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The Making of Harrod's Dynamics. By Daniele Besomi. New York: St. Martin's Press, 1999. xii; 289 pp. $75.00.

This is a careful and illuminating work of scholarship that seeks to describe the development of Roy Harrod's ideas. It traverses his earlier work on imperfect competition and his later writings on the trade cycle and on static and dynamic method in economic analysis, all leading finally to his "Essay in Dynamic Theory." The reader is served insights from Harrod's correspondence with eminent contemporaries, including Gottfried Haberler, Dennis Robertson, J. R. Hicks, Richard Kahn, and particularly with John Maynard Keynes. The extensive footnotes are a work of scholarship in themselves and should not be missed.

If there is a single theme that most pervades the book, it is the contention that few writers who have claimed to be discussing Harrod's work or who based an analysis on Harrod's ideas have really got it right. The concluding chapter is titled "The Story of a Failure," meaning the failure of Harrod to communicate what he really intended either to his contemporaries or his successors. Indeed, the main conclusion that follows from the fairly extensive discussion of the Harrod-Keynes correspondence is that each persistently failed to comprehend what the other was arguing.

Yet, here I must differ to some degree with Dr. Besomi. I suggest that there are two ways in which an author's work can live on. First, his ideas can be accurately reported and widely understood. Alternatively, those ideas, even if frequently misapprehended, can serve as the jumping off point for fruitful contributions by others. The latter hardly constitutes "failure." I myself have argued that some of the main ideas of both David Ricardo and Marx are seriously distorted in later discussions, but, nevertheless, it can hardly be claimed that their work played no important role in subsequent literature. The same is surely true for Harrod. It is, of course, valuable to document and describe how an author's intentions have been distorted, as Besomi does so well. But later writers are responsible only to be careful to assert that they have merely taken off from what Harrod's writings suggested to them, not that they are correctly reporting his ideas. If they do so, their work should, in my view, be taken as a tribute to the previous author rather than as a mark of his failure.

It may be remarked that the misunderstandings of Harrod should be attributed in part to his personal eccentricities, which extended to his exposition, as was apparent to all who attended his famed LSE lectures that became the basis of his book on dynamics. The chaotic discussion in a seminar that followed, in which Lionel Robbins, Nicholas Kaldor, Arthur Lewis, and Friedrich Hayek, as well as this then very junior author, participated, already made clear that something was lacking in the communication process.

What, according to Besomi, were those misunderstood Harrodian ideas? First, there was the notion that one should adhere to neoclassical methods of analysis but with modification of their application, as in his work on imperfect competition and on the trade cycle. Second, there was the belief that valid static analysis was "a generalization of traditional theory" and that dynamics, in turn, was "a further generalization." Third was the belief that the key to an acceptable analysis of the trade cycle was inclusion of forces that make for instability. Once the instability of the equilibrium and its growth were established, Harrod apparently saw no need to lay out a full dynamic model capable of generating the cyclical trajectory. Instead, he relied on variability of his parameters somehow to get the job done. Finally, there was Harrod's peculiar idea of the proper structure of a dynamic analysis, that either rejected, or at best considered as secondary, the sort of analysis introduced by Ragnar Frisch and Paul Samuelson and that today has become the standard approach in the field.

It is worth discussing further Harrod's notion on the proper character of dynamic analysis and his difference with the mathematical economists ("the econometricians," notably Frisch and Jan Tinbergen) on the subject. He took the work of the latter to be based on the assumption that there are lags in the system, and argues that such lags are at best secondary complications. As Besomi quotes Harrod, "I prefer to define dynamics as referring to propositions in which a rate of growth appears as an unknown variable. This equation is clearly more fundamental than those expressing lags of adjustment" (133). And elsewhere Harrod wrote, "My complaint of the sequence analysis is that it seeks to introduce the corrections before the dynamic principles themselves are established" (131). Besomi concludes from this that "he did not question that lags play some role in determining the features of oscillations, but while, in his understanding, the econometricians saw them as the ultimate source of fluctuations, he saw them as secondary causes or disturbances to the operation of the dynamic forces which determine . . . rate of growth" (131).

It might have been useful for Besomi to point out that there are two fallacies in this interpretation of "the econometricians' approach." First, as we know, the dynamic models could just as well have used differential equations as difference equations, and the former clearly need not entail any lags, so that the lags are an entirely inessential matter. More important is the generally adopted objective of a dynamic model—to offer insights into the way growth and the resulting time path are determined. But these are not created by spontaneous generation. The future is surely influenced by the past and the present. It is these indispensable intertemporal relationships that Harrod misinterpreted as mere lags. I can only conclude from this, after Dorothy Parker, that there is perhaps less to Harrod's criticisms than meets the eye, and that the main achievement of his model lies in the ideas it inspired in those who did not fully understand it.

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