interests, and that I should only take on PhD students who would work in these areas, especially Indonesia. But by that time I was 50 years old and not inclined to move in anyone's direction.

And then I did something unwise. I expressed my views. It would have been better if I hadn't said anything. Heinz began to feel that I was threatening his little baby, namely the "Indonesia Project". He felt that I might destroy it. Actually I was not intending to, though I thought it could be improved. But I am too weak to destroy anything. So we fell out.

Heinz was a very sophisticated, civilised person. He was a very good economist; he had a lot more intuition than most more technical economists; he could see through an issue in an argument, and this was very apparent to me years earlier. Also he had many virtues. He was a man of high principle, which also meant he held strong convictions. He was very conscientious - if

a student gave him a draft of a chapter he would read it, and comment on it promptly in detail and not in a few words, so he was greatly respected among students. He was twelve years older than me and when I first came to ANU in 1962 I felt he was the great man and I was just his disciple. We did things together. There are a lot of things to be said in his favour.

He was not a modern economist because he never was as rigorous and explicit as necessary in modern economics. But he was aware of that, and felt a sense of inadequacy because of that. Actually, in my view, formed even in the sixties, he was better than most modern economists and I had a great respect for him as an economist, even though becoming more explicit in his arguments – perhaps even with the help of a diagram or two – would have been helpful. Let me also add that earlier he had been a member of the editorial board of *The Economic Record*, and he gave incredibly thorough comments on submitted papers. I benefited from this way back in 1954 before I had actually met him, when I sent a paper from the LSE, which was my first paper published in the *Record* (“The Economic Limits to Population Increase”). His great strength is actually the history of thought, rather than area studies, and after he retired he wrote an excellent book published by the University of Chicago Press and read worldwide, *Economic Development: The History of an Idea*, 1987.

WC:

Now we come to the end of 1985. You cease being head of the department and go away first to Harvard and then to the IMF, on leave from the ANU. At the end of 1988 you retire from the ANU. Right? Tell me about Harvard, and then the IMF..

MC:

I filled the Harvard Chair in Australian Studies for six months in 1986. The Economics Department at Harvard had suggested several times that they should ask me. Now that Chair obliged me to give a course on Australia. That was a bit of a problem.

WC:

For you?

MC:

No. It's a bit of a problem to have an audience. I mean who's interested? We are just not a very interesting country - like Canada. Suppose you go to Harvard and give a series of lectures about Canada or Australia. Hardly anyone turns up, you see? Cuba, yes. Nicaragua, yes. Japan, yes. But we are too trouble-free to be interesting (except for sport). So I decided to give a lecture course on 'small open economies'. I talked specifically about Australia of course, plus Argentina, Chile, Brazil and one other. But only a few graduate students turned up, though they were of very high quality. Anyway, Harvard was a great experience.

WC:

Next came the IMF?

MC:

I went to the IMF in October 1986, as Senior Advisor in the research department, a lovely job! A gorgeous job, one of the best jobs I've ever had...

WC:

Why?

MC:

Well, here is this organisation, which is full of highly qualified and intelligent, able people. It does important work. Imagine being in a Government or university department, with say 200 Ph.D's, all of them well above average? The IMF is often criticised but the quality of the people is very high. It is also very well run, better than the World Bank. (There is a reason for that contrast, but that is a big subject). The minimum standard is higher than at the World Bank.

Now I had the perfect job, I was not Head of anything, I had no administrative duties, I didn't even have to go on missions. I was just free to be myself, and to do research, write about topics that seemed relevant, and talk to people. I wrote several papers on debt relief, and some "Executive Board papers", that were eventually published. And I learnt a lot about developing countries.

Almost every day I had lunch with a different member of staff. Because of my writings, everybody knew me. I could just phone up; "I'm Max Corden, could I have lunch with you?" "Oh yes, certainly" These are the kinds of people I have been writing for.

And they were so knowledgeable, especially about developing countries.

WC:

Did you go on some missions?

