



MAURICE SCOTT

Maurice FitzGerald Scott

1924–2009

AN OBITUARY FOR MAURICE SCOTT can only be a poor substitute for his own excellent account of his life (*My Life*, Parchments of Oxford, 2008). If an outsider's view of that life has anything to recommend it, the reason is perhaps that the writer may offer a more objective assessment of some of Maurice Scott's scientific contributions than the author himself provides. A self-critical tendency reveals itself when he writes of his own work. On the opinion of Christopher Dow concerning his first book, *A Study of United Kingdom Imports* (Cambridge, 1963), that it was very boring, he writes: 'This angered me at the time, but I am afraid it was true.' Why either Dow or Scott himself should have thought that a book about UK imports should be impossible to put down remains mysterious. In fact, however unexciting, this is an outstanding study, looking at UK imports in a detailed and analytical way that is no longer replicated today.

Maurice FitzGerald Scott was born on the 6 December 1924 in Dun Laoghaire (then Kingstown) near Dublin. He did not remain in his place of birth for long. His father's military employment soon took him to India where he remained until he was 3 or 4, before returning to Ireland. Maurice's parents moved to the Isle of Man in 1931. He was home-educated by his mother until 1935, after which he attended The Craig Windermere Prep school from 1935 to 1938. His secondary education was completed at Campbell College, Belfast, in 1943.

Maurice Scott's parents were distinctly different. His father was a soldier interested in shooting, walking, and golf; he also practised bee-keeping. His mother came from a more intellectual background. Her great-grandfather was a Bishop of Cork, Cloyne and Ross. Maurice's maternal

grandfather was George Francis FitzGerald, a physicist most famous for the Lorenz–FitzGerald contraction; the shortening of moving objects in the direction of their motion, a key feature of the relativistic dynamics from which Einstein built his Special Theory. It is perhaps easier to see the influence of maternal genes in Maurice's career. However he surely owed a dedication to golf and walking to his father.

Maurice Scott joined the Royal Engineers in 1943, starting with a six-month course in engineering at Cambridge. He writes of being overwhelmed by Provost Sheppard of King's College. In October 1943 an infantry training course was followed by further training until he passed out as a Second Lieutenant. By the time he was ready to fight, the war in Europe had ended. He travelled by ship to Burma, arriving too late to catch the war there, as the atom bombs had forced Japan to surrender. Nonetheless, the reoccupation of Burma demanded military skills, and Scott used his to help move a West African division across the Irrawaddy. Put in charge of the Officers' Mess, Maurice had to organise Christmas Dinner. The local market was useless when turkeys were required, but peacocks turned out to be a good substitute. The intensely practical side of Maurice's character was already evident.

In the summer of 1946 came demobilisation so that Maurice Scott could attend Wadham College, Oxford. As an ex-serviceman he was allowed to complete his degree in two years. He chose PPE with the emphasis on Economics. However Philosophy had long interested him. He was told to read Kant, but found Kantian ethics absurd, on the ground that general ethical rules could not possibly be derived from one simple principle. Late in his life the philosophical interest of the young Maurice Scott re-asserted itself with his publication *Peter's Journey: a Search for the True Purpose of Life* (London, 1998).

Scott's economics tutor was Donald MacDougall, the beginning of a huge enduring influence on his life. He graduated with a First, yet felt that he had much more Economics to learn. A studentship at Nuffield College followed, devoted to writing a thesis on the efficiency of nationalised industries, supervised by Norman Chester, of whom he writes: 'I don't believe that he understood my thesis and gave me little useful comment.'

When MacDougall became the first Director of Economics at the OEEC in Paris (later the OECD) he offered Scott his first paid position. The Paris organisation prepared annual reports on all member countries, with the aim on one interpretation of keeping US aid money flowing. In this unexciting number-crunching one can detect a large influence on Maurice Scott's life-long thinking. He had to bury himself in national

income accounts. He was later to express regret that students today bypass that discipline, because concepts such as income, and particularly depreciation, are not at all straightforward, a point that theoretical discussions frequently ignore.

