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John Cornwall: A Brief Appreciation

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Introduction

A Festschrift serves to celebrate both an individual and the legacy of their work. In so doing, the contributions to Setterfield (1999) exude a sense of three of John Cornwall’s defining qualities as an economist.

First, Cornwall has made a variety of important and lasting contributions to economics, spanning theory, application and methodology.

Second, Cornwall’s contributions take economics seriously, i.e. they forego idle (and as it is currently practised, frequently cynical) game playing in favour of explicit and unyielding recognition of the social significance of economics and what this should mean to those who practise the discipline. Cornwall’s work has always been motivated by a desire to better the societies in which we live, or, as he puts it himself in reference to the work of those he most admires, ‘to do some good’.

Finally, Cornwall’s care and attention as an advisor, as an ‘invisible hand’, always guiding but never interfering, has inspired his students in the arts of the scholar-teacher. It is his unique combination of these qualities that have endeared John Cornwall to so many of his colleagues and students.

Cornwall’s contributions to economics have been many and diverse. Moreover, the format of his published work has changed over time. In the 1970s, he tired of the ‘one idea, one article’ structure of the periodicals and turned to publishing books as a means of exploring grander themes. Nevertheless, Cornwall’s abiding interest throughout his career has been in macrodynamics. Furthermore, although the object of his inquiry has changed over time and his macrodynamic methodology has evolved, a coherent vision of capitalist macrodynamics emerges from Cornwall’s work. This vision is expressed through the
interplay of two of the major themes in Cornwall’s contributions, namely, that demand matters and that institutions matter.

‘Say’s Law in Reverse’: The Importance of Demand in a Capitalist Economy

Cornwall is a firm adherent of the Keynesian proposition that aggregate demand does not adjust passively to accommodate given levels of aggregate supply over any time horizon. Rather, his work suggests that it is aggregate supply that adjusts to accommodate aggregate demand, so that we have, as it were, ‘Say’s Law in reverse’, and aggregate demand is established as the leading element in the determination of the level of economic activity. This is true both in the short and long runs, owing to the capacity of aggregate demand to influence the utilization of productive resources at any point in time, and (via induced technical progress and so forth) the very development of these resources over time. These ideas have a long pedigree in Cornwall’s thought. They appear in his first book (Cornwall, 1972) and date back to his time in Cambridge during the 1960s, where he expressed his dissatisfaction with the prevailing tendency to treat Harrod’s natural rate of growth as being independent of the actual rate of growth (Harcourt and Monadjemi, 1999, pp. 12–13). His continued emphasis of these themes offers a marked contrast with orthodox Macroeconomics, in which the supply-determined nature of long run growth is taken for granted and, thanks to developments such as real business cycle theory, even the capacity of demand to explain deviations from this supply-determined growth path is treated as questionable.

Conflict, Uncertainty and Institutions

The failure of the price mechanism to create a system that is self-regulating about a supply-determined level of economic activity (or growth path) is central to Cornwall’s macrodynamic vision. However, it is not obvious that the price mechanism as idealized by neoclassical economics is even capable of creating a system that is self-regulating in the broader sense of its being structurally stable, i.e. capable of reproducing itself (at any level of activity) in a more or less orderly fashion over time. In the first place, the price mechanism cannot coordinate expectations. Uncertainty is an endemic and pervasive feature of