

R.F. Kahn: A Tribute *

I. Richard Kahn died in Cambridge on 6 June 1989 at the age of 83. By his death, King's College, Cambridge lost a devoted member and the Faculty of Economics and Politics at Cambridge a major, indeed, a unique figure.

Richard Ferdinand Kahn, Baron Kahn of Hampstead, was born in London on 10 August 1905, the eldest son of Augustus and Regina Kahn. His father was born in England of German parents; he read Mathematics at St John's College, Cambridge and became a school master. His mother, Regina Schoyer, was born in Germany and his father went back to Germany to marry her. They had several children. In his address at Richard's funeral Professor David Tabor described them as "a comfortable cultured family in Hampstead". Augustus Kahn was an extremely orthodox Jew, an adherent to a form of Judaism that "combined strict observance of the laws of the Torah with an openness to secular learning", so that "Richard was brought up in a household which had a commitment to communal service and combined punctilious and decorous orthodoxy with a thirst for education and culture". Until the Second World War Kahn's "orthodoxy amongst Jewish students and amongst his contemporaries at King's was a byword". (But they may not have known that his curiosity sometimes got the better of his observance; he would get others to open his letters on the Sabbath and read them to him.)

* In writing this tribute to Richard Kahn I have drawn freely on his own writings and on Ken Polack's account of Richard's involvement with the Society for the Protection of Learning and Society, Sir Henry Lintott's written memories of Richard's war, Angus Mac Lerson's account of Richard as Bursar, Luigi Pasinetti's *New Palgrave* entry on Richard, the English translation of Cristina Marcuzzo's interview with Richard, (MARCUZZO 1988), Professor David Tabor's address at Richard's funeral and on the comments and suggestions of Ruth Cohen and Sita Narasimhan to whom I read a draft of the paper. I am most grateful to John Whitaker for helpful redrafting suggestions. I am also most grateful to the Provost, Vice Provost and Fellows of King's for allowing me to reprint substantial portions of the obituary of Richard Kahn which I helped to prepare for the 1990 *Annual Report* of the College.

BNL *Quarterly Review*, no. 176, March 1991.

Kahn went to St. Paul's School; he won a scholarship to King's and came up in 1924. He read Mathematics, obtaining a First in 1925 and then Physics, obtaining a Second in Part II of the Natural Sciences in 1927. "Encouraged by his father he felt a desire to try his hand at a fourth year on Economics [which his scholarship allowed him to do]". Gerald Shove supported him, helping him to overcome the opposition of his Tutor – "It is about time that you gave financial help to the father of seven children rather than be a financial burden on him which he can ill afford" (Kahn 1987, 328). Kahn was supervised by Shove, his first and, in some respects, his most important mentor, and by Maynard Keynes, to whom he went fortnightly in Full Term with some other gifted undergraduates. He paid generous tributes to both his mentors. In his *New Palgrave* entry on Shove (Kahn 1987, 327), he wrote that Shove was a superb teacher, not least because of his "originality as a dauntless thinker", which inspired others to understanding. Kahn himself continued Shove's tradition, so that many bright people were to be brought to economics by his example, his teaching, and his ability to enthuse and bring them out.

Kahn was placed in the First Class of the Economics Tripos in 1928, a fitting vindication of the decision to stay on. Joan Robinson said of his Second in Physics that he was bored at having to do experiments in order to find out answers which were already known. It was also said – it may be a canard – that he was a clumsy experimenter, that no apparatus was safe when he was around.

II. Keynes, Shove and Piero Sraffa (who had come to Cambridge in 1927) encouraged Kahn to write a Fellowship Dissertation for King's. Keynes wanted him to work on monetary issues and took him to meet Reginald McKenna, the Chairman of the Midland Bank, in order to get him access to their statistics. This was stopped by the Head of the Intelligence Department of the Bank, A.W. Crick, who "bluntly informed [Kahn] that if anybody was going to make use of [them], it was he and his staff", a spiteful put down of a young scholar which perhaps was not unconnected with the fact "that Keynes, as Editor of the *Economic Journal*, had rejected an article submitted by [Crick] in April 1928" (Kahn 1929, 1989, xi). In the event, Kahn felt that he had been saved from an awful fate, it was "a miraculous escape from disaster", for he was already sceptical about the quantity theory of money, and could not understand why Keynes (and Dennis

Robertson) thought of it "as an expression of causation" (Kahn 1929, 1989, x-xi). So, with Keynes's blessing, the supervision and encouragement of Shove and Sraffa, Richard wrote in about a year and a half a Dissertation on "The Economics of the Short Period". It was submitted on 7 December 1929 and Kahn was elected to a Fellowship in March 1930.