In 1951 the Conservatives returned to power in Britain, with Churchill as Prime Minister. He appointed his war-time scientific advisor Lord Cherwell (the Prof) as Paymaster General, and he in turn appointed MacDougall as his Chief of Staff. Scott in Paris received the message: 'The Prof wants you in Whitehall,' and so began for Maurice Scott three years in London as a civil servant working on economic affairs. These were hard times for the British economy, but boring they were not to be. During these years MacDougall was involved in countering the so-called ROBOT affair. The idea was to freeze most sterling balances with the aim of protecting the UK balance of payments. The Prof was briefed to resist the scheme in Cabinet on the grounds that such a desperate measure was not needed and would do great harm if implemented. These arguments won the day and the ROBOT affair is now largely forgotten. Great secrecy meant that Scott was only marginally involved in these machinations. More important for him in this period is his meeting with his future wife Eleanor.

Maurice Scott's marriage to Eleanor was transparently a success. She was a wife of a kind no longer fashionable, or in many cases even feasible. She was the homemaker, mother to Maurice's daughters, and his ideal companion. More than this, her lively mind, and unfailing humour, made it always a pleasure to meet her, on her own, or with Maurice.

In 1954 Scott went to Cambridge to work as research assistant to Christopher Dow on a National Institute of Economic and Social Research (NIESR) study of the British economy. Dow favoured a cost-push theory of inflation, unfashionable at the time. When he argued that the quantity of money was unimportant, Scott asked him why in that case the government should not cut the cost of financing its deficit by issuing money instead of selling bonds. In 1956 Scott applied for positions in Oxford and chose the tutorial fellowship at Christ Church. At that time the college often preferred aristocracy to merit when choosing which students to admit, and there were many closed scholarships for top public schools. Scott fought a battle in favour of meritocracy that was eventually successful. Two leaves of absence from Christ Church took Scott to the National Economic and Development Office (NEDO) to work with MacDougall, and on visits to Asia to work with Ian Little and Tibor Scitovsky on the project that produced *Industry and Trade in Some Developing Countries* (Oxford, 1970).

This last was the beginning of Maurice Scott's intensive engagement with the study of industrial policy in developing countries, especially in connection with the effects of bureaucratic controls and tariff protection. He travelled widely, observing what he encountered sharply and precisely. The contrast between stagnant India and Pakistan, disabled by heavy bureaucracy and high tariffs, and dynamic Taiwan, made a strong impression.

In 1970 Maurice Scott was elected an Official Fellow of Nuffield College, Oxford. Although this is a research position with small teaching obligations, it allowed Scott to supervise the training and research of some of the outstanding students that were members of the college. These include Nicholas (now Lord) Stern, Vijay Joshi, Deepak Lal, Martin Wolf and Sudhir Mulji. Nuffield College brought Scott into close contact with Ian Little and James Mirrlees, who were engaged in their pioneering work on social cost-benefit analysis (SCBA). More travel followed, including a visit to Kenya, where Scott undertook detailed estimates of shadow prices that engaged him for four years.

These were times when SCBA was high fashion, in particular at the World Bank. Today that is no longer the case. One reason is that tariffs today are far lower than was the case then. Equally important may be the realisation that complex formulae, such as those that SCBA requires, are open to endless manipulation to obtain a desired result.

In 1975 Scott was involved in a controversy concerning the management of the British economy in a period of crisis and growing unemployment. Wynne Godley, then at the Department of Applied Economics at Cambridge, proposed the reflation of the British economy by means of high import protection. In conjunction with Ian Little and Max Corden, Scott produced a paper, published later in 1980 as *The Case Against General Import Restriction* by the Trade Policy Research Centre, arguing that the tariffs required by the Godley policy would be huge and increasing, and that they would not solve the problem of the inflationary tendency of the British economy close to full employment.

