

## INGRID HAHNE RIMA: AN APPRECIATION

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Ingrid Hahne Rima

This is a tribute and farewell to Ingrid Hahne Rima upon her departure as Editor of the *Eastern Economic Journal*. To have taken this journal from relative obscurity to a position as one of the foremost regional economic journals is no small feat. Professor Rima was able to accomplish this because of a commitment to developing new talent and a willingness to take all submissions seriously, regardless of field or the author's school of thought. The essential requirements were always that the paper be written well, understandable to a wide audience, logically argued, and that it attempt to say something new and different. Another ingredient of Dr. Rima's success was her constant attention to the journal and the continual words of personal encouragement-- one could always talk with Ingrid. Many a time we availed ourselves of this privilege, and probably even abused it, speaking with her well past one o'clock in the morning.

Given the inordinate amount of time that she put into this journal, it is remarkable that Dr. Rima was able to do anything else over the past dozen years. But amazingly she has also published numerous books and articles; and she has organized, and participated in, many professional conferences. This work was performed with the same commitment to logic and clarity, to openness, and to saying something different in each new work.

In what follows, we draw attention to several particulars of Dr. Rima's work. Taken as a whole, what is perhaps most remarkable about this work is its range. Besides her main fields, the history of economic thought and labor economics, Dr. Rima has written on poverty and the declining middle class, on technical change and innovation [Rima, 1989], and on the history of econometrics. Such breadth has been a major source of Ingrid's strength as an economist, a journal editor, a colleague, and a friend.

Dr. Rima is probably best known for her work in the history of economic thought. She has written extensively on Alfred Marshall and John Maynard Keynes. In *The New Palgrave* she has written on the history of the distinction between wage goods and non-wage goods [Rima, 1987]. Her *Development of Economic Analysis* is currently the best selling history of economic thought textbook. The fifth edition, published in 1991, constitutes a considerable expansion of earlier editions and includes numerous selections from great economists of the past. A recently edited book honoring Joan Robinson [Rima, 1991] explores some of the seminal contributions of this important post-Keynesian economist. In recognition of her many years of scholarship and her outstanding work in history of economic thought, the History of Economics Society has elected Dr. Rima to be its next President.

Dr. Rima's essay in the Joan Robinson volume draws attention to Robinson's contribution to the Keynesian Revolution. Rima notes that "It was Robinson who pushed Keynes to recognize that the revolution he precipitated stemmed from his abandoning the concept of equilibrium to move toward that of history" [Rima, 1991,

196]. While the Keynesian Revolution is usually associated with the possibility of unemployment equilibrium, Rima finds in Joan Robinson a second strand of the Keynesian Revolution—a recognition that the money wage is not just one price among many, but the key price in the economy because it governs the aggregate price level.

Dr. Rima's work in labor economics has followed both these strands of the Keynesian Revolution. On the one hand, she [Rima, 1984a] has attempted to explicate Keynes's notion of involuntary unemployment, and has argued that viewing unemployment as involuntary makes more sense than the job search models that have become increasingly popular during the past two decades. On the other hand, Dr. Rima has attempted to bring out the neglected second strand of the economics of Keynes. Following Robinson, she has argued that the level of money wages is an historical accident that depends upon the ability of workers to maintain relative wage rates.

Rima [1984b] argued that the neoclassical supply of labor curve, which treats the supply of labor as a function of the real wage, is misspecified because money wages depend on prices and because goods prices determine the labor supply decisions of households. She then suggests an alternative labor supply curve, in which the household's labor supply is a function of three variables—its customary standard of living, its real wealth, and the ratio of its own wage to the wage of comparative households. She then shows how this labor supply curve can explain the existence of involuntary unemployment.

Another of Ingrid's major interests has been the use of problem solving tools by economists. She is currently editing a book, *Measurement, Quantification and the Development of Economic Analysis* [Rima, forthcoming], which will include a paper she has written on the early history of econometrics. Some aspects of Dr. Rima's interest in this topic have already been explored in a paper on Keynes and econometrics [Rima, 1988]. While it is well-known that Keynes had misgivings about using econometric techniques to test macroeconomic theories, this has often been incorrectly attributed to his lack of technical training and expertise. Rima argues, however, that this view is incorrect; Keynes had more deep-seated objections to econometric forecasting which stemmed from his views of human nature and probability. Thus, he recognized that when human behavior can change as a consequence of statistical probabilities, a game-theoretic approach to economic modeling is superior to a static statistical approach. This dovetails with Keynes's famous critique of Tinbergen in the September 1939 *Economic Journal*. There Keynes objected to the regression models of Tinbergen because they did not recognize that all economic data is no longer drawn from the same universe when structural economic changes have occurred.

Concern with getting history right is also evident in Dr. Rima's work on Alfred Marshall and labor markets. Rima [1986] makes clear that Marshall was not responsible for the conventional wisdom, which holds that remuneration to factors of production is governed by the same principles as commodity prices. Labor markets are thus different for Marshall than other types of markets, a position which it turns out is not very different from the view of Keynes.