The Dissertation was a remarkable contribution to the then emerging theory of imperfect competition and it influenced Keynes in his development of the appropriate framework for the economics of underemployment equilibrium. As Kahn says, in periods of prolonged depression, as opposed to Marshall's "normal" times, the distinction between the short period and the long period [the real business of the *Principles*, Kahn (1929, 1989, xxiii) calls it] takes on great significance for the theory of output, employment and pricing. The short period no longer blends into the long period, as it may more reasonably be supposed to do when underlying trends in the economy are positive, as was perhaps more nearly the case when Marshall wrote the *Principles*.

An acute insight is that the concept of the short period arises not from a logical classification but from the technical fact that there is only a sparse population of commodities between those which take a short time to produce and to use and those that not only take a long time to produce but also may be used for several, often many, periods. If it were not for this, it would not be possible to analyse the reactions to variations in demand, supposing the basic methods of production to be taken as given, even in the periods of prolonged depression which Kahn had in mind in his Dissertation, as opposed to Marshallian "normal" times. This powerful insight was to be of special importance for Keynes's subsequent contributions in *The General Theory*. "Equally", Kahn (1929, 1989, xiv) argues, "the distinction between 'fixed' and 'working capital' is not one which can logically be made". This led Kahn, many years on, to wonder why Sraffa, who was always so careful to base his own theoretical work on empirical observations, had not explicitly taken them into account in his later work on production interdependence and the theory of value and distribution (see Kahn 1929, 1989, xiv).

Another feature is Kahn's discussion of how an economic theorist may build up a theory based on what business people *think* a situation to be and what accordingly their actions will be, as opposed to what the situation actually is, or how it might be analysed *a priori*

starting from a simple axiom. This led Kahn to discover what in effect was the kinked demand curve (see Kahn 1929, 1989, xiv, 102-103). It also led him to make a fascinating match of theory and empirical models, using orders of magnitude derived from data on the cotton industry that Keynes had collected over a number of years and which he made available to Kahn.

An Italian translation of the Dissertation was published in 1983, as a result of the initiative of Professor Marco Dardi; the English version, together with an introduction by Kahn, was published by Macmillan in September 1989, alas, too late for Kahn to see the finished product after he had corrected the proofs. It establishes Kahn, along with Sraffa and Shove, as the principal initiators of the revolution in Marshallian/Pigovian theory that was occurring in Cambridge at the time. This "very considerable development of the theory of value of the past five years" (the description is from Keynes's report to Harold Macmillan, *C.W.*, Vol. XII, 866-68) was to be synthesised and rigorously presented by Joan Robinson in *The Economics of Imperfect Competition* in 1933.

The writing of the book was associated with the start of Kahn's close intellectual friendship with Joan Robinson. In the preface (Robinson 1933, v), she acknowledges "the constant assistance of Mr R.F. Kahn", adding that "the whole technical apparatus was built up with his aid and many of the major problems... were solved as much by him as by me". In his Report to Macmillan (*C.W.*, Vol. XII, 867), Keynes commented that the book "had been very elaborately and carefully criticised by R.F. Kahn... the most careful and accurate of all the younger economists... [so that Keynes had] much greater confidence in its being free from the blunders which so easily creep into a treatment of this kind".

The dominant theory predicted that in recessions firms either should be working at capacity, with prices equal to costs, or closed down, either temporarily or permanently. In fact most firms were operating well below their most efficient levels with prices greater than costs. Sraffa had pointed out in 1926 that business people would be amazed to be told that rising costs, rather than lack of demand, were stopping them from selling more and had suggested that we should model firms as mini-monopolies in competitive settings. This was one of the ideas that Kahn developed, in the process, as John Eatwell perceptively remarked, invalidating what was supposed to be one of the virtues of a competitive economy in a slump, the purging

of the unfit. This was, perhaps, the most severe blow delivered to *laissez-faire* theory prior to Keynes's arguments in *The General Theory*.

