

Interview with Geoffrey Harcourt

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Emeritus and Honorary Professor Geoffrey Harcourt was interviewed by Judie Cross. April 23, 2017.

Having been awarded a travelling scholarship from Melbourne University to do a PhD at King's College, Cambridge University from September 1955, Geoffrey Harcourt obtained his PhD in 1960. He has since been honoured on numerous occasions: the recipient of honorary degrees as well as many awards and distinctions, ranging from the Litt.D. at Cambridge to the recent Veblen-Commons Award by the Association for Evolutionary Economics. He was made an Officer in the General Division of the Order of Australia (A.O.) "for service to economic theory and to the history of economic thought". He is also a Distinguished Fellow of Societies on three continents, including three in Australia. Currently he is an Honorary Professor at the University of New South Wales, having already earned the distinguished title of Professor Emeritus from the University of Adelaide in 1988, where he led an illustrious career between 1958 and 1988. He returned to Cambridge in 1982 as a University Lecturer and a Fellow of Jesus College. He became a Reader in the History of Economic Theory in 1990, and an Emeritus Reader and an Emeritus Fellow when he retired in 1998. Apart from his years as a doctoral student in Cambridge in the 1950s, he also had three previous periods at Cambridge; first, as a University Lecturer and a Fellow of Trinity Hall, 1964–66, then as a Visiting Fellow of Clare Hall in 1972–73, and seven months on long service leave: 1980–81. While his name is often associated with the development of post-Keynesian economics, he has also made an extremely important contribution to bridging the gap between economists and accountants, especially in the related areas of income

measurement and the measurement of the rate of return. Distribution, growth, employment, pricing and intellectual biography are the five defining themes of his brand of economics, the ultimate aim of which is to design realistic but humane economic and social policies.

As a former student in the Philosophy department of Flinders University in South Australia in the very early 1970s, I was very interested to read that you were a founding member of the committee for the Campaign for Peace in Vietnam in South Australia. I'm wondering whether the type of direct action you support (i.e. if all other measures within a system fail when an important social issue is at stake) was in any way connected with Professor Brian Medlin's radical Applied Philosophy approach; (i.e. as a Marxist he led the marches against the Vietnam War).

Medlin and the others were Maoists as well as Marxists. I was in the anti-Vietnam war protests with Neil Blewett, but he and I were the moderates. Our aim was to get Australians out of Vietnam and stop conscription. Since the Australian Labor party (ALP) supported both these policies, our strategy was to get the ALP elected. Medlin, in contrast, with his supporters in the CPV, wanted the Australian Revolution first – they'd worry later about getting the boys home from Vietnam. Medlin was something of an exhibitionist, dressing as a Christ-like figure, a difficult militant and also unreliable. At a personal level, I got on with him all right, but he let me down in the famous 1970 moratorium, using my reputation as a moderate to say that if some protestors didn't want to sit down, that would be okay since the march would break off at a certain street; hence, parents with prams or older people agreed to march but not sit down. However, Medlin's promise proved to be a lie. Everyone, as a result, was caught in the melee exacerbated by the tossing of a canister containing some First World War gas that made the horses go crazy and endangered the lives of peaceful protesters. Thankfully, no

one was hurt, but it could have been an absolute disaster. I felt very let down by that incident. My argument was that if you'd gone through all the usual channels and that didn't work, then you were justified in taking direct action, provided you didn't whinge. For example, should the law catch up with you and arrest you for breaking the law, that would be legitimate. However, if the police beat you up, that's not legitimate. Nonetheless, I was on very good terms with the police in Adelaide, which is a very small place. The ASIO man who spied on me was the son-in-law of one of my colleagues in the Economics Department. That's Adelaide for you. I found out I was being spied upon because my wife, Joan, quickly worked out our phone was being tapped: she could hear them click on as she took most of the phone calls with me being out and about on anti-war activities.

As a scholar and Cambridge economist you seem to have enjoyed teaching as well as researching. You have been recorded as saying that the most heart-warming event in your career was when the Economics graduates of the University of Adelaide, from the 1960s and 1970s, endowed an annual Geoff Harcourt Visiting Chair so they could annually invite an overseas heavy to spice up the Department by visiting it and delivering an Annual Geoff Harcourt Lecture. Apparently, these graduates did this because they said they had thoroughly enjoyed their time studying at Adelaide and they wanted to ensure the Department kept up its fine traditions. How do you think you succeeded in making your courses so engaging and inspiring? How might this be different, or possibly more challenging to achieve, in the twenty-first century?

