# A.W.H. Phillips: An Extraordinary Life

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For the last forty years, applied macroeconomics, in so far as it connects the instruments of fiscal, monetary and incomes policies to the objectives of inflation, unemployment and economic growth, has, to a large extent, been a series of footnotes and extensions to the work of A.W.H. 'Bill' Phillips. He was one of the most remarkable economists of all time and was deprived of a Nobel Prize for Economic Science by his ill-health and premature death.

The extant details of Phillips' life are remarkable enough, and can be briefly summarised.[1] He was born on 18 November 1914, at Te Rehunga, near Dannevirke in Southern Hawke's Bay in the North Island of New Zealand. His family generated their own electricity, and this may have stimulated his early interest in 'things electric' and in making crystal radio sets. He attended the local primary school and then went on to Dannevirke High School, a daily journey involving a six mile bike ride, a forty-five minute walk, plus a train ride. Phillips acquired a discarded truck, rebuilt and repaired it, and drove it to school every day, until the school authorities intervened.

In December 1929, Phillips passed matriculation, having just turned fifteen. He was too young to go to university and he became an electrical engineering apprentice on the Tuai Hydroelectric Station, one of the first government electricity-generating stations. He supplemented his income by running a 'Talking Theatre' in Tuai and the back country, to which he travelled on a motorbike. In 1935, he succumbed to wanderlust and set off for Australia. During the next two years he 'carried his swag' (and his violin) across Australia, doing a variety of casual jobs, including shooting crocodiles. In July 1937, at age twenty-two, he left Australia for Britain (via China and Russia) on a Japanese boat. Just one day out at sea the Japanese declared war on China. He made his way to Russia, but was unable to obtain a job in mining because of the plentiful supply of political prisoners.

Phillips had been studying by correspondence for the examinations of the Institute of Electrical Engineers (IEE) whilst working in a gold mine in outback Australia. Shortly after his arrival in London, in November 1938, he became a graduate of the IEE.

After the war, Phillips attended the LSE, rising from student to full professor in less than a decade. He is widely regarded as being more responsible than any other person for the introduction of econometrics into the teaching of economics degrees (Gilbert 1989); he was also probably the only professor of economics who spent his Friday afternoons reading Chinese. In August 1967 he left the LSE and took up a chair at the ANU. When he suffered a stroke two years later, he and his family moved to Auckland, New Zealand, where he continued to work on his Chinese and Russian. He insisted on running a course on 'The Development of the Chinese Economy Since 1949' at the University of Auckland, although the medical advice was that it could kill him. He suffered a final stroke on 4 March 1975, the day after his first lecture of the academic year.

Phillips was universally admired by those who knew him: 'his pupils and colleagues in London, Canberra, and Auckland respected him for his integrity and competence, and loved him for his humanity and enthusiasm' (Blyth 1978, xvii); 'His early death was a sad blow for the science of economics in this part of the world' (correspondence from W.D. Borrie); 'We went out to a Chinese restaurant after his lecture (in Chicago in the early 1960s) and to our surprise Bill proceeded to chat up the waiters in what sounded to us like fluent Cantonese. He told us that he had learned the language as a prisoner of war. It is, I think, characteristic of him that he led us to believe that he had the leisure to learn a language during that terrible time' (correspondence from David Laidler).

Phillips was remarkable in a variety of other ways. Megnad Desai remembers complaining (*circa* 1965) in the corridor at LSE that the central heating in his office had failed:

> Bill's office was near mine. He heard me and came to my office. He pulled out (much to my surprise) an electrician's screwdriver, opened up the thermostat in my office and fixed my heating.

Only scant details of Phillips' wartime experiences have, hitherto, survived. When the European war broke out, he joined the Royal Air Force, and after the Officer Training Course was posted to Kallang, Singapore. He was commissioned into the RAF on 1 August 1940 and was appointed Munitions Officer at Kallany Aerodrome, Singapore, where the 243 and 488 New Zealand (Fighter) Squadrons were stationed. The

citation accompanying his Member of the British Empire (MBE) award stated that Phillips:

> displayed outstanding ability, both academically and technically, and showed great energy in overcoming the initial difficulties experienced in operating Buffalo aircraft. Flying Officer Phillips introduced a number of necessary modifications which were accepted by the Air Ministry. It was due to his efforts and guidance that the fighter aircraft on the station were able to complete the maximum operations.[2]

He was evacuated from Singapore on the *Empire Star* and volunteered for further service in Java. He was eventually captured by the Japanese, and spent three and a half years in prisoner-of-war camps (in Bandoeng, Batavia and then back to Bandoeng).

