

AUSTRALIAN ECONOMIC PAPERS

AEP AND ME: A SHORT(ISH) MEMOIR*

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I first met Hugh Hudson, the founding editor of *AEP*, in Melbourne in 1954. We overlapped in Cambridge in the second half of the 1950s when we were part of a cohort of research students that included Tom Asimakopulos, Amartya Sen, Luigi Pasinetti, Pierangelo Garegnani, John Whitaker and a host of bright Australians, Keith Frearson, Allan Barton, Duncan Ironmonger, John McCarty, for example. Joan Robinson, Richard Kahn and Nicky Kaldor regarded Hugh as the pick of the bunch, one by-product of which was that they invited him to a play at the Arts Theatre with Lydia Keynes. While at Cambridge he won the Stevenson Prize for the best essay written by a research student within six terms as a student. Nicky Kaldor had Hugh edit the first two volumes of Nicky's collected economic papers. Hugh's classic paper, 'A model of the trade cycle', was published in the 1957 *Economic Record*, an event recently celebrated in the pages of *AEP* in a wonderful paper by Vela Velupillai and colleagues (Ragupathy *et al.*, 2013). Hugh and I became colleagues in Adelaide when he joined the Department of Economics in the early 1960s under the leadership of Peter Karmel.

Hugh discussed with me the possibility of starting a new journal, submissions to which did not require the necessary (but not sufficient) condition of being a Professor which Hugh argued the *Economic Record* under the editorship of Dick Downing and Heinz Arndt was imposing! The new journal was to be an *Australian Review of Economic Studies* – Dennis Robertson called *R.E.Studs* 'The Green Horror' – which the Young Turks of UK economics had started in the early 1930s as an alternative outlet to the *Economic Journal* and *Economica*.

Hugh's proposal concerning *AEP* was warmly received by both Adelaide and Flinders and the first of the then twice a year issue came out in September 1962. It contained one of the first of many classic articles by Clem Tisdell (1962) but not until after Clem, aided by Trevor Swan, successfully repudiated a referee's report that said the article was 'vitiated beyond redemption'. The first issue also contained two path-breaking articles. The first was Bob Wallace and Peter Karmel's paper, 'Credit creation in a multi-bank system' (Wallace & Karmel, 1962). Amongst other fundamental contributions, it contains a clear critique of the fallacy of using a representative agent model (as we would say now) to analyse systemic behaviour. Of equal note is John Nevile's article, 'A simple econometric model of the Australian economy' (Nevile, 1962), which is the first econometric model of the Australian economy. Hugh and I both had articles in the June 1963 issue (Harcourt, 1963; Hudson, 1963) (this was before the convention that editors not publish in *AEP* had been established). Hugh's grew out of his Stevenson Prize Essay. Ivor Pearce (then at ANU), on his never to be forgotten visit to Adelaide, helped Hugh with the maths of the paper. Mine was a critique of Kaldor's macroeconomic theory of distribution, a critique that arose from lectures I gave to the Economic Theory (interim honours) class of 1960, a class that included Dick Blandy, Gretel

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* I am much indebted to Sarath Delpachitra for asking me to write this memoir. If it gets through the refereeing process, it will be the first time I have published in *AEP* since June 1963.

Dunstan, Jim Henderson and Neil Sarah, amongst others.¹ Hugh worked extremely hard and thoroughly, carefully editing papers and I helped him as assistant editor.

I left for a year's study leave in Cambridge in August 1963, in the event, staying until March 1967 when, most unexpectedly, to say the least, I was appointed to a University Lectureship and elected to a Fellowship at Trinity Hall. (I asked for and received three years leave without pay from Adelaide to do this.) While I was away, Hugh became the Member for Glenelg and the editorship of *AEP* passed to Harold Lydall and Keith Hancock. While I was in Cambridge, I kept a watching brief for papers for *AEP*. One was by the distinguished Japanese Marxist economist, the late Nobuo Okishio (1966). Nobuo was on leave in Cambridge, sharing a room with Ron Peters (UWA) who was on leave, and Ron and I became friends with him. Nobuo had submitted a paper to *R.E.Studs*. Frank Hahn was then its theory editor. He had Nobuo's paper refereed by one of his young acolytes (no names, no pack drill) who wrote that the maths were wrong, so Hahn rejected the paper. Okishio was furious, he put Hahn up against a blackboard and proceeded to show why – Hahn described the experience as akin to a Greek tragedy because as the maths were unveiled on the board, he realised that Okishio was right and the referee was wrong. Nevertheless, he still rejected the paper, so I grabbed it for *AEP*.

Keith Frearson was on leave in Cambridge in the 1960s. A by-product was that *AEP* was able to match the *Economic Journal* in 1964. In that year, the *Economic Journal* published the famous survey of the theory of economic growth by Hahn and Matthews (1964). *AEP*, not to be outdone, published Keith's narrower in scope but, in my view, more profound survey (Frearson, 1964), one of the most significant papers the journal ever published.