I think teaching is the first responsibility of an academic or university lecturer. However, I changed my approach to teaching after the Vietnam War because I was heavily influenced by Australia's greatest progressive thinker, Hugh Stretton, who died last year. His first book was called *The Political Sciences* and in that he argued ideology and analysis

were indissolubly mixed. Hence, to pretend you can have a value-free objective social science is illogical and can lead to corruption of your students. After reading that, and also a very interesting paper by Noam Chomsky about the responsibility of intellectuals, which in effect said that it's no good making napalm and then washing your hands of it – you have a responsibility for how it should or shouldn't be used – I became radicalised. As a consequence, after reading these texts I never started a lecture course without telling people what my philosophical, political and religious values were as well as what my approach to economics was. Of course, I added that I didn't expect anyone to agree with me, but I wanted them to know where I was coming from. In short, I'd rather read a first-class attack on me than a third-class agreement. Prior to this change, I had been very pleased when I overheard two first year Adelaide students saying that: "Well, I don't know whether Harcourt is Liberal or Labor". My PhD was written as a scientific paper without a speck of my personality coming through, but by the middle of my life this had changed and I think this made me a much better teacher because it's much more honest and deeper when talking about conceptual bases. I've always said that you should judge according to how well someone has argued for their position, rather than according to the approach adopted, but this is not a principle followed in appointments to economic positions or in the publishing of scholarly articles. This is a great loss as well as betrayal of liberal teaching. Ideology and analysis are intertwined.

Still, my last ten years of undergraduate teaching were rather disappointing: so few people, even at Cambridge, were studying because they loved the subject, Economics. Undergraduate degrees had become a means to an end; that is, a way to earn megabucks. It was not till you came to the 10% or so of undergraduates, and the self-selecting group of MPhils, that you encountered students who were genuinely interested in and in love with the subject. Unfortunately, we aren't

universities in the true sense anymore – we have customers, not students while many of the lecturers are more interested in developing their CVs than teaching. Many economics lecturers use Australia as a diving off point to get back to the centre where they see most of the real interest lies and hence, they're not particularly interested in Australia or its history. Of course, I'm comparing today with the Golden Age of university teaching in the '60s and '70s.

Stefan Collini (from Clare Hall, Cambridge) has written some of the most wonderful essays on what's happening to universities today. He's one of the greatest English prose writers; his essays are beautifully expressed deep analyses.

Joan Robinson has clearly had a profound influence on you as have many other economists. How important is it for an academic to be able to collaborate and discuss approaches, ideas and theories with his/her peers rather than simply read and write about them?

Camaraderie and compatible colleagues, with whom you can discuss issues and bounce off ideas, are absolutely essential. In my early lecturing days in Adelaide, there was Peter Karmel and many bright young people. We'd gather in the tea room, write ideas on the blackboard and exchange ideas – not only about economics, but also about politics and sport (being Australians). Sports talk was, however, lost on Peter.

I've also been blessed with mentors. Apart from Joan, there was Piero Sraffa. Sraffa looked after research students at Cambridge and was often referred to as God, having influenced Wittgenstein's famous turn from the *Tractatus Logico-Philosophicus* to the *Philosophical Investigations*. Sraffa had the most powerful mind I've ever come across. Apart from his famous editions of Ricardo's life and works, there was this very slim volume *Production of Commodities by Means of Commodities* (1960) that he took about forty years to write and which came out towards the end of his life. I consider it to

be the single most important critique of the conceptual foundations of mainstream economics. Sraffa was the only person whom Joan seemed a little in awe of – perhaps because she sometimes misinterpreted his ideas and pushed them further than he himself would wish to go – even though they were very good and close friends.

My greatest Australian mentor was Eric Russell who was a pupil of Wittgenstein. Eric thought this was a mixed blessing as it led to him asking “What exactly do I mean by that?”, so that Eric’s own publications were few in number. Originally Eric thought his first duty was to explain things clearly to his students, but later he revised this and acknowledged the value of publishing so that he could receive his peers’ comments, critiques and judgements.

Nowadays my lunch group is a very simpatico group, kindred mavericks, but this is the first period in my life as an academic when I don’t get people knocking on my always open door and asking me to look at their papers. I receive lots of requests via email and from overseas but, unfortunately, the face to face informal contact characteristic of the older days no longer exists.

Amongst your various achievements, all except two of the reviews you have written have been accorded recognition and praise for their civility and courteousness. How valuable is the role of the review?