We now know of Kondratiev's fate (Nove 1992), but until now we have been able to identify very little that relates to Phillips' wartime incarceration and the effect that this had on his decision to become an economist. The following words, which I came across whilst sitting on a beach near Perth, Australia, may shed some light on this, and provide an appropriate introduction to this volume of his *Collected Works*. They are taken from Laurens van der Post's autobiographical reflections on the three and a half years he spent in a Japanese prisoner-of-war camp, entitled *The Night of the New Moon* (1985). The book is organised around a secretly built and operated radio, which kept the prisoners in touch with the progress of the war, and *The Night* refers to 6 August 1945.

> We created a vast prison organisation for the re-education of ourselves . . . imprisonment for our men was transformed from an arid waste of time and life, into one of the most meaningful experiences they had ever known . . . A group of gifted and gallant young officers made a radio . . . we appreciated its overwhelming necessity to us . . . it was a near miracle . . . The gifted young New Zealand officer – a radio expert in civilian life – who had been responsible for reducing the set to its final minute form, and had proved himself capable of operating it for some eighteen months without any loss of nerve and with a real, if strange, enjoyment which I could not share – had impressed upon me how little he needed either to make the [malfunctioning] set operative or to build a new one . . . The New Zealand officer, in the dark underneath his mosquito net, began to repair, or rather reshape our radio. It was difficult, delicate and slow work, and if I remember rightly it took three nights and three dawns to give him the necessary light before the work was finished. They were among the longest days I have ever known, because everything in the atmosphere around us told us that the climax was near . . . only an expert like the New Zealand officer who had made the radio could take part in the listening operation . . . The listening officer had made three tiny coils which he slipped somewhere into his set to enable him to have a choice of three stations: if I remember rightly Delhi in India, Perth in

Australia and San Francisco in America.

I felt a hand tugging at my feet . . . It was the New Zealand officer, who lost no time in whispering to me in a tone which carried much more than just the satisfaction at the excitement of success: 'It worked Colonel! It worked' . . . He had some trouble making contact but after a great deal of fiddling had picked up a news broadcast from Delhi. Unfortunately he had not come in right at the beginning but near enough to realise that something tremendous had happened. He wasn't quite certain what precisely it was, but in the course of the morning of the day which was now ended, something more like an act of God than of man had been inflicted on Japan at a place called Hiroshima.

This previously anonymous young New Zealand officer was, without any doubt, Bill Phillips:

Bill's widow . . . has confirmed that van der Post was a prisoner of war with Bill and that Bill did in fact make and use a radio with which he got in touch with London and heard the news about Hiroshima.[3]

There is additional supporting evidence. Phillips' sister has described how her brother's childhood was filled with radio-making and other technical activities (Ibbotson-Somervell 1994, 5). Information supplied by the New Zealand Ministry of Defence has revealed that Phillips' parents received a transcript of a short wave radio broadcast from their son in April 1943. *The War Diaries* of Sir Edward 'Weary' Dunlop (1990, 96, 57, 128) contains a reference to an education instructor, F/LT Phillips, and a sole New Zealand officer. The entry for 5 November 1942 reads:

We are definitely [leaving Bandoeng] tomorrow . . . Saw Laurens [van der Post] about my X [wireless] who advised me to try and take it. Finally after the conference with Phillips (expert) . . . decided to carry pieces and hope to reassemble it.

Sir Edward Dunlop has confirmed that these entries relate to Bill Phillips:

I was most impressed with his courage and personality. He was a most fascinating man with many facets, something of a knockabout tramp, gallant soldier and gifted academic. I owed a great deal to Bill Phillips, for advice upon the tricky business of reducing a six valve wireless set to what became a one valve tiny wonder embedded in the bottom of a coffee tin.[4]

Finally, and conclusively, Sir Laurens van der Post has confirmed that:

There is no doubt that the Phillips you have come across is the Phillips who served us so gallantly in prison, and who built and operated the only really secret radio that we had in prison . . . Phillips was one of the most singularly contained people I knew, quiet, true and without any trace of exhibitionism . . . He was also shy and sensitive . . . the gift of being himself without ostentation and 'come what may' is what matters and will always matter and ripple out over the waters of the future when all is gone and forgotten . . . I am so glad that you've identified him, and that

I can pass on to you now what is the best salute of which an old soldier is capable, to a very gallant and unusual human being.