In 1983 Kahn reread his Dissertation; he was impressed by it "as a contribution made *at the time*", and felt that he made a mistake in not publishing it straight away in a shortened form. He contrasts "the literary dreariness of the drafting" of some never published papers based on it that he wrote a few years later, with "the spontaneous enthusiasm and liveliness of... the Dissertation". The papers themselves were almost entirely on the "unimportant" parts of perfect competition! "The result is that I now strongly advise a young author of a striking but incomplete piece of work to publish it... without delay. Published reviews and private comments will then be helpful in the writing of a substantial book, the completion of which is usually bogged down by teaching and administrative duties" (Kahn 1929, 1989, xii) – true words in Kahn's case.

III. Perhaps the most significant features of the Dissertation for Kahn's later collaboration with Keynes are the emphasis on price formation free of any traces of the quantity theory (which Kahn many years later was to argue only applied to the determination of the prices of a very narrow band of assets, mostly financial) and the detailed examination of the minutiae of short-period production. Keynes tried to deny himself such an examination in the *Treatise on Money* (1930) (he was not successful) because he thought it transgressed the dichotomy that Marshall had decreed for economic principles. Volume I should be on relative prices and quantities determined by supply and demand, with no mention of money prices or the general price level, in Marshall's case using partial equilibrium analysis; Volume II should be on the general price level, determined by the quantity theory, and monetary institutions and policies which were meant to keep the economy at its long-period "normal" equilibrium level, or to guide it to a new level with a minimum of disruption if the underlying determinants of the level changed. It was in this setting that Kahn and Keynes came together.

Keynes was straying outside his self-denying ordinance in his policy recommendations, especially his advocacy of public works expenditure and his support of Lloyd George in the pamphlet *Can Lloyd George Do It?* (written with Hubert Henderson), for example. They were unable to use the apparatus of the *Treatise on Money* to

put a figure on how much employment eventually would rise as a result of a primary increase in employment associated with public works expenditure; nor did they provide a convincing answer to the notorious "Treasury View" that there was only a given volume of saving available for investment so that if the public sector used more, the private sector would have that much less. It was Richard Kahn's 1931 *Economic Journal* article, "The Relation of Home Investment to Unemployment", which, using the apparatus of the *Treatise on Money*, provided, very carefully and rigorously, the quantitative answer on employment, through the concept of the multiplier and, through "Mr Meade's relation", the answer to where the extra saving would come from, if investment were to be raised.¹ The article itself grew out of these needs and the discussions of the *Treatise on Money* by the "circus" in 1930-31. The principal members of the "circus" were Kahn himself (he took its deliberations to Keynes and brought back his responses), James Meade, Austin and Joan Robinson, and Piero Sraffa. What these exchanges brought clearly into focus was the central idea that what may be true for a position of full employment is not necessarily true for one of unemployment (and *vice versa*) and the need to find an *endogenous* process to explain why an initial expansion or contraction of the economy should come to an end. (Keynes had not provided this in, for example, the banana economy parable in the *Treatise on Money*). For Keynes to advance he had to be liberated from the hold which Say's Law – a prolonged general glut is an impossibility – and the quantity theory had on him; it was Richard Kahn more than anyone else who was responsible for this liberation and who, in allowing Keynes to adapt Marshall's short-period theory of pricing to determine the general price level, made clear the vital importance of the money-wage level (which played a key role in the price equations of the *Treatise on Money*) for the stability of the economic system as a whole, both with regard to the overall price level *and* output and employment. Kahn's own work in the future was to be dominated by this insight, both in his contributions to theory and policy and, towards the end of his life, in his mature evaluation of Keynes's contributions. Yet it remains something of a mystery why Kahn himself, after having made such remarkable advances in the analysis of actual pricing behaviour in his

¹ Kahn's analysis was, moreover, a fine early example of dynamic process analysis, much richer than the static analysis of the multiplier by KEYNES in *The General Theory*.

1929 Dissertation, reverted to short-period Marshallian theory in his 1931 article and allowed Keynes to do the same in Chapter 21 of *The General Theory*.

