Recollections and Reflections of an Australian Patriot and a Cambridge Economist *

G.C. Harcourt

I. Early days and lasting beliefs

I was born in Melbourne, Australia, on 27 June 1931, literally in the main bedroom of the family home in which my twin brother, John, a distinguished academic dentist (how Keynes would have approved) still lives. My parents, Marjorie and Kenneth Harcourt, lived there for the 55 years of their married life.

I have written elsewhere (see Sardoni 1992), about growing up in a right-wing, agnostic, assimilationist Jewish household in the stuffy, snobby, sectarian environment which Melbourne was then, of how my early experiences of religious and political intolerance left an indelible mark on me.[1] I described how starting economics in 1950 in the "Heaven on Earth" atmosphere of Melbourne University quickly converted me to democratic socialism. Conversion to belief in God, and to the Christian God at that, was a more prolonged, difficult process. I had no trouble in reconciling the precepts of Christianity

□ University of Cambridge (Great Britain).

* Contribution to a series of recollections on professional experiences of distinguished economists. This series opened with the September 1979 issue of this Review.

The author would like to thank but not implicate Willy Brown, Bronwyn Croxson, Roberta Dessi, Robert Dixon, Aly Fischer, Joseph Halevi, Joan Harcourt, Rebecca Harcourt, Wendy Harcourt, Prue Kerr, Yougesh Khatri, Geoff Meeks, Ray Petridis, Alessandro Roncaglia, Bob Rowthorn, Claudio Sardoni, Paul Seabright, Ajit Singh, Geoff Whittington and Ryan Wilson for their comments on a draft of this article.

[1] I describe in Harcourt (1960) my experience of anti-semitism at the private school to which my brother and I were sent in 1945.

with democratic socialist economic principles – indeed, I could not (and cannot) see how any other conclusion logically could be reached. I was held up by problems of personal faith, and the observed inconsistencies between the practices of many Christians and their professed ideals, for what I realize now were mainly priggish reasons.

In any event once I convinced myself that, despite my associations with Wesleyanism (both my secondary school, Wesley College, and university college, Queen's, were Methodist institutions), I did not need to have a warm feeling somewhere near the pit of my stomach before I could believe, I coupled my democratic socialist beliefs with a decision to regard belief in the Christian God (all Three) as a working hypothesis: let us suppose it all to be true and see how we go from there. I took that step in 1953 and I still regard it as a correct decision – my working hypothesis has not let me down.

I became a democratic socialist because I thought that the existing ways in which our economic and social affairs were organized were irrational and unjust. It was a description, in the first year lectures on economic geography, of how the development of the Californian oil fields by private business had caused a large permanent loss of natural gas and oil, which first alerted me to the irrationality of unfettered competitive capitalism. I felt that any vital resources which were meant to serve the needs of both this and future generations should be developed by organizations with suitably long time horizons, so I argued for the nationalization of all such resources. My basic reasoning, I believe, is still correct. But I was naive to expect that politicians and managers of nationalized industries would necessarily have longer time horizons or more enlightened attitudes than the boards of private enterprises.

It seemed to me irrational that capitalist institutions should push the exploitation of human selfishness (often called freedom of choice to make it sound better) so far to the front; while simultaneously stunting the development of the Christian (and humanist) virtues of altruism, cooperation, tolerance, compassion, and striving for consensus, not to forget forgiveness. I came to believe that the only essential difference between socialist humanists and Christian socialists was that the former thought that people could bring about all desirable reforms by their own unaided efforts. By contrast, Christians believed that it was only by the workings of the Holy Spirit in and through individuals and those individuals in turn working in and through secular and religious groups, that people would be able to

achieve what the humanists thought people could do unaided. Maybe Philip Wicksteed, an early hero of my undergraduate days, put it too strongly: "If there is no descent of the Holy Spirit there can be no Kingdom of God, in spite of the most perfect and ideal social machinery" (quoted in Steedman 1994, p. 87). But then, maybe not.

The Holy Spirit worked in at least two ways. First, it removed the intolerable pressures associated with the impossible task of achieving and maintaining personal perfection (think of poor Wittgenstein), which was a preoccupation of Evangelicals during my youth in Melbourne, in my view a perverse and unhealthy obsession with gazing at their own navels. Secondly, the Holy Spirit helped believers to work vigorously and with some chance of success, or at least optimism, within the social and political institutions of their societies. Thus I explicitly rejected the view that religion is related to individual but not to group or social behavior. I was never under any illusion as to the chances of complete success. Just because a cause or course of action is right and just there is no guarantee that it will succeed. But I did believe, and I still do, that to strive for the Kingdom of God on earth is both correct and feasible for committed Christian socialists, even if I am also bound to accept that a just and equitable society is unlikely ever to be fully realised.[2] At one stage on the way I was tempted to become a Roman Catholic but a crucial sermon in which the preacher set out the characteristics of the Roman Catholic, Evangelical and Protestant versions of Christianity led me inexorably towards the last. So I was baptised in 1953 in Queen's College Chapel just before I joined the Australian Labor Party (a lagged relationship here, my political beliefs having been formed by mid 1950) and when I took up my first lecturing post in Adelaide in 1958, I began to call myself the only Jewish Methodist in that fair city.[3]

[2] These paragraphs are based on Harcourt (1994a), a contribution to Geoffrey Brennan and Anthony Waterman's splendid project on *Economics and Religion* (1994).

[3] I recently gave a sermon in Sidney Sussex Chapel under the rubric "Confessions of a Jewish Methodist Christian Socialist".

II. Becoming an economist

At secondary school I did mainly science subjects (very badly) because I wanted to be a vet (I'd always been mad on birds and animals) and I took economics only as an extra "to make up the numbers". The two economics books which stand out from those years are Hubert Henderson's *Supply and Demand* (1922) and J.R. Hicks's *The Social Framework* (1942). Both were (are) admirable books. Henderson explained in clear prose the process of choice at the margin, especially the key role of the marginal purchaser who really cares and so helps the rest of us who don't – that much – when, e.g. we purchase a tie! Hicks used the emerging national accounting framework to structure his discussions of the workings of a modern economy and of the historical development of different economic systems. This is an ideal introduction to the study of economics which, years later, received Joan Robinson's blessing in her essay (1960) on how economics should be taught so that the young are not corrupted or, at least, not by those who are already so.

I spent three years in the Sixth Form taking the Matriculation (university entrance) examinations, struggling to get a Pass in Physics, a prerequisite for admission to the Vet School. I did economics each year, getting every mark possible (except a Fail) – a Pass, a First, a Second, in that order. When I matriculated in 1949 (passing the dreaded Physics at the third attempt), I decided that I would rather be a school teacher, teaching economics, not least because, although I was becoming enormously enthusiastic about the subject anyway, I could also get a scholarship to see me through University if I agreed to be a teacher on graduation (no other scholarships were available – Commonwealth Scholarships only started in 1951).

