

Jack Wiseman (1919–1991)

By Peter G. Klein

With the death of Jack Wiseman this January the Austrian school has lost a distinguished “fellow traveler.” Throughout a long career at the L.S.E. and the University of York, and through close associations with the Institute of Economic Affairs in London and the Center for the Study of Public Choice at Virginia Tech and George Mason, Wiseman was a tireless fighter for subjectivism in economics and a vocal opponent of positivism, undue sub-specialization, and the esoteric, technique-oriented character of modern economic theory. He also represented a living link with the great “London tradition” of the 1930s and 1940s, perhaps the last period when distinctively “Austrian” ideas were playing an active role in the development of mainstream economics.

Born to a poor family in the English midlands, the cradle of the industrial revolution, Wiseman proceeded by scholarships through the local secondary schools and later to the L.S.E., which he entered in 1946 only after a seven-year delay for military service. At the L.S.E. he joined a truly extraordinary group of thinkers: His first economics class was taught by William Baumol, then a newly arrived graduate student; the chairholders in economics were Hayek, Lionel Robbins, James Meade, T. S. Ashton, R. G. D. Allen, Edmund Phelps-Brown, F. W. Paish, and R. S. Sayers, and also teaching were P. T. Bauer, Arnold Plant, and Harold Laski; his personal tutor was Ronald Coase. He would later describe the department as “the best economists' club in the world.”[1] Wiseman concentrated on the “core” subject area, where he worked closely with Robbins with plans for an academic career.

After graduation he secured a temporary lectureship in Industry and Trade, and was later promoted to a full lectureship in Business and Public Finance. It was in these two areas (what would today be called industrial organization and public finance), that Wiseman published his earliest works: first a 1953 *Economica* article on collectivist economic planning—a subject with which, unfortunately, the academic establishment had mostly lost interest—and then his best-known paper, “The Theory of Public Utility Pricing: An Empty Box.”[2] Both of these, and especially the latter, argued along Austrian lines that marginal-cost pricing rules cannot be meaningfully applied to collective decision-making processes or public resource allocation, because “cost” and “benefit” exist solely in the mind of the individual actor, as anticipated prior to action though realized only after. That is, “marginal social cost” is more than a tricky thing to measure; it is impossible even to define. Perhaps predictably, the work failed to generate much interest in the profession, which was then enthralled with macroeconomics, growth, and “positive economics” (recall that Hayek himself had mostly given up economic theory by that time). Wiseman continued to pursue his own interests, however, developing his ‘unknowability thesis’: the central constraint we face is our inability to know the future. It was also during this period that he collaborated with Alan Peacock on a widely read study on *The Growth of Public Expenditure in the United Kingdom*. [3]

Wiseman continued lecturing at the L.S.E. until 1964, when he joined Peacock to set up a program in public finance at the newly created University of York, where he remained until retirement in 1987. At York he began to work with Stephen Littlechild, author of *The Fallacy of the Mixed Economy*, on a self-described “subjectivist economics textbook.” Sadly, the project was never completed, though its flavor can be gathered from the clever essay on “Crusoe economics” that came out of the project and appeared in a volume honoring George Shackle.[4] He also came to develop a close relationship with James Buchanan, whom he had met at the L.S.E. in 1960, and with whom he shared interests in both Shackelian subjectivism and the public choice approach to political action; as a visitor at Buchanan’s Public Choice Center he began to sketch an outline of a “new political economy,” a grand reconstruction of economic science that he continued to develop until his death.

He died of cancer at his home in Yorkshire at the age of 71. His friends and colleagues remember him as an unpretentious, practical man; an independent thinker and, above all, a great talker. He is at least a writer whose work deserves to be better known.

Notes

1. In an autobiographical sketch published in his book of essays *Cost, Choice and Political Economy* (London: Edward Elgar, 1989), p. 28. There Wiseman singles out as the source of its excellence not only the L.S.E. people themselves, but also the style of teaching, with its extreme emphasis on student participation. By contrast, he describes a year spent as a visitor at Berkeley in 1962 with surprise for the lack of interest in students: “After L.S.E., the [American] system seemed remote and uncaring. The first year of undergraduate study was treated as a ‘weeding-out’ period in which the dropout rate was very high. Teaching this group was a chore left largely to junior staff, teaching assistants and unwary visitors; seniority was rewarded not only by income but by the relinquishment of such chores. . .” (p. 26). Does this sound familiar to the modern American student?
2. Jack Wiseman, “Uncertainty, Costs and Collectivist Economic Pricing,” *Economica*, May 1953; idem, “The Theory of Public Utility Price: An Empty Box,” *Oxford Economic Papers*, vol. 9, February 1957. Both reprinted in James M. Buchanan and G. F. Thirlby, eds., *L.S.E. Essays on Cost* (London: Weidenfeld and Nicolson, 1973), and in *Cost, Choice and Political Economy*, op. cit.
3. Alan T. Peacock and Jack Wiseman, *The Growth of Public Expenditure in the United Kingdom* (London: Oxford University Press, 1961; reprinted 1967).
4. S. C. Littlechild and Jack Wiseman, “Crusoe’s Kingdom: Cost, Choice and Political Economy,” in S. Frowen, ed., *Unknowledge and Choice in Economics* (London: Macmillan, 1989), reprinted in *Cost, Choice and Political Economy*, op. cit.