

STEFAN STYKOLT, 1923–1962

STEFAN STYKOLT was born in Zgierz, Poland, on October 12, 1923, and received his early education in Poland and in France. His Polish background gave him both the broad and cultured scholarly interests characteristic of the European intellectual, and a recognizably Polish scepticism, indeed pessimism, about the capacity of human institutions in general and governments in particular to improve the human lot, together with a certain intellectual arrogance that did not always endear him to his colleagues and acquaintances. These qualities accounted for his love of France and of French culture—a love refreshed by frequent visits to Paris—which manifested itself in his deep knowledge of French politics and of French literature. He was particularly fascinated by the works of Marcel Proust (he was a member of Les Amis de Marcel Proust); Proust's concern with the meaning of the irretrievable past illuminated the severe psychological stress imposed on him by the forced uprooting and transplantation to an alien environment of his own closely knit family. But the characteristics derived from his Polish origins also accounted for his love of his adopted country, and the place he made for himself in its culture and in his profession there; for concentration on the pursuit of truth is the only self-justification, and scepticism the only form of self-defence and consolation, available to the intellectual in a country that knows itself to be a powerless pygmy in a world of giants, and fears for its survival and its identity—whether it be Poland or Canada.

After a miraculous escape from the German invaders, the Stykolt family arrived in Canada in 1941. Stefan attended Upper Canada College, and then the University of Toronto, graduating with First Class Honours in Political Science and Economics in 1946. He then went on to graduate work at Harvard, and became interested in the newly established Research Center in Entrepreneurial History. He contributed two characteristic notes to the *Explorations in Entrepreneurial History*, both somewhat family-autobiographical in character. The first, "A Note on the Administrative State," called attention to the entrepreneurial activities of "the economic manipulator," and demonstrated the author's characteristic shrewd sense of how the business world really works. The second, "A Note on the Parametric Approach," criticized the Center's concentration on the environment in which business decisions are made, and stressed the desirability of approaching business decisions in terms of the process of subjective evaluation, tentative decision, and critical revision by which entrepreneurs adapt to their environment. An interesting parallel is drawn between the entrepreneur and the academic scholar, and a significant reference made to the success of transplanted European entrepreneurs; but the ideas most characteristic of Stykolt's later work are contained in the final paragraph, which emphasizes the sterility of methodological argument and the desirability of empirical study.

After three years at Harvard, Stykolt moved to Cambridge, where he studied for two years. Initially he busied himself with research on the flow of

British capital to Canada, a subject in which his interest was stimulated by the lectures of Hrothgar Habakkuk and Ronald Henderson; but his attention soon turned to the historical development of the ideas of the Cambridge School. Neither of these objects of study led to published work; but his intensive study of the first rounded out the knowledge of Canadian economic history than informed his later research, and his study of the second, which like his studies of entrepreneurship at Harvard involved him deeply in scientific methodology, helped to develop the remarkable breadth of knowledge of his subject that distinguished all he later wrote and said.

Stykolt could have had a teaching post at London, and might have bettered his professional career by accepting it; but he chose instead to return, in 1951, to his adopted country and his own University of Toronto. In the next few years his academic work was limited by personal difficulties, and subsequently by his activities with the *Canadian Forum*.

A great deal of Stykolt's energies went into the *Forum*, of which he became managing editor in 1954. The tradition of radical protest established by the *Forum* in the inter-war period had been deteriorating into left-wing dogmatism in the prosperous post-war period; Stykolt, inspired by the example of the *Economist*, sought to turn the magazine into a platform on which the country's best brains could address themselves to current policy issues, and so develop an informed and specifically Canadian discussion of contemporary Canadian problems. His own signed articles—not the most important of his efforts for the *Forum*—were models of intelligent and penetrating economic journalism. In 1955, he greeted the announcement of the appointment of the Royal Commission on Canada's Economic Prospects with the recommendation that the Commission should examine whether Canada could afford the tariff, and the suggestion that, instead of being protected, industries should be compensated for the removal of the tariff and subsequently for bad luck in international competition—a policy whose sensibleness North American opinion has only gradually come to appreciate. His disappointment with the muddled and disingenuous protectionism of the Commission's *Preliminary Report* was declared in no uncertain terms in a joint article with Harry Eastman in 1957. As early as May, 1958, in another joint article with Eastman, he called attention to the fallacious reasoning that was guiding Mr. Coyne's management of monetary policy. He was deeply concerned about the economic nonsense that increasingly guided Canadian economic policy after the middle 1950's, and his willingness and courage to state publicly his reasoned opposition to the cant of "responsible" opinion was in itself a contribution to the development of Canadian economics (he was one of the originators of the economists' letter of 1959).

Stykolt resigned from the *Forum* in 1959, partly as a result of disgust with the refusal of the Canada Council to give the magazine the temporary financial help it needed to become commercially viable, though he had also become anxious to devote more of his time to economic research. After his return to Canada he had become interested in combines policy, and the relevance to it of the concepts of effective competition he had studied at Harvard under Edward S. Mason. This interest, which was strongly encouraged by his mentor and Department Chairman, V. W. Bladen, gradually

evolved into an interest in the effects of the Canadian tariff on market structure and productive efficiency in Canada, a research subject on which he collaborated with Harry Eastman.