I enrolled for a B. Com., a three years Pass Course in which you could elect to take Honours in particular subjects by going to extra lectures and answering Honours questions in the examinations. I did this, going to lectures by Alf ("Sammy") Weller on *A Tract on Monetary Reform* (Keynes 1923), my first introduction to the great one (inevitably pronounced "Keens" until we were corrected) and lectures by Jean Polglaze on Wicksteed's *Common Sense* (1910) and the sections on indifference curves in Hicks's *Value and Capital* (1939). I read now with pleasure Ian Steedman's wonderfully detached and detailed accounts of my hero Wicksteed (see e.g. Steedman 1989, chs. 7 and 10; 1994); and I can still remember Jean's lectures on how allocation in the Victorian/Edwardian Wicksteed household illustrated the workings of a great nation[4] and how Wicksteed taught the notion of the margin and of an instantaneous rate of change without letting on what he was doing, while at the same time making any self-respecting person persevere by the strategically placed remark that failure to read through volume I of *The Common Sense* was a sign of intellectual shallowness.[5]

I topped the first year of the course and, encouraged by my first mentor, Joe Isaac, who had tutored me at Queen's, left the Victorian Education Department and enrolled in the Honours course, hoping to become a university teacher rather than a secondary school teacher. I had to repay a considerable sum to the Education Department but I won enough in prizes and from a residential scholarship at Queen's, which, together with pay from working in factories and/or retail stores in the university vacations, made it financially possible for me to continue without being too great a drain on my (very generous) folks who gave me weekly pocket money. 1951 was my *annus mirabilis* (it's been downhill all the way since then). I came first in every subject and won enough cash in Exhibitions (prizes) to see me through the next two years of Honours, Final Division, as it was called.

The Melbourne Department was very Cambridge-orientated (Joe, though, had done his Ph.D. at LSE in the company of Frank Hahn). Marshall, Pigou, Keynes, Dennis Robertson, Maurice Dobb, Austin and Joan Robinson, Richard Kahn and, especially, Piero Sraffa soon became household names to us students. I say especially Sraffa, because one of my teachers was the distinguished economic historian, John La Nauze, a fine scholar who greatly admired the Ricardo editions and whose close colleague was Sraffa's student, G.S.L. Tucker, who had just gone to Cambridge to write the Ph.D. dissertation which was the basis for one of the finest books in the history of economic theory, *Progress and Profits in British Economic Thought*

[4] I also remember standing under the shower, screaming at my poor father (who was a leather merchant) that since Wicksteed had shown that there was no such thing as a supply curve, that only demand determines prices, the P.W.S. Andrews-type cost-plus pricing which he said was followed in his trade just could not be!

[5] Another carrot-stick gem which I like to tell students is that misdirected effort, no matter how great, earns no marks.

1650-1850 (1960). Sraffa and his work were spoken of with a sense of awe by La Nauze, Tucker and others at Melbourne, a sense which I have never lost (not even when, fortified by a couple of whiskies, I went to see him with Vincent Massaro to discuss, i.e. scream at one another, a draft of a note on sub-systems which we wrote in 1963; see Harcourt and Massaro 1964).

We were introduced to Kalecki (by Joe Isaac) and Maurice Dobb (by Jim Cairns, who subsequently became the hero of the anti-(Vietnam) war movement in Australia in the 1960s and 1970s as well as Deputy Prime Minister of Australia). Joe took us through the steps of the argument of Kalecki's theory of distribution, got us all excited, then translated the argument into terms of a trivial problem in order to show us that in his view it was mere manipulation of identities, a real let down which I can still feel. Joe was, as ever, gentle in his critique but I think he missed the point that there *were* refutable relationships in Kalecki's argument. Dobb on the development of capitalism from Feudalism (1946) and, especially, on *Political Economy and Capitalism* (1937) was to have a lasting effect on my thought, though it needed the instruction of three of my students, Alan Oakley, in the 1970s, Prue Kerr and Claudio Sardoni in the 1970s and 1980s, to make me begin to understand the true subtlety and richness of Marx's theory, method and approach.

But I run ahead. In those days at Melbourne University you had to take in your third and fourth years a number of compulsory papers,[6] two specialisations, and write a 30,000 word dissertation. As my specialisations I took, first, History of Economic Thought – it was taught by a lazy Canadian who had just finished his Ph.D. at MIT. His anecdotes about Samuelson and Schumpeter were worth listening to and since we – the students – had to do most of the work, we read the greats for ourselves as each one of us had to prepare the lectures/seminars on Smith, Ricardo, Marx, *et al.* (I did J.S Mill). For my second specialisation, I took Mathematical Economics – the value chapters and appendices of *Value and Capital* (Hicks 1939) and the classic papers on duopoly, then all the rage. We were taken through Dick Stones's 1945 *Journal of the Royal Statistical Society* article by Don Cochrane (of Cochrane and Orcutt fame) who was then teaching at Melbourne. I have described my traumas with mathematics elsewhere (see Harcourt 1995). I still think that my specialisations were ideal complements.

[6] My great friend and collegue of many years, Bob Wallace, gave his first ever set of lectures to our Honours year, on international trade theory.

I must spend a little space on the subject matter of my undergraduate dissertation. The single most influential article of my undergraduate years was Kurt Rothschild's "Price theory and oligopoly" (1947). I forget exactly when I read it but the combination of having done so and of my introduction to *The General Theory* in the second year spurred me on to see what differences oligopolistic behaviour at the level of the firm made to the systemic results of the analysis of *The General Theory*. The immediate focus of my dissertation came from the sections in the consumption function chapters on "financial prudence", "writing off" the book values of durable assets well ahead of the need to replace them, so that total investment had to be all that greater in order to offset this compulsory saving before it had an expansionary impact on the economy. I wondered what differences it could make if instead of competitive price-taking behaviour we had Rothschild's strategic oligopolists indulging in a number of different sorts of price-making behaviour, desiring secure profits just as much as maximum profits. I established a few rather incoherent inferences in the first chapter and then, in order to test them, made up funds statements from the profit and loss statements and balance sheets of various Australian companies over the depression years. (The Professor of Accountancy, Lou Golberg, had a splendid collection of published accounts of Australian companies.) It was an untidy and incompletely thought out piece of research but it was the beginning of a sustained train of thought, aspects of which I have worked on ever since.

Thus my Ph.D. dissertation at Cambridge was initially meant to be on the implications for the theory of the firm and of the trade cycle, of the assumption that firms desire secure profits as much as maximum profits. It ended up as a study of the implications of the use of historical-cost accounting procedures to set prices and dividends, and levy taxes in a period of inflation. I used the data set that, first, Brian Tew and Ronald Henderson and then, later, Ajit Singh, Geoff Whittington and Geoff Meeks subsequently were to use (see Tew and Henderson 1959, Singh and Whittington 1968, Meeks 1977). I suppose it could be said that the original intention was not *that* far departed from.

I graduated at the beginning of 1954, took 18 months to write a Masters degree dissertation (on a Pilot Survey of Income and Saving in Melbourne) as the first research assistant to Dick Downing who had just returned from the ILO to take up the prestigious Ritchie Chair of Economic Research at Melbourne University. I learnt how to do applied research and Downing introduced me to the Fowler brothers and Sir Ernest Gower, which taught me how to write.

III. Married life, King's College, Cambridge and a Ph.D., the class of '55-58, and *The Accumulation of Capital*

In 1954 I was awarded a travelling scholarship from Melbourne University to go to King's College, Cambridge in September 1955. Joan and I were in effect on our honeymoon – we were married on 30 July 1955 and left Australia two weeks later. It took us nearly five weeks on a ship to get to the U.K., and we were accompanied by four close (men) friends from Melbourne who were also bound for Cambridge or Oxford to do their Ph.Ds/D.Phils! Nicky Kaldor was my supervisor, a disaster for both of us. Fortunately he went on leave in 1956 – *his* "annus mirabilis" when he wrote several of his greatest papers – and I was transferred to Ronald Henderson. When I first met Nicky, he was skeptical about what I wanted to work on. Though I wrote a paper in my first term which I read as first cab off the rank to the research students seminar run by Piero Sraffa assisted by Robin Marris, and regularly attended by Joan Robinson, I did not show it to Nicky, or tell him I was giving it. The new research students were gathered together at the beginning of the term by Marris and were asked what they would like to talk on. When I mentioned my topic (see above), Marris pounced: "You're first!"