MC:

No. Originally I was to go on a mission to Japan, it was an important one. I think the Deputy Managing Director vetoed the proposal that I should go on the Japan mission because it might be misunderstood. "Why is Professor Corden coming?", "Ooh, the Professor Corden who has written these books about protection is coming on a mission to Japan!" you know, "Is he going to look at our protection?". This type of thing you see?

WC:

Snape says that, perhaps surprisingly, you found life in the United States appealing. Is that correct?

MC:

Oh, life in Washington. Yes, tremendously. Remember. Washington is not the United States (no more than Canberra is Australia).

WC:

What came next?

MC:

While in Washington with the IMF I was offered a position of Professor of International Economics at the School of Advanced International Studies of the Johns Hopkins University (SAIS). It was located in the heart of Washington. I would have to retire from the ANU. At first I hesitated. Yet another move (this time at age 61), after having moved back and forth between Britain and Australia twice? But it was a very good move. A public policy school suited me perfectly. And the physical location was terrific. It also turned out that just at that time the Dawkins Revolution hit Australian Universities. Of course, I did not foresee that. But it was good to be far away at that time.

WC:

So, at the end of 1988 you retired from ANU and then spent 13 years – from 1989 to October 2002 at SAIS in Washington. Tell me about SAIS.

Three days a week I would be at the School doing all my teaching. If I had gone to one of the big US universities, I would have been surrounded by people obsessed with mathematics and so on, and I wouldn't have been happy. The kinds of students SAIS had were exactly the kind of students I like to teach.

WC:

And what is that kind?

MC:

International relations students, who are very interested in economics, but were mostly not going to become economists, and were interested in policy - in the real world - and want to understand it. A lot of the students tended to be mature students, late 20's maybe early 30's and they were educated. 40% were usually non-American. They were students who had a

background often in politics, in international relations, history, not economics usually, who knew literature, what I would call civilized students. I've occasionally tried a few literary references on them, and made a deliberate mistake, and I'd pause for a moment, and I wait to be corrected. And there was always someone to correct me. A reference, say, to 'Adam Smith the English economist,'

I'm a good teacher, and I suited them perfectly, so I got the teaching price, four times! I have told you by now what I am not good at.

WC:

What aren't you good at?

MC:

I am an efficient manager, but I am not good at "turf-protection", deal-making, fighting bosses or competitors, or indeed dealing with difficult staff under me. Even when I am good at it I do not enjoy it. I could not be a politician, in spite of my interest in politics. I am too sensitive. But, fortunately, I have always been good at teaching and writing. That is my comparative advantage. I have been in the right job.

WC:

What, in your judgment, is your most original contribution?

MC:

The effective protection article in the Journal of Political Economy, 1966, supplemented by *The Theory of Protection*. Full stop.

WC:

What part of your work has been the most 'acclaimed' if I could put it that way?

MC:

Well I would say, for a limited period, those two. But *Trade Policy and Economic Welfare* has seemed to have the longest life, and I think, that it is the one that will be lasting in its impact. The first edition was published in 1974 and the second in 1997, and people are still buying the second edition. It gets many citations and is on most or all readings lists in the field

The other part of my work that has been pretty lasting is the two articles on Dutch Disease. The more the world goes to free trade and tariffs become replaced by more indirect ways of protection, the less interested people will become in my writings on tariffs. I would say the Dutch Disease writings may well turn out to be more lasting. Also, I hope that my recent (2002) book on exchange rate regime choice may make some impact.

WC:

What are your intellectual values?

MC:

Difficult question. Values or my motivation? They are different.

WC:

Start with motivations.

MC:

Well, my motivation is to honestly understand, and to make issues, arguments, and so on clear. There are two sides, sometimes three sides or more to an argument, and I want them clearly stated and to admit the fact that it not all one sided. I have a definite antipathy to people who give one-sided pictures of anything. Particularly if they know there is another reasonable side.