Be that as it may, Richard Kahn was closely associated with the development of the arguments of what was to become *The General Theory*, first, through the "circus" and then with written criticisms and "stiff supervisions" (the latter often occurring after Kahn had helped Keynes on Sunday mornings count the pigs on Keynes's farm at Tilton). Kahn himself has never claimed joint authorship (as others at least have suggested) but it is fair to say that, without his crucial influence, Keynes would not have reached his new position as quickly nor with the particular insights that he did.

IV. Kahn became a University Lecturer in Economics and Politics in 1933, a College Assistant Lecturer in 1936, and the Second Bursar of King's in 1935. Except for the war years, he was to teach economics at King's until 1951 when he was elected to a Personal Chair which he held until he retired in 1972. (He was succeeded by Frank Hahn.) In the 1930s, despite Kahn's later reputation of having published little, he nevertheless wrote several seminal papers and contributed to the debates on the theoretical issues of the times – the elasticity of substitution (1933, 1935b), his notes on ideal output (1935a), a paper on duopoly (1937) (which came from material in his dissertation, and for which he subsequently upbraided himself for not making proper reference to the preceding literature in the paper as he had in the Dissertation and, especially, for not thanking Piero Sraffa for his considerable comments and criticisms – Kahn 1929, 1989, xvii-xviii).

Kahn had a very busy war – he was a civil servant from 1939 until 1946 – though his close ties to Keynes made him not altogether acceptable to the Treasury officials who were still suspicious of and hostile to Keynes himself. Even so, the following appraisal of Kahn by Keynes in a letter to Sir Frederick Hopkins, an influential and senior official in the U.K. Treasury, may have helped to persuade the civil service to take him on. Keynes first suggests that, because of his own poor health, his contribution would best be to undertake "duties, bursarial and otherwise, at King's, so as to release more fit people". He then defines the "object of [his] letter": "To mention that [his] bursarial colleague at Cambridge, R.F. Kahn, ... is in [his] judgment quite exceptionally suited for Treasury work... [O]ver 30 years of age, much experienced in all financial matters... and, ... in temperament

and gifts, one of the half dozen best people in the country for [Hopkins'] purpose... He is an ideal colleague with judgment, knowledge, industry and reliability, all [Hopkins] could wish" (Keynes Papers, King's College Library, File UA/9₂, 1.9.39).²

Kahn started, Sir Henry Lintott (a distinguished British civil servant who worked with Kahn in the war years) writes, "as a temporary Principal in the Board of Trade (now the Department of Trade and Industry), and for the first two years of the war he was involved in the problems of cutting down the production and consumption of consumer goods in order to free resources for the Services and munitions production. This called for radical and original measures and [Kahn] played a prominent part in shaping them. He showed great talent for seizing upon the guts of a problem, suggesting practical solutions, and supporting his proposals by his formidable powers of argumentation. He took to life in Whitehall like a duck to water, firing off volleys of minutes and memoranda in all directions, defending his ideas in committee, conspiring with fellow economists in other departments to promote his policies, and, with his passion for detail, finding time to concern himself with the minutiae of the office such as filing systems or the use of paperclips.

In the autumn of 1940, Oliver Lyttelton joined the Cabinet as President of the Board of Trade. He was much impressed by the minutes and briefs that came to him from [Kahn], and when in the following year he was sent to Cairo as Minister Resident in the Middle East, he asked for [Kahn] to join his team. [Kahn] went to Cairo at the end of 1941, and worked for over a year as Economic Adviser in the Middle East Supply Centre during the time of a drastic reorganisation of military and civil supplies for the Middle East theatre. Meanwhile Lyttelton had returned to London to set up a new department, the Ministry of Production, and again asked for [Kahn's] services; so [Kahn] returned to England in the spring of 1943. For the rest of the war he was chiefly concerned with the problems of post-war reconstruction, variously posted in the Ministry of Production, the Ministry of Supply and returning to the Board of Trade in 1945. [At the Ministry of Supply, amongst many other things, he became fascinated with buffer stock schemes. He wrote a number of papers on them, including one of book length, none of which, sadly, has ever been published.] [Kahn] was a prominent member of

² I am indebted to Rod O'Donnell for this reference.

the various working parties that were set up to plan the future, and he stayed with the Board of Trade for a time after the end of the war. (He was also to serve for three years as a part-time member of the National Coal Board in the 1960s.)