So I wrote an outline of what I thought the implications were. It was pretty incoherent. I don't think I really saw the answers clearly until I turned a pithy paragraph by Joan Robinson (1965, p. 177) into maths and a diagram in chapter 5 of *Some Cambridge Controversies...* (Harcourt 1972, p. 210): to wit, that, when you have price-makers and retained profits are an important source of finance for investment so that prices are set partly with an eye to financing investment, systemically something akin to the paradox of thrift *cum* the balanced budget theorem occurs. In some circumstances we get the paradoxical result that the Kahn/Keynes multiplier process may be negative!

The microeconomic aspects of this process were analyzed in greater detail in the article on "Pricing and the investment decision" which Peter Kenyon and I published in *Kyklos* in 1976. That paper had a long gestation period. I wrote the first draft in 1966 and sent it to the Oxford *Bulletin*. It was refereed by one of the unsung heroes of British economics, G.B. Richardson, who liked the idea but found a serious flaw in the argument. I put the paper to one side and it was not until I ended a three week spell in hospital in 1974 and went straight from hospital to a seminar by Kenyon that the solution occurred to me. I wrote out the skeleton of the argument when I got home that night and asked Peter to put the flesh of scholarship on it for the first draft.

Ronald Henderson became my supervisor in January 1956. He read my undergraduate dissertation and said, "Right, I'm sending you to the NIESR to write two empirical reports". One was on the woollen and worsted industry, the other was on the chemical industry. The object was to try out the data set which was then being transformed into the aggregate profit and loss accounts, funds statements and balance sheets for what was to become *Studies in Company Finance* (Tew-Henderson 1959). So, for two terms, I spent 2-3 days a week in London at the NIESR gathering the raw data. The director at the time was Bryan Hopkin, and Max Corden, Sig Prais, Christopher Dow and Leslie Dicks-Mireaux were prominent amongst the research workers. In particular, I remember that Dow, in a state of high euphoria, took me for a beer one evening while he outlined the imported-cost inflation model for which he is justly famous (Dow 1956) – he had literally just finished the first draft. I can't pretend that I understood him very well – the combination of his euphoria and English beer did not make for clear thought. But, some process of osmosis must have occurred for my own work was subsequently to be in this tradition, a tradition associated in Australia with Eric Russell, Trevor Swan, Russell Mathews and John Grant (Mathews-Grant 1957, 1958).

In my first year as a research student I went to Joan Robinson's lectures on what was to become *The Accumulation of Capital* (1956), often with Tom Asimakopulos and Keith Frearson. It was necessary to sit in the front row for whenever she came to a crucial point she would drop her voice to a whisper. I must confess to not making that much sense of the lectures (I did not always get to the front row) and so when in my second year the book was published, I locked myself up for a term with it, determined to try to understand. I emerged to read a paper on the main propositions to the research students seminar. Joan was invited to a third session to answer questions – Robin Marris was in the chair for all three. The author ticked us off for only asking technical questions – as research students we were rather hung up on economics for economists, Price and Real Wicksell effects and all that, rather than taking in the broad conceptual issues and the sweep of the analysis. I have much more sympathy with her response now than I did at the time, no doubt reflecting the fact that I *now* am 10 years older than she was *then*.

The class of 1955-58 was, in retrospect, some vintage – it included Tom Asimakopulos, Charles Feinstein, Pierangelo Garegnani, Luigi Pasinetti, Amartya Sen, John Whitaker and a whole host of bright Australians – Alan Barton, Keith Frearson, Hugh Hudson, Duncan Ironmonger, John McCarty, who were to make their mark in Australia in academic and government life. As well as our Thursday seminar in Full Term, there were also the meetings once a term of the Cambridge London Oxford Research Students Seminar, presided over by Harry Johnson, and containing such luminaries as Chris Archibald, John Black, Max Corden, Kelvin Lancaster and Dick Lipsey. The first one I went to was at LSE and the 'heavy' from the host Department who by tradition gave the first paper (the other two were given by students) was Bill Phillips. He explained the nature of feedback in simple supply and demand models.

We also had seminars on recent topics in the literature. Malcom Fisher introduced us to the literature on the permanent income and life cycle hypotheses. I remember reading a paper on Robin Matthews' fine *Review of Economic Studies* paper on the saving function and the problem of trend and cycle (1954/55) in which he analyzed the implications for the latter of the fact that Duesenberry (1949/52) had forgotten about productivity when he made the ratchet effect depend on previous highest levels of income instead of previous lowest levels of unemployment. Joan Robinson took us through the optimum saving literature.

Amartya Sen impressed us all by having the paper he read to the class published in the *Economic Journal* (1957). It certainly provided inspiration, for the last paper I gave to the Thursday seminar before returning to Australia was read from the proofs of an article I published in *Accounting Research* (Harcourt 1958). It was on the implications of changing the company tax base to a measurement of income based on replacement costs. Sraffa threw me completely at the beginning of the talk. I gave the orders of magnitude of the differences between depreciation at historical cost and at replacement cost; he asked why anyone should wish to compare them!

IV. First years in Adelaide

When we left Cambridge in early 1958 I had written a (very rough) first draft of my dissertation and I had started to absorb the framework of *The Accumulation of Capital*. With hindsight, I see that I had returned to my undergraduate interest in Kalecki, in particular, to the schemes of reproduction coupled with the Keynes/Kalecki theory of effective demand – their solution of the realisation problem – together with beginning to understand the macro theory of distribution and how its ingredients were the accumulation plans of the capitalists, the different saving behaviour of groups in the economy and the pricing policies of price-making firms. That is to say, I was absorbed in mainly classical problems done in the modern post-Marxian and post-Keynesian way. I was mostly interested then in the different systemic effects (as I would say now) according to whether historical costs or replacement costs were the base for the mark-up. I was not yet analyzing the choice of technique nor theories of technical progress nor capital theory as such.

While in Cambridge I read Joan Robinson's 1953/54 *Review of Economic Studies* article but made little of it and I was pretty much at sea when I met with Luigi Pasinetti in Caius to discuss the analysis of the choice of technique and Wicksell effects in her 1956 book. Indeed, I was much more interested in tax reforms – changing the company tax base to replacement costs – and accounting reforms so that pricing policies would be more 'logical', very much influenced by the writings of Russell Mathews and John Grant which I started to read in 1957. This changed the direction of my research and I proceeded to do for UK data what they had done for Australian data – construct estimates of stock appreciation and capital consumption at replacement cost in order to see what 'true' profits were and relate the underlying changes to the trends of financial ratios in balance sheets. The original 'bits' I added were to put their micro models into the basic macro model of *The Accumulation of Capital* and also to make a preliminary investigation of the effects of different investment incentive schemes within this framework.

In 1958 I started my twenty seven years of happy association with Adelaide gown and town. Its University was (is) splendid and so was (is) its economics department, then headed by an extremely youthful Professor, Peter Karmel (who was 27 when he was appointed). As well as my close friend from Melbourne days, Bob Wallace, the department had the person who was to become my greatest mentor and friend in Australia, Eric Russell. A contemporary of Peter Karmel at Melbourne, Eric had gone to King's in the 1940s to do a second undergraduate degree; he was in the cohort which included Robin Marris, Harry Johnson, Aubrey Silberston, I.G. Patel and Frank Davidson. Though he had published little when I came to Adelaide he was already noted for his paper with James Meade on how the Australian economy worked (Meade and Russell 1957), and for his part in helping the trade unions in their annual basic wage cases presented by their youthful charismatic tearaway advocate, Bob Hawke (who subsequently became Labor Prime Minister of Australia in the 1980s and early 1990s). I learnt a tremendous amount from Eric about how to 'do' theory, applied work and policy, especially about relating policy to the way the economy worked while simultaneously respecting the lessons of fairness and decency. I also learnt from him (I hope) how to teach undergraduates and to be a proper university colleague and citizen generally – he was an outstanding role model.[7] The first six years at Adelaide were amongst the most happy, exciting and productive of my life, though much of the final output only appeared in the next phase of my life. In 1963 I returned to Cambridge on study leave. To my amazement, I was appointed in November 1963 to a University Lectureship and elected soon after to a Fellowship in Trinity Hall. I only held these posts for two years and one term on unpaid leave from Adelaide following my year of study leave, 1963-64, because I felt I had a moral obligation to return to Adelaide.