I believe in trade-offs when considering policy proposals. I mean everything is a trade off. You state clearly what they are, including the side you finally reject. And then you say, 'on balance, I favor this way', You don't have to be "wishy washy". Occasionally people suggest that I'm a little bit "wishy

washy”. “Are you for or against free trade? A straight answer please”
“Well...” I believe in an honest statement of the alternatives. But on some political issues I am very clear in my mind, for example, on President Bush and his regime.

Other wise ... I'm always interested in understanding things.

As for improving the world, I'd love to improve the world. I'd love to find ways of reducing world poverty significantly. As a value for an economist, that must be the highest value. I would love to improve the world, but I have no simple answers. I do know that in Australia, I did have an impact. On two separate issues. In two periods in Australia, in the first on protectionism and in the second on wages and unemployment. That was worthwhile, though minor in a world perspective..

WC:

And values?

MC:

My values are those of the Enlightenment. This is a big subject. I could mention John Stuart Mill and Isaiah Berlin.

WC:

Would you care to describe or indicate your self image?

MC:

I've changed over the years. For many years, including in school, I was excessively modest, I think. It was genuine, not mock modesty. In school in Germany as a small boy, I was not outstanding. At Melbourne High I did very well, but I thought that just reflected my intellectual motivation, not my ability. Many other boys were just as smart but, not so motivated. Even when I did very well I felt *peculiar* rather than *superior*. The peculiarity was to prefer books to parties, or the footie. And I have always compared myself with the best, and found that I did not do so well. This self-image affected a lot of things, and also led to some mistakes I made. But I survived. And it is not my self-image now. I am less modest, as you will have noticed!

WC:

What are the positive attributes of your self-image? Thinking about your work, what do you aspire to, what's your ideal, what are the dimensions of your ideal?

MC:

Difficult questions! Well, first of all I aspire to focus on the writing. I aspire to be a good teacher and I aspire to write no bad articles, to work them out, construct, write them well. Whether they are original and make contributions is difficult to judge at the time and sometimes you don't even know – it might be ten years later. But I certainly would like to do things that are major; I'm ambitious in that sense. Some have been a disappointment. Others have been a surprise; they're no better than the other articles, but they have been more topical or appealing for whatever reason. So I'm a bit like an artist who paints picture after picture, and he keeps on trying to get it right and doing it better. I think there's an artistic instinct in it all.

WC:

What are the attributes of the economist you don't want to be?

MC:

What is a typical economist, and how do I differ? I am obviously not mathematical. I am not committed to markets at all costs. I am aware of market failures as well as the virtues of the market. I believe I am not narrow – I know history, and I know politics. I couldn't be narrow if I tried. But, of course, I am not the only economist like that. As I have said just now, I place a high emphasis in my own work on the quality of writing. That is not so common.

WC:

Now one theme which is basic in Australian cultural life - and which was an issue for you is - the divide between 'the expatriate' and 'the Australian nationalist' : the tension between those who seek their fulfillment in the world outside Australia and those who do not. You do both.

MC:

I'm quite proud of the fact that I made an impact in Australia, twice on two separate issues. I think I made a contribution more than most academics. And I also went abroad because Dorothy and I like it there, and Australia does have problems of isolation.

WC:

But the most rewarding experiences in your career have been outside Australia.

MC:

No. It is just that my rewarding experiences in Australia were not primarily in the universities; they were in the press and in the public arena, through my policy articles and lectures. Also, my experiences at Melbourne and the ANU have been very rewarding in many ways. After all, I managed to do a lot of good work there. It is true that the intellectual life could not compare with Oxford or Washington. Perhaps Australia is a somewhat anti-intellectual society, or at least the intellectuals are not as respected as in some other countries. But speaking broadly, now it is certainly no worse

than in the United States. All this has been much discussed. Anyway, personally I definitely cannot complain about lack of respect from my academic colleagues.

WC:

To come back to self-image, what are you, then?

MC:

Tough question. Let me try. I am a European intellectual and Anglophile, with a strong Australian veneer – even a touch of egalitarianism, the latter noticeable when we lived in Britain - and with a strong commitment to Australia. But don't hold me to all this!