

Bill Phillips: a life less ordinary

In July 2008, a major conference in Wellington, New Zealand, will commemorate the enduring influence of Bill Phillips, on the 50th anniversary of the publication of one of his most famous papers. **Nicholas Barr** tells us about the man, his work and a very unusual machine.

50th anniversary conference

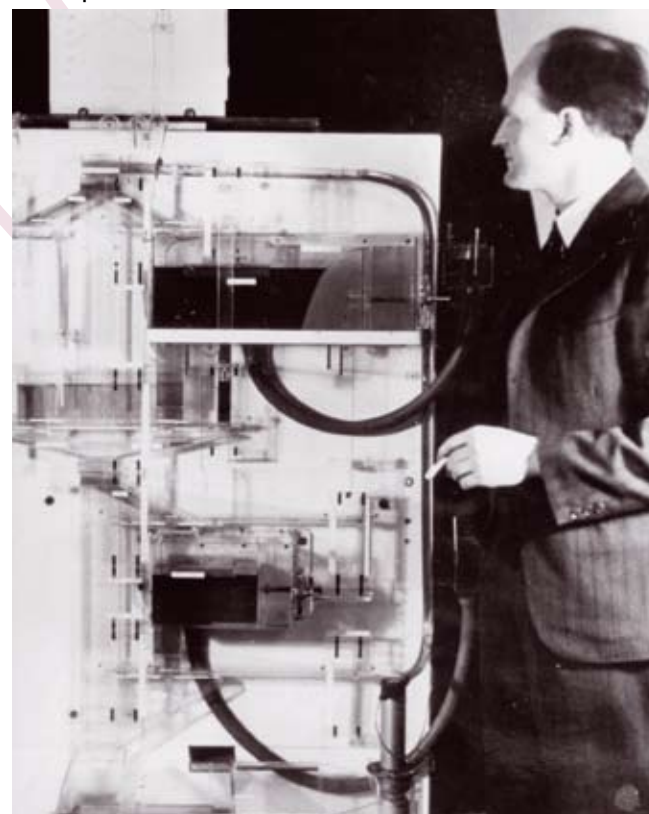
The life and work of AWH 'Bill' Phillips will be commemorated at a conference in Wellington, New Zealand, from 9 to 11 July 2008. 'Markets and Models: policy frontiers in the AWH Phillips tradition' marks the 50th anniversary of the publication of one of his most famous papers – on what economists came to call the Phillips Curve. Published in the journal *Economica*, it was one of the most widely cited articles ever written in economics. The conference, organised by the New Zealand Association of Economists and the Econometric Society (Australasian Region), will consist of keynote addresses by distinguished scholars, including the AWH Phillips Lecture, and special lectures and sessions to celebrate his contributions to economics. For more information, see www.phillips08.org.nz

AWH 'Bill' Phillips is known worldwide as the originator of the Phillips Curve. Less well known is his adventurous early life, his extraordinary war record, and his unorthodox entry into an academic career.

Bill Phillips, the son of a New Zealand dairy farmer, became an electrical engineering apprentice and moved to Australia, where casual work included crocodile hunting and an electrician's job at a gold mine. In 1937 he travelled to Britain on the Trans-Siberian railway.

His war record was highly distinguished, earning an MBE for 'coolness, steadiness and fearlessness' under fire. Only after his death was he publicly identified as 'the gifted young New Zealand officer' who built and operated the secret radio which is the central focus of Laurens van der Post's autobiographical reflections on life in a Japanese prisoner of war camp,

Bill Phillips and his machine



and on which Phillips heard that a bomb had been dropped on Hiroshima.

Back in Britain, he registered for a sociology degree at LSE but, like many of his generation, became very caught up with Keynesian theory. He was particularly taken with the analogy between economic flows and hydraulic ones and set out to build a machine to illustrate the workings of a Keynesian model. In the machine, money flows were represented by water circulating round a series of clear plastic tubes, with outflows representing savings, taxes and imports, and inflows representing investment, government spending and exports. In the end, economics took up most of his time. He graduated in 1949 with a 'pass' degree in sociology.

Over the following year, with encouragement from James Meade, Phillips completed the machine and demonstrated it to Professor (later Lord) Robbins' seminar. Everyone who mattered was there. They gazed in some wonder at this large (seven foot high) 'thing' in the middle of the room. Phillips, chain smoking, paced back and forth explaining it in a heavy New Zealand drawl, in the process giving one of the best lectures on Keynes and Robertson that anyone in the audience had heard.