Van der Post concluded that without the intelligence provided by Phillips' radio 'we could not have lived our life in prison in what, I believe, was the triumphant manner we did . . . It was our only sure defence against slow demoralisation' (van der Post 1985, 48, 101–7; Ebury 1994, 485).[5] Phillips and van der Post had obtained the components for the radio by breaking into the camp commander's office and stealing parts from his radiogram! This was not the only contribution that Phillips made to the survival of the prisoners:

> Phillips invented a kind of immersion heater for the various collections of prisoners to use secretly when the kitchens (such as they were) closed down for the night . . . in a starving prison a hot cup of tea last thing at night came to mean a great deal to us. Thanks to Phillips' invention, the whole camp could have a secret cup of tea before creeping to bed on their wooden boards. The result was when some 2,000 cups were suddenly brewed that the lights of the camp dimmed alarmingly since the public supply of electricity in any case was feeble. The Japanese were mystified by this dimming of the lights every night at about 10.00 p.m.[6]

When Phillips arrived at the ANU in 1967 'he startled Alex Hunter who recognised him as the bloke operating the machine gun on the boat leaving Singapore' (correspondence from Ray Byron). Phillips' parents received a reassuring letter from their son dated 22 February 1942. They were notified in October 1942 that Phillips had been captured by the Japanese.

Van der Post had managed to avoid execution upon capture by requesting his would-be murderers (in eloquent Japanese) to 'pause an honourable moment gentlemen'. Van der Post had learnt Japanese as a result of befriending two Japanese visitors to South Africa who had been ejected from a 'white' hotel (Dunlop 1990, 43). The details of Phillips' capture were equally remarkable. He volunteered for further action in Java, and was shot down by Japanese aircraft. With two colleagues he found an abandoned bus, which they proceeded to make seaworthy in preparation for the voyage to Australia. The Japanese had ordered a total surrender and had threatened villagers with reprisals if they did not report the whereabouts of allied soldiers. As a consequence Phillips and his fellow would-be bus-sailors were betrayed and captured.[7]

Phillips had visited Hiroshima in 1937, and had been arrested there for taking photographs of some troops (Blyth 1978, xiv). According to van der Post (1985, 145) the nuclear explosion saved the lives of these prisoners of war:

General Penney has assured me that, among the staff records captured at [Field-Marshal] Terauchi's headquarters, evidence was found of plans to kill all prisoners and internees when the invasion of South-East Asia began in earnest.

Phillips and his fellow prisoners were forced to dig mass graves shortly before the Japanese surrender.[8,9] Two of their guards were subsequently executed as war criminals. For most of his three and a half years as a prisoner of war, Phillips lived under the constant threat of torture and execution:

A radio was found [by the Japanese] ... and both the owners of the flasks and the officer in charge had been decapitated for what the Japanese regarded as one of the most serious crimes of which a prisoner could be culpable.[10]

On one occasion, during a blitz search of the camp, a Japanese sergeant-major rocked up and down on the hollowed-out wooden chair which housed the secret radio (van der Post 1985, 51–2, 14, 100). Sir Edward Dunlop has informed me that Phillips' task of providing the news was filled with the 'grave danger of torture ... others I knew were sinfully beaten to death'.[11]

Phillips' colleagues were aware that he had been a prisoner of war and of some of the minor consequences of this episode, such as an aversion to rice and an almost complete inability to taste food: 'I can't use salt or pepper without thinking of Bill Phillips' (conversation with Max Steuer). Phillips (like D.H. Robertson,[12] but unlike Radford) never wrote, and his colleagues have confirmed that he rarely spoke, about his wartime experiences: 'although we were very close, he never spoke about it and I had the strong feeling he did not want to' (correspondence from Walter Newlyn).[13] Kurt Klappholz, who almost perished in Dachau, was at the LSE with Phillips for twenty years, but they never spoke about the war.[14] Valda Phillips believes that her husband was not aware of van der Post's book (a first edition was published in 1970, five years before Phillips' death), so we can only speculate about whether he would have sympathised with its conclusions (1985, 36, 154):

It was amazing how often and how many of my men would confess to me, after some Japanese excess worse than usual, that for the first time in their lives they had realised the truth, and the dynamic liberating power of the first of the crucifixion utterances: 'Forgive them for they know not what they do' ... I thought that the only hope for the future lay in an all-embracing attitude of forgiveness of the people who had been our enemies. Forgiveness, my prison experience taught me, was not mere religious sentimentality, it was as fundamental a law of the human spirit as the law of gravity.[15]