[Kahn] disliked the title of 'Economic Adviser', preferring to think of himself as an administrator; he ended the war with the administrative grade of Principal Assistant Secretary. But in fact his talents were not those of practical administration; his great value in the war – especially in the first two or three years – was as a 'think tank' producing original and clear-headed ideas for others to work on. In the office he was not altogether an easy colleague; he was not always tolerant of disagreement; he had his likes and dislikes, and both tended to be strong. Although he was always tremendously loyal to his staff, he was not a good delegator. One of his assistants in his later years thought of her most essential task as being that of 'interpreting' him to his colleagues.

[Kahn] worked tremendously hard during the war, spending long hours in the office, often sleeping there; he only escaped to Cambridge at weekends. (He insisted on joining the fire fighters and doing his share of duty on watch during the night, often when V1s and V2s were falling, see Marcuzzo 1988, 38-39.) He enjoyed his wartime experiences, and in later life often talked of them with some nostalgia. But for him – as for most people – the war lasted rather too long, and he would perhaps have been glad to get back to Cambridge a year or two before he did". The experience gave Kahn a taste for detailed administration and policy making that never left him – and it took seven years from his academic life, especially the opportunity thoroughly to read the literature. It may have been this rather than British and/or Oxbridge insularity and loyalty to Keynes that led to later accusations that he did not know, let alone have any sympathy with, much of the modern theoretical literature.

V. Kahn was to have his base in King's from then on – he was by then living in his splendid set of rooms in Webb's Court. Nevertheless, on many occasions, for temporary periods, he worked for various international organisations: in 1955 as a member of a Research Unit of the Economic Commission for Europe; in 1959 as a member of a Group of Experts of the OEEC to study rising prices; in the 1960s as a member of four Groups of Experts of UNCTAD. There are as a result a number of official publications of which he was

an author or joint author. At Cambridge itself he was to play a prominent role in both the administrative and intellectual life of the Faculty and the University as a very active member of the latter's influential Financial Board; in King's he was First Bursar from 1946 to 1951 when he was elected to his Chair.

Kahn's period as First Bursar is accounted a great success. He built on Keynes's innovative ideas on the investment of College endowments, themselves a practical application of modern portfolio analysis of wide risk-spreading (before it was developed). He aimed both to maximise the income of the College and to spend it – he considered it to be one of the duties of the Bursar to advise on expenditure. In his case he always had thought for the less well off.

In 1960, he was elected a Fellow of the British Academy. For many years (1954-76), he was on the Executive Committee of the Society for the Protection of Science and Learning, an organisation that started in the 1930s. Its objective was to give refugee scholars a "breathing space" when they first arrived in the UK. Kahn was Treasurer from 1964 to 1976 and was particularly involved with numerous appeals for help received after the invasion of Czechoslovakia in 1968. Kahn had a painstaking and meticulous eye for detail, whether he was planning a dinner party, or hospitality for a visiting economist, or treats for his relatives and hosts of younger friends, or details of meetings of the Faculty Board, Appointments Committees or Tripos examiners. He was created a Life Peer in 1965 and his speeches in the House of Lords were usually on economic policy. Though he was a centre to right labour person, he sat on the cross benches and, truth to be told, was an infrequent attender.

VI. In the post-war period Kahn extended Keynes's liquidity preference theory of the rate of interest and defended it against its principal critics – Dennis Robertson, John Hicks and, in some respects, Nicholas Kaldor. His views were published in *The Manchester School* in 1954 and were also the basis of his substantial contribution to the Radcliffe Committee Report on the monetary system in 1958 (Kahn 1958, 1972). Reading the 1954 article today gives a clear impression of Kahn's strengths – a deceptive simplicity of vision concerning the issues combined with his extraordinary eye for the details of an argument, the ability to string together long stretches of an argument, emphasising the need for causal analysis on occasions,

