

## Distinguished Fellow of the Economic Society of Australia, 1996: Professor Emeritus Geoff Harcourt

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Geoff Harcourt was not born in Breslau. Much as he would appreciate a hat trick of Distinguished Fellows from Breslau being himself a great cricket lover (he still plays, makes runs and takes wickets), his origins are more mundane. He was born in 1931 in Melbourne. Richard Snape's (1996) 'lesson ... for the aspirants to Economic Society medals', is in abeyance at least temporarily. Nevertheless, the 1996 medallist is most worthy and will be a popular choice for all those who have followed economic debate in Australia over the past forty or so years.

There may be something in Richard Snape's 'rule', in that Harcourt, like his immediate predecessors Arndt and Corden, spent nearly half his professional life in the United Kingdom, though he was at the 'other place', and indeed is back in Cambridge again now as Reader in the History of Economic Theory (*ad hominem*) and a Fellow of Jesus College. Unlike the two most recent recipients of the Distinguished Fellowship, Geoff has never to our knowledge held a post at ANU, but he is about to remedy this as he will be Visiting Fellow to the Economics Program for three months in 1997. Better late than never!

Like several recent recipients of this honour, Geoff has spent a considerable part of his academic career abroad—but definitely without cultural cringe. His own description of himself is most apt, 'An Australian Patriot and a Cambridge Economist' (1995a). Both by inclination and by training, and we suppose by causal intersection of these, Geoff has always been a Keynesian economist in the very broadest sense. His work also reflects classical and Marxian themes, while Joan Robinson, Eric Russell and Nicky Kaldor all exerted crucial personal influence. At Melbourne University in the early fifties Geoff was exposed to Keynesianism at a time when it seemed to have

unambiguously saved Western capitalism. Economics had produced its Einstein or Darwin, and young enthusiastic graduates like Geoff not only identified with the elegance of Keynes's economics but also with its social purposes. He has never lost this enthusiasm nor his interest in economics as a way of improving the human condition. His M.Com. at the University of Melbourne, 'A Pilot Survey of Savings in Melbourne' (1956), admirably indicates his then youthful interest in Keynes, applied issues and his own city. One can imagine the excitement of the young Harcourt on his first arriving in Cambridge in 1955. One suspects that the excitement, though muted, still lingers and indeed it has been honed by three extended periods in Cambridge including the present one which dates from 1982. Notwithstanding the considerable time that Geoff has spent away from Australia, one feels that his economics is uniquely relevant to his homeland. It is almost as if he goes abroad, and he has done so often, mainly to improve his understanding of the economics of Australia. This view is supported by the fact that most if not all of Geoff's policy writing has been directed at the Australian economy. For example, Harcourt (1982b, 1990, 1992, 1993a,b and the policy papers in 1995b) all contain prescriptive material directed in part at problems of the Australian economy. This was despite the fact that Geoff was abroad for most of this period. His writings on Keynes's economic theory and matters related to Keynes is voluminous as has been his biographical work. However, when he comes to the 'real world' as he would call it, he instinctively does his 'practical' work in Australia. His work on indexation that came to be called the Adelaide Plan uniquely addressed Australian policy problems and he played an important role on the ALP National Committee of Inquiry in

1978-79. The juxtaposition of a small open economy, relatively uncompetitive markets and a relatively fixed exchange rate was an Australian recipe. While one can argue about the aptness of some of the policy, especially with hindsight, nobody can doubt that Geoff was applying a Keynesian perspective to his own backyard. Of course, it was necessary also to understand the nuances of Australia's rather unusual labour market institutions. From Geoff's Kaleckian perspective, moreover, such analysis would also have had relevance for Britain or for that matter any other Western economy.

Then again, more recently when long gone to Cambridge, Geoff has addressed himself to the peculiar woes of the macroeconomy in Australia in the 90s (Harcourt 1993a,b). He has long wrestled with the tariff issue and the associated questions of current account deficits. He has never fallen for the wholly unambiguous free-trade, free-market line, which he regards as so peculiarly unsuited to Australia. For Geoff, this would be too easy, and would ignore the special and attractive features of Australian society. One suspects that the best of mateship notions, though somewhat passé in some circles, are nevertheless real and alive in the Harcourt scheme of things. For Geoff, as a political economist, they are relevant for Australia, not to be denied by abstract theory.

For many who know and admire Geoff and his economics, this is one of his great attractions. He mixes a genuine reverence for the achievements of economic theory with an understanding of its limitations, and perhaps most importantly a genuine concern for society and the individuals who compose it. These individuals for Geoff are Australians all, with their quiriness and rough edges. Such people do not fit neatly into the narrower concepts of abstract neoclassical theory, even as an average concept. Geoff's value to Australia and Australian economics, has partly been a relative one. Dissent in economic circles is inevitably rather scarce in such a small and homogeneous country. Geoff has regularly provided focus for debate and controversy. He is not a revolutionary, though one suspects that occasionally he would like to be (at times during the Vietnam war he came close). What he has constantly done in economic theory and policy is raise awkward questions and sometimes do what is much more difficult, suggest answers. Partly because he is not an ideologue, he has never really built a 'school' or 'dynasty'. Geoff's approach to economics has always been that it is immensely complex and that

it inevitably must be a montage of politics, economics, culture and, one suspects, sport. He can be accused of being inconsistent, a great crime in neoclassical theory. We prefer to see him as tolerant, flexible and humane and acutely aware of the difficulties of applying economic theory to the real world.