Phillips had been a qualified electrical engineer before the war and may well have conducted engineering classes in the Bandoeng prisoner-of-war camp (Dunlop 1990, 67). Sir Laurens van der Post recalled in correspondence that Phillips was 'really and truly a scholar, and one of his great passions was to study Chinese, and talk to some of the remarkable Chinese we had in prison with us'. He and his fellow instructors built up an atmosphere:

> with the spirit of a university . . . with young people constantly exchanging ideas on all sorts of subjects and vastly improving their knowledge of life and their understanding. It is most noticeable that the men who have really made their mark here are all those first in the field of intellect.

Dunlop's (1990, 128, xxii–xxiii) experiences of incarceration left him

> deeply conscious of the Buddhist belief that all men are equal in the face of suffering and death . . . Most uplifting of all is the timeless, enduring, special brotherhood shared with all survivors of prison camp's. . . [I] commend their unquenchable spirit to their children, to their children's children, and to those yet unborn. 'In thy face I see the map of honour truth and loyalty'.

After the war Dunlop kept in his desk the Buddha's words from *The Dhammapada*: 'Never in this world can hatred be stilled by hatred; it will be stilled only by non-hatred. This is the Eternal Law' (Ebury 1994, 620). His *Diary* entry for 16 August 1945 reads: 'I have resolved to make the care and welfare . . . of these maimed and damaged men . . . a life long mission' (Dunlop 1990, 435). In view of Phillips' wartime experiences it is, perhaps, understandable, if surprising, that he subsequently decided to devote his life to the problems of the social sciences rather than to engineering. He was particularly concerned with the problems of macroeconomic stabilisation, and of locating the level of aggregate demand that would be consistent with stable prices. Whilst this conclusion must, to a certain extent, remain speculative, 'it was "common knowledge" that Bill's interest in the social sciences grew out of his wartime experiences' (correspondence from David Laidler).[16]

His wartime incarceration may also explain some further aspects of Phillips' career. Of the 132,000 Anglo-Americans held in Japanese custody, 27 per cent died: 'The Japanese killed more British troops in prison camps than on the field of battle . . . its POW camps were run on the same economic principles as Nazi and Soviet slave-camps' (Johnson 1983, 427–8). Van der Post (1985, 37–8, 51, 109) stated that:

> By the beginning of 1945 we were all physically dying men . . . There was not a person in my own prisoner-of-war camp in 1945 who was not suffering from deficiency diseases of some kind . . . the few survivors looked like pictures of the

last inmates of Belsen on the day of liberation . . . all slowly dying from lack of food.

Phillips left his family at age twenty, to 'see the world'; he returned ten years later weighing only seven stone. In spite of the (presumably) irreversible damage caused by this malnourishment and maltreatment, in the decade and a half (1946–61) after enrolling at the LSE, Phillips completed an undergraduate degree in Sociology, a Ph.D. in Economics (for which he was awarded the Hutchinson Medal), and eleven published articles or chapters.

Economics was a compulsory subject in his Sociology degree, and he became interested in Keynesian theory. Walter Newlyn, a student one year senior to Phillips, informally taught him monetary theory, and Phillips' curiosity led him to think of the economic system as an engineering problem. This led Phillips to design what became known as the 'Phillips Machine', or Moniac, whilst still an undergraduate! His machine was built only three years after the Electronic Numerical Integrator and Computer (the ENIAC), the world's first electronic, large scale, general purpose digital computer, a 50 feet by 30 feet machine, which had taken three years to build at the Moore School of Electronic Engineering at the University of Pennsylvania. The Phillips Machine continues to be regarded as an extraordinary pioneering achievement, with versions on permanent display in the Science Museum in London, Cambridge University and at the New Zealand Institute of Economic Research in Wellington (see Part II).

Yet, following his inaugural professorial lecture (28 November 1961) Phillips' research output almost dried up entirely. Those closest to him were concerned that his teaching and administrative burdens were hindering his research: Harry Johnson noticed that he was 'leaving papers in his desk' rather than publishing them,[17] while Richard Lipsey attempted to persuade Phillips to take a research-only chair at the University of Essex. Kelvin Lancaster (1979, 634) suggested that Phillips:

became increasingly aware of the difficulties of estimating the relationships he considered necessary for policy design and of the fact that the necessary techniques were beyond his grasp. His intellectual integrity was such that he felt he could not continue to 'profess' in an area in which he had no further contribution to make.