[7] See Sardoni (1992, ch. 18), Harcourt (1977a, 1993a) for accounts of Eric's life and contributions.

V. Cambridge in the 1960s

By the time I returned to Cambridge I had written, in addition to the offshoots from my Ph.D. dissertation, a paper criticising Kaldor's (then) theories of distribution and growth (1963, 1982) and the first draft of what, next to my 1969 article in the *Journal of Economic Literature*, is my best known paper, "The accountant in a Golden Age" (1965a, 1982). The paper on Kaldor was critical of his assumption of the need for full employment for his distribution mechanism to work. I asked: what pricing policies would the decision-makers in the investment goods and consumption goods sectors need to follow in order that the mechanism worked *and* planned investment became actual investment? By showing that they would be very peculiar indeed in a number of different scenarios I hoped to show that it would be a good idea, not to scrap the distributive mechanism, but to drop the assumption of full employment which was so unKeynesian – and unnecessary. While the paper was critical it was also meant to lay the foundations for more positive developments which came in Cambridge.[8] There, following hearing Bob Solow's 1963 Marshall Lectures on two mythical creatures, "Joan" and "Nicky", working with Vincent Massaro on Piero Sraffa's *Production of Commodities* (1960) and following up the work I had done in Adelaide on Wilfred Salter's classic *Productivity and Technical Change* (1960), I wrote the first draft of what is my favourite theoretical paper, "A two-sector model of the level of employment and the distribution of income in the short run" (1965b, 1982). It was originally presented on a nostalgic return visit to Sraffa's research students seminar, to an audience which included such well-known research students as Joan Robinson, Richard Kahn, John Cornwall, Vincent Massaro, Robin Matthews, Ken Arrow, James Meade, Bob Solow, Luigi Pasinetti, and Sraffa himself.

I also finished "The accountant in a Golden Age" during 1963-64, getting a little research assistance with the maths from both

[8] I do not want to leave an impression that I was always critical of Nicky or that we did not get on. In fact, once the air had been cleared over my 1963 paper we became friends as well as colleagues. Nicky wrote me an appreciative letter about my favourable *Economic Journal* review of his last book, *Economics without Equilibrium* (1985). My overall appreciation of his contributions are to be found in the *Economica* obituary of him, (1988, 1993a) and, of course, my own writings have been much influenced by his approach to economics (see, e.g., 1993b, 1994b).

Ken Arrow and Bob Solow on the way. The project was originally suggested to me by Harold Lydall who was puzzled by some arithmetic examples he had worked out in which the accounting rate of return was not equal to the internal rate of return. I set the issue in the context of a Golden Age where answers are always known because expectations are always realised. I asked the question: If an accountant were to be let loose with his [sic] box of tools in a Golden Age would it come up with the correct answer for the rate of profits (which we already knew)? The opening paragraph of the paper was the first time I ever let my personality intrude in my writing. (It has been downhill all the way since then, so much so that Joe Stiglitz in the first draft of his *Journal of Political Economy* review article of my 1972 capital theory book in 1974 commented that some of the jokes were nearly as funny as I seemed to think they were.)

Writing a review article of Salter's book in 1962 opened a rich vein of research interests for me for the next 10 years. In 1963 Robin Matthews as review editor of the *Economic Journal* asked me to review Minhas's book (1963) on the CES production function, factor reversals and empirical tests for them. I used Salter's work on vintages to point out that the data from which the CES function was estimated were inappropriate total or average data and that there was no clear relationship between the desired marginal values of the parameters of the best-practice techniques and the total values of the data used. Moreover, Minhas used accounting rate of profit data which were "hopeless" indicators of the 'true' economic rates of profit needed. The review was the embryo of a paper which I published in the *Review of Economic Studies* in July 1966, my only excursion into what Dennis Robertson called "The Green Horror". The article was an ironic piece criticising conceptual foundations. One referee and a number of readers interpreted it as inadequate and amateur econometrics – humour and irony were already at a discount in our 'science', despite the change in atmosphere from dismal to gay which James Meade is said to have discerned.

A natural next step came when Audrey Silberston asked me to Nice in 1966, to live it up in bourgeois decadence with 20 or so Eastern European and Russian economists and a corresponding number of Western economists at an International Economic Association Conference on "Plan and Market". He asked me to write a paper on choice of techniques rules in Western and planned economies. I started at the level of the individual firm faced with Salter isoquants for its investment decision and asked: What investment-output and investment-labour ratios would be chosen, according to the rules used, and could anything in general be said about the ordering of the ratios which resulted? Western governments then, especially in the UK, were experimenting with all sorts of investment-incentive schemes, so I also did a taxonomic analysis of the effects on the choice of technique adopted of different schemes – accelerated depreciation, investment allowances, cash grants, and so on. I came up with the, perhaps surprising, result that with the orders of magnitude usually met in the real world, the pay-off period criterion resulted in the most investment-intensive techniques being chosen (see Harcourt 1968, 1982). (By the time I wrote *Some Cambridge Controversies...* I had reduced the analysis to a simple diagram which consisted of a 45° line and three concave to the origin curves and which allowed the essential economics of the findings to come out starkly and, I like to think, crystal-clear! – see Harcourt 1972, p. 64.)

I spent a wonderful three weeks of summer in 1965 at Stanford with the Wallace family while Bob and I wrote the second draft of *Economic Activity* (Harcourt, Karmel and Wallace 1967). The book was based on the lecture course on Keynesian economics which, first, Peter Karmel, then I and then Bob gave at Adelaide, and which I gave at Cambridge after Robin Matthews went to Oxford as Drummond Professor in 1965. I used to tell the Cambridge students: "30 years ago, Maynard Keynes lectured from the proof sheets of *The General Theory* to a select group of undergraduates and others. *I* am not Keynes and you may not be as select, but I am lecturing from the proof sheets of a book on Keynesian economics". I still think the book is a clear account of the "state of the art" at the time. Especially is it noted for making all assumptions explicit and for stressing the limitations as well as the illuminations of the analysis.

The wider political background of the time was, in my case, a growing realisation of the immorality of the war in Vietnam and of Australia's disgraceful role in it, as one of the USA's few "respectable" allies in order to satisfy political ambitions at home and some ill-defined, long-term insurance policies abroad. The details of the background to the war itself were provided for me by Ajit Singh and Martin Bernal in particular. The Faculty at Cambridge and its visitors were, like most other communities then, torn in two between hawks and doves, especially in the early 1960s. For example, in 1963-64, Ken Arrow was a dove, Bob Solow was still a hawk and many of the

Faculty were with him. But by the end of 1966 when I left for Australia there had been a marked increase in the number of doves (including Bob who courageously spoke out for his changed position).