The machine (the MONIAC) remained in the School for many years. Older alumni might remember the large shapeless mass covered by a dust sheet in a classroom near the Robinson Room; younger alumni might remember the restored Phillips Machine in STICERD – a project championed by Tony Atkinson and later by Nick Stern. It is now on permanent display in the Science Museum. Its story, in part a chapter in the history of economic thought and in part a chapter in the life of the School, involves some



At the inauguration of the renovated Phillips Machine in 1989 (left to right): Colin Clarke, James Meade, Walter Newlyn, Nicholas Barr, Reza Moghadam

of the great names in the history of the School and the subject.

Phillips' rise thereafter was meteoric. He was made an assistant lecturer in economics in 1950, lecturer in 1951, reader in 1954 (the year his PhD was awarded and the year he married) and Tooke Professor in 1958.

His subsequent work at LSE is broadly of two sorts. He was best known for his 1958 paper on what later became known as the Phillips Curve (a name he would never have given it himself), which explored the connection between the UK unemployment rate and wage inflation over the business cycle. That work was a progenitor of later important theoretical developments, in particular the analysis of expectations in macroeconomics. The second strand was the application of dynamic control theory to economic processes, so as to strengthen the ability of the economy to return to macroeconomic stability.

In 1967 he moved to a chair in economics at the Australian National University, partly for family reasons and partly to further his increasing interest in Chinese economic development. In 1969 he suffered a major stroke and retired to Auckland, though continuing to pursue his Chinese studies.

Bill Phillips made major innovative contributions to economics, rising, seemingly effortlessly, from a 'pass' degree in Sociology to a chair in economics in nine years. Despite his eminence, he remained self-effacing and approachable, even, during his later years at LSE, cheerfully repairing the machine.

To those who knew him (and I am lucky enough to have been taught by him), Bill Phillips the person is at least as important as Bill Phillips the academic. He is remembered by friends as a gentle, shy man with a wry sense of humour, and one who, in their eyes, was always absurdly modest about his path-breaking contributions to postwar economics. He is one of those people memories of whom always bring a warm smile to those who knew him. As Sir Henry Phelps Brown wrote in Bill Phillips' obituary in *The Times*:

'His personality was as fresh and endearing as his mind was creative. The world of economics was enriched by his restless originality; to be his colleague was to be his friend.'



Nicholas Barr is professor of public economics at LSE and a member of the Wellington conference's programme committee.

The
Campaign
for LSE

Student support

Thanks to the contributions of alumni and friends, since the Campaign for LSE began we have raised over £17 million in scholarship support. This year alone LSE awarded £1.8 million in philanthropic student assistance, nearly a quarter of the School's financial support for students, ensuring that some of the best and brightest students can have the opportunities and experiences that an LSE education provides, regardless of their financial means.

LSE students come from more than 130 countries across the world, creating an environment where global issues can truly be debated and understood, offering them a full international educational experience.

Scholarships transform the lives of students and invest in future policy makers, business champions and world leaders who will continue the legacy of understanding and change at LSE.



This scholarship has really changed my life. But it hasn't done only that. I believe it will change my children's lives and their children's and so on. When I finish my degree I want to do something to help make the world a better place. The driving

force behind this will always be my debt to Peter Bence, my gratitude for his foresight and generosity and the School's faith that I am a worthy recipient of it.

Emma Cardwell 2nd year student, BSc Environmental Policy, Bence Legacy Scholar, UK



'LSE's intellectual rigour and consistent pursuit of sound judgement make it an ideal place for young people from across the world to come together to debate global issues and developments and conduct dispassionate and logical study in a range of disciplines.'

'For me, the Campaign for LSE is also an opportunity to help the School achieve its long term ambitions and priorities.'

Therefore, by supporting postgraduate scholarships, I am not only able to make a difference to talented and ambitious students, but also to the School itself.'

Arif Naqvi (BSc Economics 1982) Abraaj Capital, UAE



I came from a working class background to LSE on a full grant, so it is incredibly rewarding to set up this scholarship. Jeffrey and I have particularly enjoyed getting to know all our scholars, watching their progress over the three years and talking to them about their future plans. They certainly seem to work much harder than we ever did! We are immensely proud of them and proud to be a part of the Campaign for LSE.

Rita Golden (BSc Sociology 1971) and **Jeffrey Golden** (General Course 1971, PhD International Relations 1975) UK

Pictured below are Stelios Haji-Ioannou (BSc Economics 1987) (left) and Bill Bottrill (BSc Economics 1978) (right) with their students at the donors and scholars reception.