Stykolt's first published work on combines policy was a paper read to the CPSA meetings in 1955, in which he criticized combines policy for its concern with the detection of price-fixing agreements, outlined an alternative economic approach to the problem that emphasized the maintenance of effective competition, and stressed the need for detailed study of market structure as a preliminary to the devising of effective remedies. The attack on combines policy was carried further in a lengthy joint paper with Bladen. The first part of this paper surveyed existing theory of competition in a highly critical spirit, rejecting static concepts in favour of a dynamic conception of the competitive process, and took the fundamentally Schumpeterian position that "the maintenance of the atmosphere favourable to innovation is the most important objective of any combines administration"; the second part presented a detailed case study of the Canadian wire and cable industry.

The case study of market structure was Stykolt's chosen approach to the study of problems of industrial concentration and public policy. His firm belief in the superiority of that approach brought him into conflict with other students of the field, notably through his critical review of Gideon Rosenbluth's book, *Concentration in Canadian Manufacturing Industries*, and the resulting sharp controversy with Kenneth Buckley and Rosenbluth, an episode in which his lack of familiarity with statistical methods led him into a vulnerable position. The case study approach was ideally suited to his talents for methodical work and his tremendous scholarly knowledge of the literature. The quality of his work is best exemplified by his doctoral dissertation, *Economic Analysis and Combines Policy: A Study of Intervention Into the Canadian Market for Tires*, submitted to Harvard in 1958 and to be published shortly by the University of Toronto Press. The dissertation painstakingly assembles all the relevant information on the structure of the tire market and the reasons for it, analyses the economic consequences of discriminatory pricing of tires, and culminates in an examination of two approaches to the attainment of effective competition, removal of the tariff on tires and concerted measures to unify the Canadian tire market. The analysis of these remedial measures is distinguished by its appreciation of their limitations, and especially of the likelihood that removal of the Canadian tariff would not eliminate the discriminatory price structure taken over from the American tire market. The dissertation which was of eminently scholarly quality, was not published during his lifetime because he planned to revise it in conformity with his new interest and projected further research.

The shift of Stykolt's research interest in industrial organization from combines policy to the tariff was closely associated with his opposition to the increasing protectionism of the 1950's. Where the protectionists argued that tariffs were necessary to offset the disadvantages of a small domestic market, he maintained that the high costs of Canadian secondary manufacturing were the result of inefficient market structures fostered by the tariff. With characteristic determination to get at the truth of the matter, he set out with the collaboration of Harry Eastman to subject the effects of the tariff on industrial

efficiency to thorough empirical study. In choosing this research subject, he was at once tackling an empirical problem of fundamental importance to Canadian economic policy, and seeking to throw light on one of the two areas of economic policy in which a thorough analysis of Canadian experience could contribute importantly to the advancement of scientific knowledge about economic development—the potentialities of the tariff as an instrument for forcing industrial development, and the economics of development based on the export of resource products. In undertaking research on this subject by the case study method he practised, with the thoroughness that his exacting standards demanded, he was committing himself and his collaborator to a monumentally time-consuming task. They thought they had the time they would need to complete the task; they were tragically mistaken.

The theoretical analysis underlying the project was published in a joint article in the *Economic Journal* in 1960, and the first fruits of the research in another in *Economie Appliquée* that appeared just before Stykolt's death. The former consists largely of a classification of possible cases, unsatisfying except as a prelude to the subsequent empirical research. The latter contrasts two protected oligopolistic industries—cement, where plants are typically above the minimum optimum size and prices are competitive with American prices, and petroleum refining, where the reverse is true—and attributes the difference to the fact that in cement the minimum optimum size is small enough in relation to the size of the market for a new plant to be established at an optimal scale without requiring severe competition with rivals to obtain a place in the market, whereas in refining it is not. The material for the remaining case studies is in varying states of preparation, and though most of it should eventually be published, it will not now receive the comprehensive joint evaluation that would have crowned the fruitful collaboration of Stykolt and Eastman.

Beyond the contributions mentioned above, Stykolt's writings include a variety of articles on various theoretical and applied subjects, of which his joint articles with A. D. Scott on the trader's behaviour in the market period, and with Eastman on exchange stabilization in Canada from 1950 to 1954, are the most substantial. The former is a careful piece of analysis of a problem more difficult than it seems; the latter contains some serious errors, excusable inasmuch as the theoretical points at issue are still not satisfactorily settled. As a theorist, Stykolt was a superior applied scientist rather than an elegant analyst or innovator; he was at his best in the application of fundamental theory to policy questions.

The fact that most of Stykolt's publications were written in collaboration reflects a salient aspect of his character and personality. He was naturally gregarious, and he loved talk, especially talk about economics and economists; the peculiar flavour of his conversation, a quirky mixture of cool and cynical analysis and strong and idiosyncratic emotions, expressed in the saltiest of language, is as difficult to describe as it was enjoyable to experience. Collaboration in research with a close friend made work a social pleasure instead of a private ordeal, and eased the rigour of the discipline he imposed on himself. He was a strong personality, and aroused strong reactions in others; but he

was naturally inclined to be excitable and erratic, and he sought determinedly to overcome this tendency by establishing a firm control over himself and his environment. The incredible strength of his self-discipline was magnificently displayed in the last few months of his life, when he was in constant pain despite the drugs and knew that he was soon to die. He nevertheless completed his contribution to the Colloque Franco-Canadien at l'Institute de science économique appliquée—most fittingly, it dealt with the two subjects of his major research, combines policy and the effect of the tariff on industrial organization—and managed not only to attend the conference in Paris but to visit an old friend in Spain. When he died on February 13, 1962, his personal affairs were in order down to the last detail.

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