VI. Adelaide in the 1960s and 1970s: The Vietnam war and capital theory

I had been a member of the ALP since 1954, President of my local sub-branch in the late 1950s, early 1960s and also active in penal reform as Secretary of the Howard League for Penal Reform (S.A. Branch). But I was very much a political animal within the normal channels. All this changed when I came home, scandalised by the war and Australia's role in it, including the immoral conscription by birthday ballots of 18 year old males. I was soon radicalised by the emerging student and anti-war movements of which I immediately became a part in 1967 – a founding member of the Executive Committee of the Campaign for Peace in Vietnam in South Australia and subsequently for two spells, its chairman (as we still called them in those less "politically correct" days).

The two most intellectually important influences on me articulating my new position on direct action and involvement were Noam Chomsky's essay "The responsibility of intellectuals" (1967) and Hugh Stretton's *The Political Sciences* (1969); the practical influences were the day-to-day experiences of helping to organise a protest movement. My economic analysis started to change as well; not only was my personality intruding more into my writing, but also, as I no longer accepted that ideology and analysis could be separated, I made both explicit in my writings and my teaching, especially by the end of the 1960s.

One by-product of this new found fervour was that poor Michael Evans received a terrible blast from me, in the review I wrote (1970) of his, in many ways, admirable textbook *Macroeconomic Activity* (1969), for it being written in as technical and bland a manner as... *Economic Activity*. I started: "*Macroeconomic Activity* could have been the third-year macro-economics textbook that we have all been waiting for and, given the current anaemic state of the orthodox social sciences, it probably is" (p. 345). I ended: "Technical training such as students receive at the Wharton School is excellent – and necessary. But unless it is coupled with more than surface examinations and criticism of the institutions and values of the society in which the students live and subsequently will work, the barbs of the angry young men of the seventies, as set out, for example, in the essays by Anderson and Blackburn in *Student Power* (Penguin Special S266, 1969), though often exaggerated and sometimes most unfair, will nevertheless richly deserve to find their mark. Maybe the Keynesian revolution has been so successful that there is nothing exciting (as opposed to useful?) left to do. But it is also possible that we, playing happily with our Wharton E.F.U. models, are blissfully unaware of the barbarians who are already at the gate" (p. 347).

I have described elsewhere (see Sardoni 1992, pp. 5-6), my experiences of those years, and those of Joan and the children, now four (Rebecca, our fourth child was born – when else? – on 10 May 1968, the day the French riots started), with the attendant death threats, potential and, on one occasion, an actual attempt, and so on. Here I want briefly to describe the events which were to change my academic life.

In August 1968 I heard a mysterious rumour from (I think) Keith Hancock that Mark Perlman wanted me to do a "Hahn and Matthews" on capital theory for the newly formed *Journal of Economic Literature*. Sure enough, Perlman arrived in Adelaide to ask me to do just this – evidently, the person he initially commissioned had pulled out, worried that he might offend his patrons, and Perlman was left in Australia with a new journal to edit and no author for the survey article for the second issue. Wilfred Prest, the Professor at Melbourne when I was an undergraduate, suggested to Perlman that he get me to do it.

Following a day's 'hard sell', I said 'yes' to Mark. I partially separated from the anti-war movement (with the blessing of my comrades there), closed a door which was usually open and wrote the first draft in four months (see Sardoni 1992, pp. 6-7) Having to do so wonderfully concentrated the mind, for while I was aware of the issues in a vague, general way I cannot pretend fully to have understood them, especially the details of the reswitching and capital-reversing debates. Reading them more closely, especially the wonderful paper by Amit Bhaduri (1969) in which he connected the analytical details to older debates in political economy associated with Marx and the original neoclassicals, I wrote "A child's guide to the double-switching debate" as the first of five working papers. I wrote these, each on different aspects and issues, because I decided that that was the only way to avoid being overwhelmed by the massive volume of literature to be surveyed. I sent the first paper to about 30 friends ranging from Joan Robinson to Bob Solow and Jim Mirrlees. The favourable feed back emboldened me to keep on and the first draft of the survey was duly sent to Perlman in time for him to have it refereed.

The then economics editor of Cambridge University Press saw the working papers and asked me to write the book of the survey. The book would never have been written had I not been invited by Masao Fukuoka to spend three months at Keio University in Tokyo on a Leverhulme Exchange Fellowship. I describe in the Preface (p. IX) how I lived the selfish life of a scholar and wrote the first draft in two months flat (out!). There were two main themes: the critique of the conceptual basis of price as an index of scarcity in the theory of distribution and the methodological critique emanating from Joan Robinson of the error of using differences to analyse changes; this was to become her dominant critique of neoclassical economics. Looking back now (May 1995) I think she went too far in playing down the first theme ("The unimportance of reswitching", 1975) – the conceptual basis of an approach *is* a legitimate target for criticism – but was spot on with her insistence on the second critique, one with which Hicks increasingly was to agree and which Kaldor always stressed too. His last book was called *Economics without Equilibrium* (1985) and one of his first papers (1934) already contained the seeds of doubts. Moreover the best mainstreamers – e.g. Ken Arrow, Franklin Fisher, Frank Hahn – were simultaneously developing path-dependent models.

VII. The late 1970s and 1980s: policy

In 1972-73 I had another year's study leave. We spent it in Cambridge where I was a Visiting Fellow of Clare Hall. My 1972 book had been published in May. I gave upwards of 50 seminars on it and my afterthoughts, subsequently published in *Oxford Economic Papers* in 1976.

I wrote a number of commissioned papers in those years, significantly one relating to the policy implications (see Harcourt 1975, 1982). I also met up again with Tom Asimakopulos, together with his family, all at Clare Hall. Though we never did get round to writing the book on growth we planned to do, we formed a close friendship which led to a steady exchange of papers for comment from then on until Tom's death in May 1990 (see Harcourt 1991, 1993a).

In one of my follow-up papers I had begun to draw out some policy implications of the capital theory controversies and the post-Keynesian approach more generally. When I returned home in 1973 inflation was soon to take off in a major way and the Golden Age of capitalism came to its end. Australia was about to go through an (unintelligent) Thatcherite experiment several years before Thatcher came to power in the UK as the Fraser government from 1975 on cumulatively introduced monetarist policies combined with an ugly confrontationist approach between government, capital and labour. Eric Russell, Barry Hughes, Philip Bentley and I, in support of Ralph Willis who is now the Treasurer in the Keating ALP government and who was then a lone voice crying in the ALP wilderness, started to develop a package deal for ridding the system (slowly) of inflation while trying to maintain high levels of employment and external balance. With Australia's history and tradition of centralised wage fixing through the Arbitration Commission, this involved arguing for amongst other things, indexation combined with restraint on the rate of increase of money-wages, then an unpopular and indeed dangerous thing to do. I remember one burly communist trade union official deriding me for doing so (even though I argued it was intended to protect real wages and employment); he said: "Comrade Harcourt should and could not *even* mention any form of wage restraint", implicitly threatening that if I continued to do so (I did) he would take me outside and knock my block off (he did not). One of my dearest friends, Donald Whitehead, changed from calling my proposals the silliest he had ever heard to broadly agreeing with them, alas just before he died. The ingredients of the package deal we had in mind I described initially in "The social consequences of inflation" (1974, 1982) and, more fully, with Prue Kerr, in "The mixed economy" (1979), and in the 1982 John Curtin Memorial Lecture, "Making socialism in your own country" (see Sardoni 1992).

In essence it involved redistribution through the public sector as the *quid pro quo* to wage-earning groups for accepting incomes policies directed at the rate of increase of money incomes, using the traditional Australian institutions of indexation and the Arbitration Commission. Fiscal and monetary measures were to be directed towards the level of activity, the rate of growth and the post-tax distribution of income. Nationalization of certain key industries including financial intermediaries was put back on the agenda for discussion and I sat on the fence concerning the tariff, i.e. leave it as it is and concentrate on export promotion. I opted for a fixed exchange rate, with the proviso that in an economy like Australia's, a change might have to be contemplated from time to time.