It is possible that Phillips, like many other ex-prisoners of war, unknowingly began to experience a series of 'micro' strokes, before the onset of his major stroke in 1969.[18] Multi-infarct dementia severely interferes with concentration. Yet, this can only serve as a partial explanation because, during this period, the inventor of the Phillips Machine and the Phillips

Curve also developed the 'Phillips Critique' (chapters 49, 50, 51, 52), which was subsequently named after Robert Lucas. Equally, his energetic and inspirational leadership at LSE prompted Sir John Crawford, the Vice-Chancellor of the ANU, to offer him a chair in Canberra. An additional explanation has been offered by Bob Gregory:

> Bill accepted [the chair] on the condition that he only work on Economics three days a week. The other two days would be spent on Chinese Studies. *He had lost interest in Economics*. [emphasis added]

What were the origins of this disenchantment with the subject to which he had devoted so much and which had 'repaid' him in the form of eponymous immortality? The following speculative explanation is ventured. Phillips, at this time, warned junior staff members, such as Bob Gregory, that macroeconomics had acquired an irresistible momentum of its own: 'He said his best work was largely ignored – his early control work – and his Phillips Curve work was just done in a weekend.'

Phillips' work on stabilisation policy had been concerned to put in place automatic procedures which would increase the capacity of the economy to return to the position of zero inflation (chapter 16). Like Keynes, Phillips perceived that this stabilisation exercise would facilitate the survival of democracy and of the free enterprise system (chapter 50, p. 468). With a stable price level, a stable level of aggregate employment, a fixed exchange rate, free convertibility and diminishing levels of tariff protection, the residual role for macroeconomic policy advisers was perhaps suitable only for 'humble, competent people on a level with dentists' (Keynes 1963 [1930], 373). Yet, as Peter Howitt (1990, 71) pointed out, macroeconomists increasingly came to be perceived as 'not humble or competent but a menace to society'. In July 1967, on the eve of his departure from the northern hemisphere (and also, in a sense, from macroeconomics), Phillips (chapter 50, p. 470) acknowledged that the 'rational process of decision making' with respect to these stabilisation objectives was likely to be subverted or thwarted by policymakers who were 'reluctant to engage in the intellectually difficult and politically hazardous task of actually specifying quantitative objectives and a criterion of performance'.

It is not surprising that Phillips felt increasingly alienated from the acrimonious *direction* that macroeconomic policy disputes were taking. Phillips had no tolerance for weak or faulty arguments but his leadership style did not involve confrontation and he was free of the taint of *argumentum ad hominen*: 'To be his Colleague was to be his Friend' (Phelps Brown, chapter 3). This was the leadership style which both Dunlop and van der Post found to be successful during their wartime incarceration.

We may reasonably conclude that it was, at least in part, his non-Manichean frame of mind which preserved Phillips from the lingering death that befell many of his fellow wartime internees.[19] It was this frame of mind which he brought to macroeconomics and which so much impressed his colleagues: 'Bill Phillips was, and indeed is, a hero to me' (correspondence from Chris Archibald).

During the 1960s the macroeconomic consensus was breaking down and 'popularised' versions of Phillips' empirical work became pivotal to the controversy between monetarists and Keynesians. Mark Blaug (1980, 221) described this as 'one of the most frustrating and irritating controversies in the entire history of economic thought, frequently resembling medieval disputations at their worst'. Phillips' disenchantment with macroeconomics is, at least, contemporaneous with, and may be a consequence of, the intensification of these disputes, which at times involved the Manichean 'fallacy of the two species' (Halle 1972, 125; McCloskey 1986, 183–5).[20] Phillips was a modest man, not given to complaining, and 'showed less interest in politics than virtually every other economist I have ever met' (correspondence from Jim Durbin).[21]

In spite of this, during the 1960s he became a 'household name' in policy circles. In April 1967, the Chancellor of the Exchequer, James Callaghan, invoked Phillips' name to justify the Budget projections (Wulwick 1989, 187). Ironically, Phillips (chapter 22, p. 208) had devoted his inaugural lecture to policy analysis and had warned that British growth rates, both of productivity and GNP, were relatively low. He also cautioned that:

> The average rate of rise of the retail price index between 1948 and 1960 was 3.7 per cent per annum. There would be a fairly general agreement that this rate of inflation is undesirable. It has undoubtedly been a major cause of the general weakness of the balance of payments and the foreign reserves and if continued it would almost certainly make the present rate of exchange untenable.