When I returned to Adelaide in 1967, Harold Lydall asked me to become a joint editor, soon to replace him when he left for Geneva at the end of 1967. So began my spell as joint editor which lasted until the early 1980s when I returned to Cambridge, this time for 28 years. Working first with Keith Hancock and subsequently with Bob Wallace, Merv(y)n Lewis, John Hatch, Norm Thomson and others, irreplaceably backed up by the marvellous technical assistance of Helen Wickens and Gwen Slade, we implemented what would now be called a pluralist policy: any approach to economic theory and applied work was acceptable, indeed encouraged, provided contributions passed, in my case anyway, at least one referee's examination.² As a result, *AEP* became our outlet for articles by mavericks who later became well known but at that time had trouble getting their articles published. This was especially so for the Canadian methodologist, Larry Boland (see Boland, 1970, 1974, 1975, 1977; Boland & Newman, 1979). Others who appeared during this period include Mario Nuti (1967), Fabio Petri (1978) – his paper is an excellent child's guide to Pierangelo Garegnani's fundamental critique of neoclassical distribution theory – Ed Nell (1968), and many others.

In addition, we published articles by overseas heavies – Joan Robinson's oft cited 1964 paper, 'Pre-Keynesian theory after Keynes' and survey papers by Harry Johnson (who had been a student at Cambridge with Eric Russell in the 1940s) (Johnson, 1971, 1974), for example. Publishing Harry's papers led Adrian Pagan to accuse me of cultural cringe; he argued that priority should be given to papers by young Australians, not to the cast offs of heavies passing through.

The most important paper published in *AEP* during my time was the first full translation into English of Michal Kalecki's remarkable review article of Keynes's *General Theory*, originally published in 1936 in Polish (Kalecki, 1936). (The translator was Bogna Kinda-Hass, the Polish wife of Ferdinando Targetti, who had been a graduate student of mine at Cambridge in 1972–1973; see

¹ When Hugh and I gave our papers at ANZAS in Sydney, Sid Butlin, our welcoming host, contrasted unfavourably our irrelevant squiggles approach with the down-to-earth, beautifully written one of Helen Hughes at the same session.

² By then, I knew how upsetting rejection could be so I thought that such a rule of thumb had a small opportunity cost – other accepted articles could perhaps be delayed, appearing only one issue later.

Targetti & Kinda-Hass, 1982). Kalecki's review establishes conclusively the case for his independent discovery of the central propositions of *The General Theory*, in his case set within the more appropriate context of Marx's schemes of reproduction, the proper setting for an analysis of contradictions inherent in the capitalist mode of production.

I mention in closing two other highlights. The first is the critique by Victoria Chick of Bob Clower's 1960s dual expenditure hypothesis take on *The General Theory* (Clower, 1965; Chick, 1978). All referees were against the paper and so was my old mate, Bob Clower! I read the paper and the surrounding literature very carefully and decided Vicky was right, so, using editor's prerogative, I accepted the paper. Bob was furious and sooled his offside, Glenn Harrison, onto Vicky (see Chick, 1981; Harrison, 1981). Glenn is now a well-known and much respected economist based in the USA. But his lasting claim to fame is that he played in Hawthorn's first VFL Premiership team in 1961 when an undergraduate at Monash in the early 1960s.³

The second event concerns a paper by Gary Manger (1981b) on the Australian case for protection and the Stopler-Samuelson theorem. Merv Lewis came across a very favourable reference to Manger's paper, cited as a 1976 UNSW working paper, by Paul Samuelson, when he wrote a retrospective article in the *Quarterly Journal of Economics* in 1981 (Samuelson (1981a), on which Manger (1981a) commented. Merv said to me, 'This rings a bell', so we looked up the referees' reports (very respectable referees, I might add). We wrote to Gary, or perhaps rang him, saying that in retrospect we felt we had made a mistake. We said we would quite understand if he told us to hoof it (euphemism for what we actually said) but we would like to publish the paper with an editorial explanation of how it came about, see footnote * in p. 193 of Manger (1981b):

"*We publish here, virtually in the form in which it was submitted in March 1977, Gary Manger's paper, "The Australian Case for Protection Reconsidered". The paper itself (in its unpublished form as a 1976 University of New South Wales Working Paper) recently was the subject of an article by Paul Samuelson in the *Quarterly Journal of Economics*, together with a Comment by Manger and a reply by Samuelson. The upshot of these exchanges was to show that Manger had made an interesting and plausible case for his interpretation. Clearly, though we acted in good faith in deciding in 1977 not to publish this paper, we made a mistake. We are glad now to make amends.

G.C. Harcourt
M.K. Lewis"

The late Dave Clark, never one to mince his words, berated me for cringing to authority, i.e., Samuelson. I should have quoted back to him Joan Robinson's favourite saying of Maynard Keynes: 'When someone persuades me I am wrong, I change my mind. What do you do?' But, of course, I did not!

I spent every Friday morning on decisions on *AEP*, usually ringing Keith Hancock to swap notes and divvy up responsibility for papers. We never had a cross word the whole time we collaborated, and all the other editors were delights to work with, too.

I was most chuffed to read in Sarath's comment (Delpachitra, 2014) on Alex Millmow and Tuck's recent article on *AEP* and the *Economic Record* (Millmow & Tuck, 2014), that it is his aim to continue the philosophy we tried to establish. I count my associations with *AEP* and *The Cambridge Journal of Economics* (and now with *The Economic and Labour Relations Review*) as amongst the

³ Keith Hancock is a passionate Hawthorn supporter and he asked me could he watch the replay of the Grand Final on our TV set. I graciously assented even though Hawthorn beat my team, Melbourne.

most rewarding episodes of my working life. I wish the present successors all the luck in the world and hope that they, too, will have such a reward.

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