or being aware of its (necessary) absence, and therefore of the limitations of theory as such, on others. (Kahn felt that Keynes was not always good at doing this and that, especially in his quantity theory phase, he let definitions and their rearrangement come to mean more than they could, as he sought the laudable object of applying theory to policy.) In these particular debates, Kahn, together with Joan Robinson, drew on their Keynesian heritage. They pointed out that in the analysis of the economy as a whole, it is not always possible to use the device of the representative individual, for so often macroeconomic outcomes reflect the uneasy balancing of forces associated with the behaviour of different individuals or groups, often with different power and, most important, different expectations in uncertain situations. In this context, the difference in attitudes of bulls and bears immediately come to mind. Kahn also discussed the need for an incomes policy as he spelt out the implications for inflationary pressures and the balance of payments of successfully sustaining full employment as opposed to reaching it, for obvious reasons Keynes's main objective in the 1930s.

In the realm of theory, as well as writing some careful papers of his own (1959; 1964; 1971; 1972) he again played the major role of helpful detailed critic as Joan Robinson, Kaldor (who had come to King's and the Cambridge Faculty in the late 1940s, principally through Kahn's efforts), Luigi Pasinetti and others at Cambridge applied classical and Keynesian insights to the theory of distribution and economic growth, "generalising *The General Theory* to the long period". Kahn [1984, 4] says the origin of the economics of growth in Cambridge dated from the early summer of 1948 when Kahn, Joan Robinson and Sraffa were staying on the Passo Sella in the Dolomites. Their rock climbing was restricted – too much snow – and so they read together the proofs of Roy Harrod's *Towards a Dynamic Economics* which Harrod had lent Kahn. In the Preface to Joan Robinson's *magnum opus*, *The Accumulation of Capital* [1956] we read: "As so often, it was R.F. Kahn who saw the point that we were groping for and enabled us to get it into comprehensible form" (vi). Here Joan Robinson is referring to the essential group effort that characterised the making of economics at Cambridge at the time, in which Kahn's vital role was first to clarify the issues and then to make sure that the steps in the arguments of the final drafts were logical and clear. Much of this work was done on regular Sunday walks with Joan Robinson, Sraffa and, at different times, Kenneth Berrill, Ruth

Cohen and Sita Narasimhan, and at the "Secret Seminar". The latter was a discussion group which contained a nucleus of like-minded (and not so like-minded) people who met regularly during Full Term up until the end of the 1960s and to which overseas visitors – Kenneth Arrow, Robert Solow, Harvey Leibenstein, Jan Graaf (who, earlier on, had participated when he was a Research Fellow of St John's College), for example – would be invited when they were on leave in Cambridge.

To re-read Kahn's 1959 *Oxford Economic Papers* 'exercises' and his 1964 'notes' (finally published in Kahn 1972) is a revelation. His *Oxford Economic Papers* article explains succinctly and clearly virtually all that can be said and done within the confines of Golden Age analysis in which use is made of heroic assumptions because "for [his] own part, [Kahn desired] to learn to walk before [he tried] to run" (Kahn 1972, 195). Kahn is especially clear on the use and abuse of identities, in this case, saving equals investment, and on the definitions of different classes of incomes which are implied by it. He also brings out beautifully the two-sided relationship between the rate of profits and accumulation which is a feature of the analysis; the correct definition of the rate of profits as an expected variable; the nature of technical progress and how it may be tackled within this framework; and the distinction between a bastard Golden Age, in which unemployment may exist and worsen over 'time', and a 'true' Golden Age, truly mythical, in which both the labour force and the stock of capital goods are fully employed over 'time'. (In Harrod's terms, the first case implies $g_w < g_n$, the second that they are equal.) When discussing the choice of technique, while Kahn seems to be pretty orthodox – the effects of differences in w and r by themselves are what the orthodox would predict – yet read carefully the possibilities of reswitching and capital-reversing are there, admittedly as *curiosa*, in the latter case, a Ruth Cohen *curiosum*.

Kahn stresses that the analysis is *entirely* confined to differences, that it does *not* relate to changes. Thus: "when one speaks of a Golden Age being preferred [to another one], it means that it would be preferable to be in it. But to be in it involves *having* been in it for a long time past, and enjoying the legacy of the past in terms of the accumulated stock of capital and the degree of mechanisation. The desirability of a movement from one... to the other, and the manner in which it might be smoothly negotiated is... [an] important and

difficult [problem]. What I have said in this paper is... no more than prolegomena to the solution of real problems" (206-7, emphasis in original).