During the 1960s this rate of inflation in Britain not only continued but accelerated, and in November 1967 Sterling was devalued. This was the year in which Phillips retreated to Canberra and to Chinese economic studies.[22] Less than two years later the full consequences of his wartime incarceration took their toll and his professional life was effectively over.

This almost suggests a fourth eponymous legacy to economics: the 'Phillips Law of Macroeconomic Controversy', which is not so much that 'bad macroeconomics drives out good', but that, just as the noise generated by inflation jams the signal emanating from the price system, so the vacuous noise from Manichean disputation drowns out the wisdom of those who have transcended animosity. Phillips experienced and

witnessed unimaginable levels of evil and suffering during his period of incarceration, yet his colleagues detected in him only integrity, generosity and boundless intellectual energy: 'He was one of the few thoroughly good persons I have ever known and I benefited greatly from being close to him' (correspondence from Richard Lipsey).

The experience of war had a profound effect on an earlier generation of economists.[23] Harry Johnson (1960, 153) recounted that Pigou's experience of war

> ... sickened him. There can be no doubt that this experience was responsible for transforming the gay, joke-loving, sociable hospitable young bachelor of the Edwardian period into the eccentric recluse of more recent times. In the words of his colleague and life-long friend C.R. Fay, 'World War I was a shock to him, and he was never the same afterwards'.

Phillips died in March 1975, shortly after his sixtieth birthday. He had been mentioned for 'fearlessness' in the citation accompanying his MBE, but towards the end of his life he became haunted by irrational fears. A crippling stroke at age fifty-four left him chain smoking, mobile only with the assistance of a tripod, and in need of constant medical care and medication, which was provided by his devoted wife, Valda. Visiting friends, such as Paul Samuelson and Bob Gregory, were taken aback by his physical condition.

*The War Diaries of Weary Dunlop* (1990, 88, 95) contain a chilling indication of where Phillips may have acquired his intense tobacco addiction:

> Slapping and beating up of our soldiers is now almost a daily affair ... In their impoverished state they cannot resist tobacco which they are allowed to keep after wholesale smacking. Today saw about one dozen lined up and struck a heavy slap in the face with a slab of wood ... one wonders if there will be any ear drums left intact.

Phillips carried permanently the legacy of his incarceration. It is highly probable that his addiction to untipped cigarettes was a significant contributing factor in his deteriorating health and diminished research output in the 1960s, in his major stroke in 1969, and, in the end, in his premature death. His wartime experiences, combined with a natural aversion to controversy in general, and political controversy in particular, may also partially explain one of the mysteries of contemporary macroeconomics: why Phillips remained silent, in print at least, while the curve, with which he was eponymously associated, was used, by others, to justify the policy of tolerating inflation in order to achieve permanently low levels of unemployment, which he had specifically cautioned against.[24,25]

On 25 April 1915, J.M. Keynes wrote to Duncan Grant:

> Yesterday came news that two of our undergraduates were killed, both of whom I knew, though not very well, and was fond of. And to-day Rupert's death. In spite of all one has ever said I find myself crying for him. It is too horrible, a nightmare to be stopt [*sic*] anyhow. May no other generation live under the cloud we have to live under.[26]

One of Keynes' biographers concluded that *The Economic Consequences of the Peace* was 'a revolt of economics against politics' (Skidelsky 1983, 302, 399). I suspect that these sentiments may also have been a hidden sub-text in Phillips' work.

## Notes

1 Phillips' parents, Harold Housego (from Wellington) and Edith (nee Webber) were dairy farmers at 'Jersey Meadows' (they bred Jersey cattle); Edith was also a school teacher. Both parents became devout Anglicans and donated some land for the construction of St Alban's Church. This became almost a family church, with Phillips' father acting as organist, lay preacher and Sunday School teacher (Sundays were strictly observed in the Phillips' household). Phillips was the first baby christened in St Alban's Church (his sister always referred to him as 'Alban'; his wife called him 'Will') (Ibbotsen-Somervell 1994).

2 *Auckland Weekly*, 13 May 1948.