I was the economist on the ALP's National Committee of Enquiry in 1978 and I wrote the first draft of the discussion paper which was meant to be the broad background to the economic policies of the ALP government when it was returned to power in 1983 – only very indirectly, it is true, but I like to think that the Accord between wage-earners (through the Australian Council of Trade Unions) and the government in its early years owed something to our debates and suggestion in the 1970s.

Two other significant events of the 1970s and 1980s were, first, an invitation from Fritz Machlup to chair a small IEA conference on the microeconomic foundations of macroeconomics (it was held at S'Agaro in April 1975) and, secondly, the start in 1977 of what was soon intended to be a visit every two years to the economics department of the University of Toronto's Scarborough College. The first event was in a sense the culmination of my interests of the past 22 years or more. John Hicks was the initiator and chief intellectual influence of the conference. (As he had retired he asked that a younger person from the Commonwealth with access to secretarial facilities chair the conference.) The resulting volume (Harcourt 1977b) received mixed (and not always fair) reviews and Hicks himself was depressed by the overall outcome of our discussions. Nevertheless, I think that we aired in honest and helpful ways some fundamental issues and that, amongst the papers and, especially, amongst the discussions so ably recorded by Sue Howson and Don Moggridge, there were many helpful clarifications and leads as to what to do next. I found writing the Introduction one of the hardest tasks of my working life and so I was pleased when both Hicks and my then colleague at Adelaide, Paul Madden, said they liked it.

I had met Lorie Tarshis at Stanford in the summer of 1965 and I had come to know Sue Howson and Don Moggridge at Cambridge in the 1960s and 1970s. So I gladly accepted their invitation which they initiated with Lorie (who was then the Chairman of the Division of Social Sciences at Scarborough), to spend a semester there in 1977. Though I disliked intensely the 20 miles commuting from down town Toronto required to get there, I loved working with the splendid, mostly young, team which made up the department, and, especially, getting to know Lorie well and also Jon Cohen. Jon became a daily running companion and a close soul mate as well (the two are not unconnected). I had another spell at 'Scarberia' in 1980 but when I returned to Cambridge in 1982 I decided, regretfully, that it would be too strenuous to try to keep the visits going.

I wrote two papers during these visits which were never published. One concerned an account of my growing horror at the political and social implications of the theoretical work then being done under the rubric of monetarism and new classical macroeconomics. I outlined this in an angry and passionate manner and called for all branches of Keynesian economics, no matter how they differed on theoretical issues, to unite on policy and in opposition to the awful policies which were being rationalised by these other theoretical developments. The paper was thought to be in poor taste, unprofessional and unfair. Looking back now I think it was 'spot on'.

The other paper was a joint one written with Jon Cohen, predicting what we thought would happen to private and public education in the USA and other capitalist countries as a result of trends then emerging – essentially, growing public deprivation, demoralisation and squalor, while the private sectors would flourish, attracting the best teachers and increasing proportions of students, mostly from income strata where parents, on the whole, could afford to pay. I think we were right here too but, again, at the time (1980), we could not get our paper published. Jon and I also circulated a 'round robin' Keynesian manifesto on policy which a few brave souls on the Canadian economics scene were prepared to sign with us.

Finally, I want also to mention another aspect of my years at Adelaide, my joint-editorship with a number of colleagues, the late Hugh Hudson (who was the founding editor), Keith Hancock, Merv Lewis and Bob Wallace, of *Australian Economic Papers* from the 1960s to the 1980s. I like to think that *AEP* in those years was an outlet for *all* approaches to economics, provided that the work itself was sound within its own approach. Certainly a number of economists outside the mainstream had important papers published in *AEP*. I single out especially Tom Asimakopulos's first paper in his Robinsonian mode (1969), Victoria Chick's reassessment of the nature of the Keynesian revolution (1978) and Ferdinando Targetti's and Bogulslawa Kinda-Hass's translation into English of, and comments on, Kalecki's review in Polish of *The General Theory* in 1936 (1982).

VIII. Return to Cambridge and final projects

Mark Perlman recently wrote a shy-making Preface to a selection of my essays (1995) in which he classified my writings into four groups:

"a. Works analyzing contemporary economic theoretical problems;

b. Works synthesizing states of debates in economic theory;

c. Works having a distinctly biographical flavour and pertaining to various contemporary economists, and

d. Works pertaining to economic and allied social policies".

The beginning of my interest in writing intellectual biographies arose from three sources: First, Angus Wilson's request that I give him the background on Joan Robinson's contributions for the oration he was preparing for the award of an Honorary Degree to her by the University of East Anglia in the mid 1970s; secondly, the tragic death of Eric Russell in February 1977 while I was in Canada (I have described elsewhere – see Sardoni 1992, p. 8 – how I wrote two papers on Eric as part of a shared attempt to cope with our grief at this terrible loss); and, thirdly, Paul Davidson's suggestion that I oversee a number of occasional portraits of the founding mothers and fathers of post Keynesianism for the *Journal of Post Keynesian Economics*. Since then I have written a steady stream, some of which arose from experiments in oral history, e.g. Tarshis, Shackle, Boulding, Goodwin (see Harcourt 1993a), others from memories of personal contacts, together with reading or rereading their writings, e.g. Joan Robinson, Kaldor, Kahn, Tom Asimakopulos (see Harcourt 1993a), Krishna Bharadwaj and Josef Steindl (see Harcourt 1995). I have enjoyed doing this for I have always been interested in what makes people tick and also perhaps too much prone to search for heroes and heroines.

When I returned to Cambridge in 1982 to a teaching post in the Faculty and a Fellowship at Jesus (I was rung up in Adelaide in May 1981 to say that Jesus was calling so what could I say but that I come?), my major task was to write the intellectual history of Joan Robinson and her circle – Austin Robinson, Richard Kahn, Piero Sraffa, Nicky Kaldor, Michal Kalecki, Luigi Pasinetti. I wanted to see whether there was a coherence to the tradition this group of economists both inherited from the classical economists, Marx and Keynes and passed on. Sadly, virtually all the major figures have now died, starting with Joan and Piero in 1983, ending – to date – with Austin in June 1993. Since I nearly joined them myself in 1992-1994 I am rather lagging in getting it altogether in *book form*. But there are now upwards of 30 separate essays which provide the essential background to the project and so I do not entirely despair of getting it finished before I call it a day.

I must confess to having been side-tracked on occasions and in different directions. In the last three years I have returned to policy on a large canvas, following the invitation to give the second Donald Horne Address in Melbourne in February 1992, on "Markets, madness and a middle way" (1992, 1995). It spawned two further papers, one on macroeconomic policy for Australia in the 1990s (1993c, 1995), the other on "The Harcourt plan to 'save' the world" (1993b). This subsequently become "A 'modest proposal' for taming the speculators and putting the world on course to prosperity" (1994b, 1995).

The idea of the Horne Addresses is to ask an Australian living abroad to come home to give a wide-ranging address on issues of vital importance for Australian citizens. The conjunction of events to which mine was addressed was the launching of the Republican movement in Australia and the U-turn on economic policy of the Federal Australian Labor Party government that was then occurring. The background was the emerging reaction against the 'let the market rip' policies of the 1980s which characterized part of economic policy in Australia, and the crowing over, and then second thoughts about, the implications of the collapse of Communism in what used to be the USSR and the Eastern European so-called 'socialist' economies. I never held any brief for the awful regimes of those countries but I did point out that the achievements of those Western industrialized capitalist economies that had gone overboard on Hayekian/Friedmanite policies from the 1970s on were not that much to write home about either. There was therefore a case to be made for middle ways – the Kaleckian approach to socialism, for example, for Eastern Europe, the Keynes/Kaleckian (with modern additions) post-Keynesian blueprints for Australia and other similar countries.