As early as the 1970s Scott was publishing papers concerning the productivity of investment. This was the beginning of a big research programme that was to yield nearly twenty years later *A New View of Economic Growth* (Oxford, 1989). It is best to take a backward-looking view of this enterprise, because the book pulls everything together, and integrates several different lines of thought. Scott's main ideas may be summarised as follows:

1. Physical depreciation of capital equipment before it is really old is relatively unimportant. Depreciation is mainly a relative price change. Profits from investment gradually fall over time as real wages rise. Therefore depreciation does not reduce the total output or income of an economy and should not be subtracted from gross investment when measuring investment's contribution to growth.
2. If gross investment is used in growth accounting there is no residual to be attributed to technical progress.
3. A much wider view of investment should be taken than is standard. It should be defined as the cost of changing economic arrangements. It also includes things such as new ways of marketing as well as more conventional spending on machines etc.
4. Scott's model of economic growth eschews a production function. The proximate causes of economic growth are the rate of investment and the growth in quality-adjusted employment.
5. Some of the above is evocative of the vintage models of economic growth that were fashionable in the 1960s. However those models included their own version of exogenous technical change, although this was delivered via new investment. In Scott's model technical progress is an integral part of investment. By changing things, investment creates new opportunities for future investment. After a one-year investment holiday new investment would be less productive than it would be had investment continued.

In *A New View of Economic Growth* Scott uses the above ideas to construct an empirical model of growth with no production function that performs at least as well as received models. Maurice Scott started his consideration of economic growth from the ground up, with nothing taken for granted. People who write like that sometimes suffer from an insufficient awareness of the literature that they have chosen not to follow. Not so Scott. The earlier work is all there; described in detail; rigorously criticised; built on, or discarded for clear reasons.

The year of publication of *A New View*, 1989, produces the curious effect that the names that many people today would associate with the concept of endogenous growth (Romer, Aghion and Howitt) do not even appear in the index. Later on Maurice Scott did comment on Romer's work, as in his paper in the Winter 1992 edition of the *Oxford Review of Economic Policy*, and also in *My Life*.¹

¹ A full list of Scott's writings forms an appendix to *My Life*.

Scott was especially proud of the fact that he tested his model on actual data and that he constructed his own data set in accordance with some of his economic accounting principles. Almost half his book is then concerned with applying his model to explain a range of issues including stylised growth 'facts', and the difference between social and private returns to investment.

A New View did not receive the reception that it merited. A hostile review article by Edward Denison only made things worse.² Sadly the profession is not sympathetic to big wide-ranging re-examinations of major fields when they do not take the form of papers in top journals. Even more significant, and to no credit to the economics profession, is the cool reception that Scott received at seminar presentations, in the US and elsewhere, and the indifference to various later articles. The likely explanation is the strong attachment of the relevant specialists to the neoclassical production function. That Maurice Scott's achievements were not entirely unappreciated was indicated by his election to a Fellowship of the British Academy in 1990. This might have happened without the publication of *A New View*, but the time of the election suggests otherwise.

Although he continued to travel, Nuffield College was his workplace and the beneficiary of his outstanding administrative skills. As one of the college investment bursars he was highly innovative and influential in establishing principles on the basis of which the college could decide how much to spend in any financial year. It is plain that simply spending dividends and rents is an arbitrary rule, and one that in a world with inflation would lead to a decline in the real endowment. Maurice Scott's rule for computing what he called notional income is typical of him in that it combines the sophisticated and the practical. That similar exercises are now routine across the University of Oxford owes not a little to the felicitous example of Nuffield College in the management of its financial affairs.

In the second part of his life he was quintessentially the Oxford don. Yet he was never parochial; communicating widely and effectively with scholars in Oxford and elsewhere. In tune with his work early in life Scott never ceased to be a numbers man. He wanted his questions answered by numerical estimates. From his writing, however, his commitment to basing numerical estimates on the right conceptual framework is always evident.

²Edward Denison, 'Scott's *A New View of Economic Growth*: a review article', *Oxford Economic Papers*, 43 (1991), 224–36; see also Maurice Scott, 'A reply to Denison', *Oxford Economic Papers*, 43 (1991), 237–44.