Much of Geoff's contribution to economics has been in the interpretation and in some cases the elucidation of other economists. Clearly Keynes, Kalecki, and Joan Robinson most of all have occupied much of his time, but he has over the years presented the ideas of many other economists in more accessible form. The biographical dimension to this work is not of course the most important aspect of his scholarly contribution. In that respect Mark Perleman, in the preface to Harcourt (1995b), singles out Geoff's work on synthesizing states of debates in economic theory as his greatest scholarly contribution.

He is not a popularizer as such, but he clearly has enjoyed struggling with new ideas and passing the lessons of his own excitement and struggle onto others. Many of us have understood to a greater or lesser extent the ideas of Salter (1962), Joan Robinson (1963, 1969b, 1990 *et al.*) Sraffa (1964, 1990) Russell (1977a, 1977b), Dobb (1976), through his writing, and of course his great interpretive work, *Some Cambridge Controversies in the Theory of Capital* (1972), for many is the only entrée into this particularly arcane area. This latter extends well beyond Cambridge (England), and includes ideas developed in Cambridge (Massachusetts) and a lot of other places. There is no doubt that many young economists in Australia and elsewhere gained their main and perhaps only insights into capital theory from his 1969 survey article and the 1972 book. Some of the concepts are fiendishly difficult and Geoff managed to make them accessible, or at least made one feel that one should try to understand them.

It is perhaps appropriate to elaborate briefly on the three main themes of Geoff's work which we have already alluded to: his interest in Keynesian macroeconomics; the capital theory controversy; and his views on the microeconomic foundations of macroeconomics. The last may strike some readers as a little obscure but it reflects Geoff's long-standing interest in the microfoundations of the Keynes/Kalecki system which began with his undergraduate thesis in Melbourne. These ideas appeared in Harcourt (1965a) and stand in stark contrast to the modern 'microfoundations' litera-

ture based on the Arrow-Debreu scheme. Geoff has always looked upon the Arrow-Debreu scheme as an intellectual distraction: the domain of the remorseless logician rather than the well-rounded political economist.

In this regard Geoff has sometimes been accused of allowing ideological or normative issues to cloud his judgement on matters of high theory. The obvious example is his support of Cambridge (England) in the capital debates. But on this question Cambridge (England) and Geoff were surely on the right track. From the perspective of high theory the aggregate production function has serious limitations. That is not the same thing as saying that Ptolemaic models are never useful. But to provide sensible advice on economic theory, something more than a Ptolemaic approach is required; it is necessary to get the high theory right and that involves something more than an 'as if' mentality or reliance on pure logic. Much to Geoff's dismay, what purports to be modern macroeconomics is in disarray, largely because it has become the domain of the remorseless logician. This development is not unrelated to capital theory.

In the face of the Cambridge (England) attack, high theory simply abandoned the aggregate production function to its Ptolemaic practitioners in favour of the Arrow-Debreu scheme. But side-stepping the issue in this way has proven to be a sterile basis for macroeconomic theory (Kirman 1989). Consequently, most of what parades as modern macroeconomics is microeconomic general equilibrium theory, which is incapable of addressing the grand questions of interest to Keynesian macroeconomists like Geoff. The Arrow-Debreu scheme sometimes populated by a representative agent maintains limited logical coherence but at the cost of cutting itself off from questions of macroeconomic policy. To avoid these limitations, game theory is now the domain of high theory. Somewhat paradoxically, it is now also the favoured analytical approach of political economists seeking answers to Keynesian problems.

Much of this reflects the resurgence of interest in Keynesian economics. Although we suspect that much of New Keynesian economics would not meet with Geoff's whole-hearted approval because he has a broader perspective of Keynes's economics, nevertheless he has always been prepared to encourage competing views within the Keynesian camp in the hope of encouraging a workable consensus (Harcourt 1988). His recent

project as coeditor of 'A "Second Edition" of *The General Theory*' (Harcourt and Riach 1997) presents a wide-ranging perspective on the state of Keynesian economics.

We feel that the three themes we have identified in Geoff's work, although not exhaustive,<sup>1</sup> capture the essence of his views on the relationship between high theory and Keynesian economics. There is a coherent structure and breadth of vision which has been lost by many of the younger generation of remorseless logicians (see Oakley 1996). Moreover, other young economists, albeit in the minority, have been enthused and enlightened by his approach and as Geoff himself would surely say, good and truth will out in the long run. (As an economist he knows that the long run is a slippery concept!) To reduce economics to mere logic is surely to miss the point of what must be a social science. It is Geoff's great contribution to Australian economics over many years to stick to this view of economics, when so many took what is a relatively 'easy' route. His role as a catalyst and motivator cannot be over-estimated and while many disagree with him, most admire him. That admiration is evidenced by the 78 contributions from economists around the world to the *Festschrift* in honour of Geoff's 65th birthday edited by Arestis, Palma, and Sawyer (1997).

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<sup>1</sup>We have not stressed Geoff's interest in accounting procedures. For example, Harcourt (1965b) is regarded as something of a classic in the accounting literature.

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