I preceded my outlines of middle ways with an account of what modern (and not so modern) theory had to say about the conditions which need to be satisfied for markets to be safely left to do their thing, pointing out that these conditions are spectacularly *not* satisfied in the markets for labour, foreign exchange, financial assets and housing. I recognized that it was a *non sequitur* to jump to the proposition that some form of intervention and regulation would *necessarily* do better – the case for *this* had always to be made.

The common theme connecting the three papers was that the argument that many markets and indeed economic systems themselves are characterized by cumulative causation processes. This viewpoint implies that very different policy proposals and institutions are needed than those associated with the more orthodox equilibrium framework. Radically different attitudes would be taken towards, for example, speculators and speculation because their systemic effects would not be the benign ones identified, for example, by Milton Friedman in his well-known article on the case for flexible exchange rates (1953).

The first of the last two essays relates principally to the problems of small open economies. It allowed me to ride some hobby horses, for example that government expenditure should not principally be used for pump-priming but rather should fit in with the longer-term needs of economies, taking into account the social and political philosophy of the government in power. I also drew attention to the danger of forgetting some old-fashioned but profound lessons from the writings of Eric Russell and Wilfred Salter concerning the macroeconomic effects of wages policies on rates of accumulation. Because at the economy level capital and labour are complements, changing money-wages according to changes in the cost-of-living *and* effective productivity is not only equitable, it is also efficient. It encourages investment in profitable, productivity-enhancing industries and hastens the decline of industries whose time has not only come but gone.

In the last paper I tried to set out the problems of the various broad regions of the world, show how they are interrelated and what particular combination of policies and institutions might serve to tackle their problems effectively and simultaneously. There is a Utopian tinge to such an exercise but, unless such interrelationships and schemes are explicitly set out, it is difficult to get people of good will to think about the causes and cures of the world's ills. Next step the universe, of course.

The other major 'side track' is collaborating with Peter Riach on *The Second Edition of The General Theory*. Peter had a bright idea based on the well-known fact that authors and composers have often died before they could finish certain works which others then took up and finished. Keynes had thought of writing at least footnotes to *The General Theory* soon after it was published, but his severe heart attack in 1937 and then the Second World War and his death in early 1946 prevented him from doing so. Peter's project, which he asked me to join, was to ask a number of Keynes scholars, ranging from Golden Oldies to the up-and-coming, to each write an essay of 6000 words or so on, first, what they thought, based on whatever evidence there was in the *Collected Writings* and so on, Keynes might have written and, secondly, why and what they have done on particular aspects of *The General Theory* in the post war years. It is a most opportune time to do this for Keynes is surely rising again from the dead. The book is to be published by Routledge and we hope to have it out in 1996, 60 years on from the publication of *The General Theory* itself.

IX. Conclusion

Paul Seabright recently asked me whether my Christian socialist flames still burnt as brightly now as when they were first lit in the early 1950s. The answer is "yes". While the going was tough in the 1970s and 1980s, recent events e.g. the publication of *Reclaiming the Ground* (Bryant 1993), the election of, first, John Smith and then Tony Blair as leader of the British Labour Party, the accompanying return to basics (in a non-Majorite manner) cheered me up no end, as have the elections (and re-elections) in Australia of ALP governments, for all their faults and limitations. Of course, the agendas have changed; the proposals are now more modest, more basic – jobs, homes, schools, hospitals, trains, the environment (!) – than in those heady days immediately after the Second World War. But they still make up a worthwhile agenda for the creation of just and equitable societies, for middle ways which are tailor-made for each country's history, sociological structure and inherited institutions. And they are likely to be supported as more and more citizens recoil from the excesses and horrors of both command and market, free-for-all, economies. In the despair of her last years Joan Robinson pleaded with her favourite pupil at Williams: "Whatever you do, promise me you won't go into economics" (see Turner 1989, p. 206). I would rather say to my pupils, "Come, join me on board, there is a job to do and a world to win".

REFERENCES

Asimakopulos, A. (1969), "A Robinsonian growth model in one-sector notation", *Australian Economic Papers*, 8, 41-58.

Bhaduri, Amit (1969), "On the significance of recent controversies on capital theory: a Marxian view", *Economic Journal*, 79, 532-39.

Brennan, H. Geoffrey and A.M.C. Waterman eds. (1994), *Economics and Religion: Are They Distinct?* Kluwer Academic Publishers, Boston, Dordrecht, London.

Bryant, Christopher ed. (1993), *Reclaiming the Ground: Christianity and Socialism*, Hodder and Stoughton, London.

Chick, Victoria (1978), "The nature of the Keynesian revolution: a reassessment", *Australian Economic Papers*, 17, 1-20.

Chomsky, N. (1967), "The responsibility of intellectuals", in T. Roszak ed., *The Dissenting Academy*, Pantheon Books, New York.

Dobb, M.H. (1937), *Political Economy and Capitalism*, Routledge, London.

Dobb, M.H. (1946), *Studies in the Development of Capitalism*, Routledge, London.

Dow, J.C.R. (1956), "Analysis of the generation of price inflation. A study of cost, and price changes in the United Kingdom, 1946-54", *Oxford Economic Papers* (N.S.), 8, 252-301.

Duesenberry, J.S. (1949/52), *Income, Saving and the Theory of Consumer Behaviour*, Harvard University Press, Cambridge, Mass.

Evans, M.K. (1969), *Macroeconomic Activity: Theory, Forecasting and Control. An Econometric Approach*, Harper and Row, New York.

Friedman, M. (1953), *Essays in Positive Economics*, Chicago University Press, Chicago.

Harcourt, G.C. (1958), "The quantitative effect of basing company taxation on replacement costs", *Accounting Research*, 9, 1-16.

Harcourt, G.C. (1960), "The early verdict", *Nation*, December 3, reprinted in K.S. Inglis ed., *Nation. The Life of an Independent Journal of Opinion 1958-1972*, Melbourne University Press, 1989, Melbourne, 45-46.

Harcourt, G.C. (1962), "Review article of W.E.G. Salter, *Productivity and Technical Change*", *Economic Record*, 38, 388-94.

Harcourt, G.C. (1963), "A critique of Mr Kaldor's model of income distribution and economic growth", *Australian Economic Papers*, 2, 20-36.

Harcourt, G.C. (1964), "Review of Minhas (1963)", *Economic Journal*, 74, 443-45.

Harcourt, G.C. (1965a), "The accountant in a Golden Age", *Oxford Economic Papers*, (N.S.), 17, 66-80.

Harcourt, G.C. (1965b), "A two-sector model of the distribution of income and the level of employment in the short run", *Economic Record*, 41, 103-17.

Harcourt, G.C. (1966), "Biases in empirical estimates of the elasticities of substitution of C.E.S. production functions", *Review of Economic Studies*, 33, 227-33.

Harcourt, G.C. (1968), "Investment-decision criteria, investment incentives and the choice of technique", *Economic Journal*, 78, 77-95.

Harcourt, G.C. (1969), "Some Cambridge controversies in the theory of capital", *Journal of Economic Literature*, 7, 369-405.

Harcourt, G.C. (1970), "Review of Evans (1969)", *Economic Journal*, 80, 345-47.

Harcourt, G.C. (1972), *Some Cambridge Controversies in the Theory of Capital*, Cambridge University Press, Cambridge.