The same strict constraints apply to the analysis of the second paper which draws on the insights of Joan Robinson and Robin Marris, especially the latter's work on the valuation ratio in Marris (1964). The present paper, together with the work cited above on the extension of liquidity preference theory to the stock market, show what a canard is involved in the proposition that the analytical developments in the post-war period of Keynes's most illustrious 'disciples' ignores the complex interrelationship of real and financial factors which was such a central feature of their master's work. The distinction between finance and saving, and their respective relationship to investment, first emphasised by Keynes in his 1937 paper (*C.W.* Vol. XIV, 215-23), were profoundly developed and analysed in the post-war period by Kahn amongst others in the context of growth theory. They never lost sight of Keynes's insistence that finance (not saving) could hold up investment, that finance capital and industrial capital need to develop side by side, and that causation ran from investment to saving and *not* the other way around. Moreover, within this framework, it is possible to start to get a grip on the malaise that affects our economies if finance capital (allied with speculation) start to get the upper hand in the inter-relationships, to which the events of recent years bear such eloquent and disquieting witness.

In the 1970s and 1980s Kahn turned more to the history of theory. In 1975 he published a major article assessing Keynes's contributions in *The General Theory* (see also Kahn 1978), in 1984 *The Making of Keynes' General Theory*, in 1987 the entry on Gerald Shove in the *New Palgrave* and, lastly, in 1989 the introduction to the Dissertation. He was also planning a second volume of collected papers (the first, *Selected Essays on Employment and Growth*, as we have seen, was published in 1972). Kahn was a meticulous, if slightly quirky, historian of theory. In his papers on Keynes (1975, 1978) and in his book (1984), his scepticism about the quanta theory and his insight concerning the central, crucial influence of the money wage on stability (or otherwise) impose a structure on the stories. They are none the worse for that; indeed, it seems to me that it *is* the proper perspective from which to come to a sound evaluation of Keynes's own contributions and Kahn's role as a disciple of Keynes, as he himself wished to be known (see Marcuzzo 1988).

VIII. Kahn continued to lecture until his retirement but the lecture was not an ideal mode of communication unless he was lecturing to small groups. Thus, his lectures on liquidity preference theory to research students in the 1950s were well received by the (then) handful of Ph.D. students with whom the lecturer had a friendly rapport. They sat in the front row and absorbed the argument despite the lecturer's almost complete inability to write on the board. But in discussion at the "Secret Seminar" or in smaller groups, or one to one, though he could be crusty and sometimes obscure (when his notorious anger would be used as a cover for lack of understanding), Kahn was in his element as sympathetic critic *par excellence*.

To those who did not know him well, or who were from another class and/or generation, Richard Kahn must have seemed an intensely private person, certainly aloof and possibly stuck up. Also, as with many of his generation, his telephone manners were appalling – "goodbye" was not a part of his vocabulary. In his last years deafness and poor health made him a rather solitary public figure, but in private with friends he could still be stimulated into lively and acute discussion. Then it was easy to recall the vigorous rock climber and walker of youth and middle age, the person who strode ahead on Sunday walks carrying a huge knapsack which not only contained food – pubs provided drink – but also meticulous maps and details of bus timetables which would allow tired walkers a comfortable journey home; to remember the parties in his rooms at which guests were chosen with great care and sensitivity so that if people, meeting perhaps for the first time, clicked they were left alone by an ever considerate host to enjoy each other's company; and to recall the man of culture, following in Keynes's footsteps, appreciating theatre, music and painting, and helping in a practical manner, too.

His curiosity about what was happening in King's and the Faculty never diminished; nor did his disapproval if things did not turn out as he would have wished, an increasingly frequent outcome. He could be grumpy and his anger was terrifying. But those who knew him well loved him for his great kindness and consideration, his wit and his friendliness, especially to the young – his relatives and children of his closest friends, and bright, not necessarily economics, students or young dons, whom Richard discovered and encouraged. They admired his intellect, his selfless input into the work of others and his instinctive modesty about his own achievements. As for these, the publication of his Dissertation makes clear that had it been

published earlier, it and his 1931 multiplier article together would surely have meant the subsequent receipt of the Nobel Prize, for his major contributions to what Keynes, Kahn himself and other gifted members of the Cambridge Faculty felt the discipline of economics ought to be.