It is always difficult to know what a scholar will be remembered for, or if he will be remembered at all. It must be hoped that future historians of economic thought will not fail to record the revolution of the 1960s and 1970s that may be called paradoxically 'the economic approach to economic development'. Where previously economic development was often treated as an esoteric branch of anthropology, it was reunited with standard economic analysis, in which prices matter. Several economists can be associated with that intellectual revolution, none more than Maurice Scott and his colleagues at Nuffield College.

An example of the new approach is provided by the recognition of the crushing burden that high tariffs imposed on economic development in developing countries. The big insight here is the point that partial equilibrium measures miss a crucial effect. The inflated costs of inputs created by protection impose a heavy burden on all sectors, including those supposedly unprotected. It frequently happens in economics that an idea goes through two stages as follows. The first response is that people say: this is wrong. Then later they say: this is correct but so obvious as to be trivial. That is pretty much what happened with the pro-trade philosophy for which Scott deserves a big share of the credit, and for which he deserves to be long remembered.

Economics is inevitably a dry technical discipline, and few economists leave behind written work that projects their inner characters and personalities. Here Maurice Scott is notably exceptional. His autobiography *My Life* is extraordinarily open and honest. He does not shrink for instance from writing about his difficulties in his quest for sexual initiation. His *Peter's Journey: a Search for the True Purpose of Life* (London, 1998) is a brave enterprise. To write about the true purpose of life, whether as a professional philosopher or as an amateur, is to invite ridicule. After reading this unique and engaging work very few readers will consider it laughable.

Peter's Journey tells the story of a young man who travels through a sometimes dream-like landscape in search of life's meaning. While it is entirely different from John Bunyan's *A Pilgrim's Progress*, one is inevitably reminded of that classic travelogue. Where Bunyan's Christian encounters obstacles and temptations, Maurice Scott's Peter meets a variety of competing philosophies and counter-philosophies. These are voiced sometimes by colourful invented characters, who seem to have emerged from the pages of Iris Murdoch novels; and at other times by real, if dead, individuals. So Peter meets Beatrice Webb and Leo Tolstoy. He does not encounter Charles Darwin in person, but the author of *The Descent of Man* is the nearest the book has to a hero. Also greatly respected is Adam

Smith, not for his *The Wealth of Nations*, but as the author of *The Theory of Moral Sentiments*.

The young Maurice Scott's robustly common-sense approach to philosophy is again in evidence here. He takes revealed religion seriously enough to give it a turn on his stage while he plainly finds it impossible to credit. The leading problem discussed is the old one: how can an all-powerful and benign deity be reconciled with the terrible suffering of mankind. Peter on his travels might have met Dostoyevsky as well as Tolstoy. A theme that is visited and revisited during Peter's journey is how selfish should selfish human beings be, and how can we reconcile a good life with our rightful and unavoidable selfishness?

Peter eventually arrives at a position which is much the same as that of David Hume and Adam Smith:

'Will you therefore seek to love everyone?'

'No. I don't think love can be spread around very widely and still remain genuine—unless you're a real saint that is. You can feel real sympathy widely enough to want to help relieve suffering by people in far-away places, especially if you're vividly made aware of it on television, for example. But that isn't a very strong and enduring feeling for most people, nor will it be a very important guide to their conduct. . . . I remember Mrs Jellyby in *Bleak House*, who was busy promoting a scheme to have 250 healthy families cultivating coffee and educating the natives of Boorioboola-Gha, on the left bank of the Niger, while her own many children run about dirty and neglected . . .'

Eleanor Scott died in January 1989 leaving a large hole in Maurice Scott's life. He continued to be active and optimistic, with friends of both sexes. Deafness became a growing burden, one that is difficult to appreciate for those who have never experienced it. In a characteristic fashion Maurice made no secret of his problem, but discussed it openly with friends and colleagues, and never allowed it to isolate him. Hearing aids transformed one-to-one interactions for him, and this mattered more than the frustration of group situations.

Maurice Scott was equally open and forthcoming after he was diagnosed with the prostate cancer that eventually ended his life. His daughters did a great deal to make his life as rich as possible. Yet he remained self-sufficient, and he took up new activities. These included painting, for which he had a distinct talent. He leaves behind three daughters and nine grandchildren. He died on 2 March 2009.

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