Harcourt, G.C. (1974), "The social consequences of inflation", *Australian Accountant*, October, 520-28.

Harcourt, G.C. (1975), *Theoretical Controversy and Social Significance: An Evaluation of the Cambridge Controversies*, Edward Shann Memorial Lecture, University of Western Australia Press.

Harcourt, G.C. (1976), "The Cambridge controversies: old ways and new horizons – or dead end?", *Oxford Economic Papers* (N.S.), 28, 25-65.

Harcourt, G.C. (1977a), "Eric Russell, 1921-77: a memoir", *Economic Record*, 53, 467-74.

Harcourt, G.C. ed. (1977b), *The Microeconomic Foundations of Macroeconomics*, Macmillan, London.

Harcourt, G.C. (1982), *The Social Science Imperialists. Selected Essays. G.C. Harcourt*, edited by Prue Kerr, Routledge and Kegan Paul, London.

Harcourt, G.C. (1986), *Controversies in Political Economy. Selected Essays by G.C. Harcourt*, edited by O.F. Hamouda, Wheatsheaf Books Ltd., Brighton.

Harcourt, G.C. (1988), "Nicholas Kaldor, 12 May 1908 - 30 September 1986", *Economica* (N.S.), 55, 159-70.

HARCOURT, G.C. (1991), "Athanasios (Tom) Asimakopulos, 28 May 1930 - 25 May 1990: a memoir", *Journal of Post Keynesian Economics*, 14, 39-48.

HARCOURT, G.C. (1992), "Markets, madness and a middle way", *The Second Annual Donald Horne Address*, Monash University, Melbourne, also published in *Australian Quarterly*, 64, 1-17.

HARCOURT, G.C. (1993a), *Post-Keynesian Essays in Biography: Portraits of Twentieth Century Political Economists*, Macmillan, Basingstoke.

HARCOURT, G.C. (1993b), "The Harcourt plan to 'save' the world", *At the Margin*, issue 1, 2-5.

HARCOURT, G.C. (1993c), "Macroeconomic policy for Australia in the 1990s", *The Economic and Labour Relations Review*, 4, 167-75.

HARCOURT, G.C. (1994a), "Comment" in Brennan and Waterman eds., 205-12.

HARCOURT, G.C. (1994b), "Taming speculators and putting the world on course to prosperity: a 'modest proposal'", *Economic and Political Weekly*, 29, 2490-92.

HARCOURT, G.C. (1995), *Capitalism, Socialism and Post-Keynesianism. Selected Essays of G.C. Harcourt*, Edward Elgar, Cheltenham.

HARCOURT, G.C. and P.M. KERR (1979), "The mixed economy", chapter 14 of Jane North and Pat Weller eds., *Labor*, Ian Novak, Sydney, 184-95.

HARCOURT, G.C. and VINCENT G. MASSARO (1964), "A note on Mr. Sraffa's sub-systems", *Economic Journal*, 74, 715-22.

HARCOURT, G.C., P.H. KARMEL and R.H. WALLACE (1967), *Economic Activity*, Cambridge University Press, Cambridge.

HARCOURT, G.C. and PETER KENYON (1976), "Pricing and the investment decision", *Kyklos*, 29, 449-77.

HENDERSON, H.D. (1922), *Supply and Demand*, Nisbet, London.

HICKS, J.R. (1939), *Value and Capital*. Clarendon Press, Oxford.

HICKS, J.R. (1942), *The Social Framework: An Introduction to Economics*, Clarendon Press, Oxford.

KALDOR, N. (1934), "A classificatory note on the determinateness of equilibrium", *Review of Economic Studies*, 1, 122-36.

KALDOR, N. (1985), *Economics without Equilibrium*, M.E. Sharpe, Armonk, N.Y.

KEYNES, J.M. (1923), *A Tract on Monetary Reform*, Macmillan, London, *Collected Writings*, vol. IV, 1971.

MATTHEWS, R.C.O. (1954/55), "The saving function and the problem of trend and cycle", *Review of Economic Studies*, 22, 75-95.

MATHEWS, R.L. and J.McB. GRANT (1957), "Accounting conventions, pricing policies and the trade cycle", *Accounting Research*, 8, 145-64.

MATHEWS, R.L. and J.McB. GRANT (1958), *Inflation and Company Finance*, Law Book Company of Australia, Sydney.

MEADE, J.E. and E.A. RUSSELL (1957), "Wage rates, the cost of living and the balance of payments", *Economic Record*, 33, 23-28.

MEEKS, GEOFFREY (1977), *Disappointing Marriage: A Study of the Gains from Merger*, Cambridge University Press, Cambridge.

MINHAS, B.S. (1963), *An International Comparison of Factor Costs and Factor Use*, North Holland, Amsterdam.

ROBINSON, JOAN (1953/54), "The production function and the theory of capital", *Review of Economic Studies*, 21, 81-106.

ROBINSON, JOAN (1956), *The Accumulation of Capital*, Macmillan, London.

ROBINSON, JOAN (1960), "Teaching economics. A passage to India", *Economic Weekly* (Bombay), reprinted in *Collected Economic Papers*, vol. 3, 1965, 1-6.

ROBINSON, JOAN (1965), *Collected Economic Papers*, vol. 3, Blackwell, Oxford.

ROBINSON, JOAN (1975), "The unimportance of reswitching", *Quarterly Journal of Economics*, 89, 32-39.

ROTHSCHILD, K.W. (1947), "Price theory and oligopoly", *Economic Journal*, 57, 299-320.

SALTER, W.E.G. (1960), *Productivity and Technical Change*, Cambridge University Press, Cambridge, 2nd ed. 1966.

SARDONI, CLAUDIO ed. (1992), *On Political Economists and Modern Political Economy. Selected Essays of G.C. Harcourt*, Routledge, London.

SEN, A.K. (1957), "A note on Tinbergen on the optimum rate of saving", *Economic Journal*, 67, 745-48.

SINGH, A. and G. WHITTINGTON in collaboration with H.T. BURLEY (1968), *Growth, Profitability and Valuation*, Cambridge University Press, Cambridge.

STEEDMAN, IAN (1989), *From Exploitation to Altruism*, Polity Press, Blackwell, Oxford.

STEEDMAN, IAN (1994), "Wicksteed: economist and prophet", in Brennan and Waterman eds., 77-101.

SRAFFA, PIERO (1960), *Production of Commodities by Means of Commodities. Prelude to a Critique of Economic Theory*, Cambridge University Press, Cambridge.

STIGLITZ, J.E. (1974), "The Cambridge-Cambridge controversy in the theory of capital: a view from New Haven: a review article", *Journal of Political Economy*, 82, 893-903.

STONE, J.R.N. (1945), "The analysis of market demand", *Journal of the Royal Statistical Society*, 108, 1-98.

STRETTON, HUGH (1969), *The Political Sciences. General Principles of Selection in Social Science and History*, Routledge, London.

TARGETTI, F. and B. KINDA-HASS (1982), "Kalecki's review of Keynes's *General Theory*", Australian Economic Papers, 21, 244-60.

TEW, BRIAN and R.F. HENDERSON (1959), *Studies in Company Finance*, Cambridge University Press, Cambridge.

TUCKER, G.S.L. (1960), *Progress and Profits in British Economic Thought 1650-1850* Cambridge University Press, Cambridge.

TURNER, MARJORIE S. (1989), *Joan Robinson and the Americans,* M.E. Sharpe, Armonk and London.

WICKSTEED, P.H. (1910), *The Common Sense of Political Economy*, Routledge, London; 1933 edition, edited by L. Robbins.