"After the war Richard's involvement in Jewish religious activity faded [though] he did not pretend that he was something else. He retained his identity as a Jew with pride and took a positive – if... critical – attitude to Israel". Richard Kahn was to return to some extent in his last years. "[I]n his quiet retiring way he asked if he could be buried in the Jewish portion of the Cambridge cemetery". That is where his body now lies, buried "with his prayer shawl and his phylacteries which meant so much to him in his youth".³

Cambridge

GEOFFREY HARCOURT

REFERENCES

- HARROD, R.F. [1948], *Towards a Dynamic Economics*, London, Macmillan.
- KAHN, R.F. [1929; 1989], *The Economics of the Short Period*, Basingstoke, Macmillan. The 1983 Italian translation is *L'Economia del breve periodo*, Torino, Boringhieri.
- KAHN, R.F. [1931; 1972], "The Relation of Home Investment to Unemployment", *Economic Journal*, 41, June 1931, 173-98.
- KAHN, R.F. [1933], "The Elasticity of Substitution and the Relative Share of a Factor", *Review of Economic Studies*, 1, October, 72-8.
- KAHN, R.F. [1935a], "Some Notes on Ideal Output", *Economic Journal*, 45, March, 1-35.
- KAHN, R.F. [1935b], "Two Applications of the Concept of the Elasticity of Substitution", *Economic Journal*, 45, June 242-5.
- KAHN, R.F. [1937], "The Problem of Duopoly", *Economic Journal*, 47, March, 1-20.
- KAHN, R.F. [1954; 1972], "Some Notes on Liquidity Preference", *Manchester School of Economic and Social Studies*, 22, September, 229-57.
- KAHN, R.F. [1958; 1972], "Memorandum of Evidence" submitted to the Radcliffe Committee on the Working of the Monetary System, *Principal Memoranda of Evidence*, 138-46.
- KAHN, R.F. [1959; 1972], "Exercises in the Analysis of Growth", *Oxford Economic Papers*, N.S. 11, June, 146-63.

³ The quotations in this last paragraph are from Professor David Tabor's address at the funeral of Richard Kahn.

- KAHN, R.F. [1964; 1972], "Notes on the Rate of Interest and the Growth of Firms", published in KAHN [1972], 208-32.
KAHN, R.F. [1972], *Selected Essays on Employment and Growth*, Cambridge, Cambridge University Press.
- KAHN, R.F. [1975], *On Re-Reading Keynes, Fourth Keynes Lecture in Economics*, 6 November 1974, The British Academy, Oxford University Press.
- KAHN, R.F. [1978], "Some Aspects of the Development of Keynes's Thought", *Journal of Economic Literature*, 16, June, 544-59.
- KAHN, R.F. [1984], *The Making of Keynes' General Theory*, Cambridge, Cambridge University Press.
- KAHN, R.F. [1987], "Shove, Gerald Frank (1888-1947)," in John Eatwell, Murray Milgate and Peter Newman (eds), *The New Palgrave: A Dictionary of Economics*, Vol. IV, London, Macmillan, 327-8.
- KEYNES, J.M. [1930; 1971], *A Treatise on Money*, 2 vols., Vols. V and VI, C.W., London, Macmillan.
- KEYNES, J.M. [1936; 1973], *The General Theory of Employment, Interest and Money*, Vol. VII, C.W., London, Macmillan.
- MARCUZZO, C.M. [1988], *Richard F. Kahn: A Disciple of Keynes*, mimeo, Modena.
- MARRIS, R.L. [1964], *The Economic Theory of 'Managerial' Capitalism*, London, Macmillan.
- PASINETTI, L.L. [1987], "Kahn, Richard Ferdinand (born 1905)" in Eatwell, Milgate and Newman (eds.), [1987, Vol. 3], 1-3.
- ROBINSON, J. [1933], *The Economics of Imperfect Competition*, London, Macmillan.
- ROBINSON, J. [1956], *The Accumulation of Capital*, London, Macmillan.