3 Correspondence from Conrad Blyth

4 Sir Edward Dunlop also mentioned the possibility of a television mini-series of his book in which the 'radio expert' would presumably figure prominently. Sir Edward Dunlop died on 2 July 1993. Twenty thousand people lined the streets of Melbourne for the state funeral.

5 For the importance of the secret radio for the morale of prisoners of war, see Walley (1991, 22) in *We Flew, We Fell, We Survived: Stories of Survival*, part II, edited by Alex Kerr, the Foundation Professor of Economics at Murdoch University, and Dunlop (1990).

6 Correspondence from Van der Post.

7 Conversations with Richard Lipsey and Valda Phillips.

8 Conversation with Valda Phillips.

9 Dunlop's diary entry for 12 July 1945 (his thirty-eighth birthday) reads: 'I discern a mounting tension in the situation, with highly sinister overtones . . . Z, one of the Korean guards . . . was pessimistic as to any hope of our being recovered alive. Invasion, he felt, would be met by massacres and death marches. The wall and *bund* of our camp, with the built-in machine guns facing *inwards*, lend ready credibility' (1990, 432) [emphasis in text].

10 Van der Post described some of these physical brutalities: 'I would never have thought it possible that in our time there could still have been so many different ways of killing people . . . the Kempetai, the all-powerful Japanese

military secret police, were such experts in all matters of torture that they invariably extracted any secret from the most determined people in their hands' (1985, 35, 36, 86; see also Johnson 1983, 427–8; Ebury 1994, 330).

11 See also Ebury (1994, 456).

12 D. H. Robertson had been awarded the Military Cross during the First World War, but never spoke about these experiences (Johnson and Johnson 1978 [1974], 136).

13 Chris Archibald is almost alone in having initiated a conversation about Phillips' POW experience. Phillips replied 'she wasn't so bad once you got used to her; and I got to work on my Chinese'. There is nothing exceptional about this tendency to make light of the unspeakable horrors of war, as evidence by the song sung by soldiers in the trenches of the first World War:

> And when they ask us,
> And they're surely going to ask us,
> We'll never tell them,
> No, we'll never tell them.
> 'We drank our pay
> In some café . . .

14 Kurt Klappholz's entire family perished in Dachau. He often refers to 'the blessing of hunger – it kept my mind off the poison of hatred'.

15 Van der Post (1985, 154, 138–40) continued: 'If one broke the law of gravity one broke one's neck; if one broke this law of forgiveness one inflicted a mortal wound on one's own spirit and became once again a member of the chain gang of mere cause and effect from which life has laboured so long and painfully to escape . . . Soon after dark, some thousands of men and hundreds of their fellows too weak to walk, many near dying and carried on stretchers, marched out of the prison for the last time, all of them on the first stage of their way to liberation and home . . . As I watched the long slow procession of men marching into the night, this feeling of music everywhere rose within my liberated sense, like a chorale at the end of a great symphony, asserting the triumph of creation over death. All that was good and true in the dark experiences behind me, combined with my memory of how those thousands of men, who had endured so much, never failed to respond to the worst with what was best in them, and all that happened to me, in some mysterious fashion seemed to have found again the abiding rhythm of the universe, and to be making such a harmony of the moment as I have never experienced . . . one of the greatest and most uncompromising manifestoes of life written in my generation, with the title Look! "We have come through"'. Dunlop (1990, 92) reflected upon the occasion when some Japanese guards attended a music concert performed by the prisoners: 'They listened with growing sadness, finally all bursting into tears and leaving. Perhaps the brooding bitterness results in their occasional outbursts of bloody murderousness, a sort of *Gotterdammerung*.'

16 Jim Durbin has emphasised 'Bill's true originality . . . surely no other engineer other than Bill would have become a sociology undergraduate at his age, however ghastly his experiences'. It may be relevant to note that Radford (1945, 190) concluded that the 'principal significance' of his classic essay on the 'Economic Organisation of a P.O.W. Camp' was 'sociological'.

17 Conversation with Herb Grubel.

18 Megnad Desai noted that Phillips' 'hands shook whenever he had to teach, be it to one student or to many', although this may be unconnected to his declining health.

19 Henry Kissinger concluded that the survivors of the Nazi death camps with which he had contact in 1945 'had learnt that looking back meant sorrow, that sorrow was weakness and weakness was synonymous with death' (cited by Isaacson 1992).