Dr. Rima's interests in the history of thought, in labor economics, and in poverty all converge in a recent paper [Rima, 1990] on Marshall's view of poverty. In the second edition of the *Principles*, Marshall identified a growing *Residuum* of individuals who were incapable of doing a good day's work or earning a decent wage. Rima argues that Marshall was always concerned with this *Residuum* on a humanistic and moral level, and was interested in developing policies to assist the long term poor. At an analytical

level, Marshall was concerned with explaining the existence of this *Residuum*. Rima then shows that Marshall's inquiry into labor market peculiarities bridges the gap between his analytic and humanistic concerns. Chapters 4 through 6 (Book VI) of the *Principles* trace the problem of the *Residuum* to the disadvantages of labor in wage bargaining. Poverty persists from generation to generation, according to Marshall, because nothing is done to break the cycle of poverty or improve the bargaining position of labor. In spite of these many books and articles, Dr. Rima might be best known for the stimulating conversations she inaugurated in the pages of this journal during the mid-1980s. While it is now commonplace for journals to carry interviews with well-known economists, the *Eastern Economic Journal* was truly a pathbreaker in this area. And, truth be known, the person breaking these paths was Ingrid Rima. Word in the profession was that you really had not made it as an economist until Ingrid had interviewed you for the *EEJ*.

The conversations themselves reflect Dr. Rima's multidimensional talents and interests and her insistence on making economics accessible, relevant, and open to all streams of thought. Her first conversation, with Donald McCloskey, appeared in 1985. At the time *The Rhetoric of Economics* had just been published, and the rhetorical approach was becoming a hot topic. The conversation with McCloskey brought out two important aspects of this approach—the reasons why economists should ignore methodology and just do economics and the benefits that would accrue to economists from listening to proponents of unorthodox paradigms.

Over the succeeding six years, more than a dozen additional conversations appeared in the *EEJ*, all of them conducted by Dr. Rima. Through these conversations the pages of this journal were graced with the presence of Sir John Hicks, John Kenneth Galbraith, William Baumol, and Jagdish Bhagwati. The conversations made the ideas of these luminaries of our profession accessible to all economists, not just those with particular specializations.

We note just a few highlights of these many conversations in order to convey a sense of their breadth and scope. While we could have gone on and on writing about them, Ingrid taught us well about the scarcity of journal space. In a conversation with Amitai Etzioni [July-September, 1990] the reader comes away knowing about an alternative to mainstream economic thinking called socio-economics (one of several challenges to economic orthodoxy) and the features that set this approach apart from neoclassical economics. An exchange with Sir John Hicks [January-March, 1988] goes into the intellectual influences on the work of this Nobel laureate. This conversation revealed connections between Hicks and Robertson, Hicks and Lindahl, Hicks and Hayek, and more. A conversation with Joseph Pechman [January-March, 1990] just before his untimely death in 1989 revolved around the effects of the Tax Reform Act of 1986 and the distributional consequences of tax policy, an area in which Pechman was a pioneer and leader. Ingrid's final conversation, with Dale Jorgenson [January-March, 1991], discussed the uses of *Consumer Expenditure Surveys* as a new source of evidence on the extent of poverty in the United States and what lessons about poverty one could draw from this *Survey*. In rereading these conversations, one is taken with the way in which Dr. Rima formulated questions to probe into the influences on a specific economist and to define the range of a particular approach to economics. One is also struck by the fact that all the conversations were really designed to teach economists about the theories of a particular individual or school of thought. In all cases, the conversations proved that

economics need not be a dismal science; rather, it could be both entertaining and informative.

More recently, Professor Rima has turned her attention to the global economy. In the Spring of 1991 she was instrumental in organizing a conference in Rome on the economic restructuring taking place throughout the world. The papers presented at the conference dealt with many contemporary policy issues—the regional trade arrangements that are developing, the new financial structures that need to be put into place in a world of unlimited capital mobility, and the problems encountered by socialist economies making the transition to capitalism. They examined the causes and consequences of particular changes in the world economy; and they set forth potential policy solutions for the ills that have already arisen, or are likely to arise, in the course of these changes.

While the conference was both rewarding and stimulating, Dr. Rima felt that merely having a conference was insufficient. Consequently, she turned her attention to making the conference papers available to a wider audience. Many of the papers presented at the conference are currently being drawn together in a volume titled *The Political Economy of Economic Restructuring*. It will be the first volume of a series to be published by Edward Elgar under the theme "New Dimensions in Political Economy". All volumes in this series will be under the general editorship of Dr. Rima. The series itself will attempt to bridge the gap between received economic theory and the real world and to create renewed interest in political economy. It is expected that most volumes in this series will be the result of future international conferences that address important issues in contemporary political economy.

Dr. Rima's receptivity to important real world economic issues, to the importance of the global economy, and to the contributions made by non-Americans, is largely responsible for the fact that the Eastern Economic Association meetings have a distinctly international hue. The success of these meetings, and especially the world-wide reputation of this association and journal, have been due to Dr. Rima's broad interests, her hard work, her caring, and her talents as an economist.

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