20 D.H. Robertson, who was also a war hero, 'was not cut out for the rough life of politicking behind the scenes or for public debate' (Johnson and Johnson 1978, 138). Phillips remained aloof from the 'heroic posturing' and 'demonising' that characterised some of this macroeconomic controversy. Perhaps Phillips has seen too many real wartime villains to pretend to see 'stage villains' among those who formed different judgements about economic policy: 'It is almost as if the villain without is a Siamese twin of all that is wrong within ourselves. The only sure way to rid life of villains, I believed, after years of thinking about it in prison, was to rid ourselves first of the villain within . . . ' (van der Post 1985, 152–3). Perhaps Phillips had, like Dunlop, concluded that it was disharmony among the prisoners which caused the most unhappiness during his incarceration: 'I left this melancholy affair in almost the lowest frame of mind imaginable' (1990, 17, 19, 105, 108).

21 In 1962–3 the Phillips's lived next to the Boston airfields, close to MIT. The experience of the Cuban missile crisis and the Suez episode left Phillips despairing of politicians (conversation with Valda Phillips).

22 The Chinese and Pacific studies connections are intriguing. Did Phillips see similarities between the terrorism of the Cultural Revolution, which began in 1965, and the sadism of his wartime guards, particularly the Koreans? We know that Phillips learnt Chinese during his incarceration. Van der Post (1985, 38–9) commented upon the 'remarkable' Chinese in Java who, on the basis of a verbal promise of recompense from the post-war British government, smuggled gilders into the camp, which enabled the prisoners to supplement their diet with fresh fruit and cereals and thus reduce the mortality rate.

23 Keynes (1946, 172), in his last posthumously published article, deplored how much 'modernist stuff, gone wrong and turned sour and silly, is circulating'. Hutchison (1977), amongst others, reflected how different 'Keynesian economics' might have been had Keynes lived longer. Herb Grubel initiated a conversation with Phillips one Friday afternoon, about the Friedman–Phelps critique. Phillips invited Grubel to see him on Monday morning for a full discussion. Sadly, the meeting never took place, because on that Monday,

shortly after morning tea, Phillips collapsed in the Economic History office having suffered a massive stroke (correspondence from Graeme Snooks; conversation with Herb Grubel). For Phillips' discussion of inflationary expectations, see Cagan (chapter 4) and Phillips (chapter 16).

24 Richard Lipsey noted that 'Phillips himself was interested only in analysing the potentially destabilising effects of fine tuning' (1981, 557, n. 16); '. . . He had no tolerance for accepting inflation as a price of reducing unemployment' (correspondence). A.J. Brown (correspondence) has written that 'Bill's first love was certainly the conditions of stability of activity . . . In the 1950s there seemed to be a hope that "full" employment could be maintained if only the tendency to inflation that went with it could be controlled . . . If it was the experience of the war that turned him from engineering to the social sciences, I suspect that what worried him was unemployment and poverty rather than the price level – except in so far as the latter makes governments do silly things about the former.' James Meade stated that the interpretation contained in this chapter 'certainly chimes in with my opinion of Bill's work and character . . . I am quite certain that Bill was very conscious of the limitations to which you could reduce the level of unemployment without incurring a runaway inflation' (correspondence). For a discussion of these, and related matters, see Leeson (1999).

25 Richard Lipsey agrees with this assessment. 'It is indeed a mystery that he did not protest in print. Perhaps it's just that writing did not come easily to him. To someone so insightful, his total publication record was scant. He was a great talker and spent hours talking to students and colleagues when the rest of us were drafting our latest article. I, and many others, benefited greatly from this, but it left no "hard copy" record behind' (correspondence). Fisher (1978, 32) also commented on Phillips' 'silences'. Silence on controversial issues also appears to have come naturally to both Dunlop (1990, xxi) and van der Post (1985, 155): 'I have shrunk from publishing these diaries for over forty years. It seemed that they might add further suffering to those bereaved and add to controversy and hatred'; '[For twenty-five years] I preferred to remain silent because I was convinced that the inevitable use to which [my recollections] would be put in this literal and two-dimensionally minded age of ours, would work against the whole truth of war and the meaning and consequence it should have for the world.' Equally, Valda Phillips described her husband as someone who always lost interest in finished work. He was always busy – driven by the compulsive feeling that his time was limited – and his thoughts were always on the next project.

26 In 1914 Keynes received a cheerful letter from Freddie Hardman, an ex-student, who was serving on the Western Front. Keynes' reply was returned with the word 'killed' scrawled across it (Skidelsky 1983, 296).