Writing reviews is a great responsibility because you need to assess what are the positive aspects of scholars’ contributions. My attitude is first, to pick out what is important or valuable and only then engage in criticism if necessary. What’s the use of people putting their writings and thoughts into the public domain if there is no assessment of what they’re sharing? And, of course, in the process of reviewing, you learn so much yourself. Currently I’m writing reviews of books on Joan Robinson and her circle.

How do you manage being so prolific?

I've no idea ... I'm not systematic. I try to write the first draft (in long hand) to achieve a unity for my text, making a note to check any references I can't remember later. I insert the details for the scholarship in my second draft. It is in the fever of creation that I am able to achieve unity.

I wrote my best known book, *Some Cambridge Controversies in the Theory of Capital*, in two months, working six days a week. We were in Japan, where I had a Leverhulme Exchange Fellowship, during the years 1969–70 at Keio University in Tokyo. There I was able to live the selfish life of a scholar. Although we had four children by then, I was alone in a room with all the volumes I needed and a roller chair that I used to access the information from these tomes as I needed it. I nearly killed myself working so intensively on the first draft and structure of the book.

Would you like to comment on the extent to which you think it may be unique to the discipline of Economics that its type of argument ranges from intuition to lawyer-like arguments and then to formal logic and mathematics?

That's Keynes's argument (with which I heartily agree), which has been mostly driven out of economics. Now they seem to think that truth only comes in the guise of a mathematical model whereas Keynes maintained that the nature of economics was such that you had all these different languages and each was appropriate according to the issue which you were examining – or aspects of the issue. So, if you look at *The General Theory*; i.e. his masterpiece, you'll find examples of all these languages running through it. Hence, why many people thought it was a very bad, or difficult, book to understand. However, they hadn't realised the import of Keynes's philosophy; once they did, then they could begin to understand what was going on.

In 1986, there was a huge conference of over 3000 people at a liberal arts college, Gustavus Adolphus, St Peter in Minnesota. The university held annual Nobel Conferences, and the subject in 1986 was on the legacy of Keynes, celebrating 50 years on from the publication of Keynes's seminal work, *The General Theory of Employment, Interest and Money*. Several Keynes scholars attended this conference, which was spread over three days and I gave the opening paper, entitled "Theoretical Methods and Unfinished Business". In this address I reported my take on the emerging work that was coming out of the link between Keynes' philosophy and his economics that was being done in Cambridge at the time by research students: Australian Ron O'Donnell, Anna Carabelli, an Italian, and John Coates, a Canadian. I tried to synthesise their findings in order to explain Keynes' theoretical methods.

Intuition is part of the argument as well?

Yes. It starts off with intuition and poetry before moving on to lawyer-like arguments and then to formal logic and maths. Keynes thought intuition was absolutely necessary. That's why he thought there were very few good economists. He said economics was an easy subject at which very few excel. However, it is no longer an easy subject, but still, very few excel in it.

Recently you said that the key to the prolific nature of your output over a six-decade long period could be due to the fact that you do not see economics as a purely intellectual pursuit, but more like a discipline that helps us to understand the world and possibly why it "misbehaves".

You also implied that this approach motivates your desire to try and design realistic, as well as humane, policies that make the world better, especially for those who are most affected by the malfunctions of the system. As an example, you referred to your current work on the issues raised by Thomas Piketty on the causes of rising inequality, related to the

distribution of wealth and income.

Is it too early to elaborate on some of your findings, hypotheses?

Not really ... I recently gave a paper to the Economics Society of NSW called, "Piketty, One of the Good Guys, But ..." Well, he is one of the good guys, but the trouble is that his analysis of his findings just doesn't go through because he's used a mainstream model in order to communicate with the mainstream. In doing so he has omitted very important characteristics of modern society. These missing characteristics are extremely significant as regards explaining his findings on the rising inequality of income and wealth. Also, his policy proposals would be acceptable to any progressive thinker, but in the current political environment, they're just utopian. He sees himself as an historian as well as an economist, providing the background information for civil servants and politicians, but he says it often needs crises (such as wars or depressions) to create economic reform, which the technocrats then design in detail. (Joan always criticised war, for example, as unintelligent Keynesianism: putting people back to work by making useless and destructive things such as armaments.)

Is there any indication that the GFC has impacted positively on shifting mainstream understanding about how the economy works so as to avert similar crises?

Unfortunately, we didn't take the lessons we needed to from this crisis, but created a fetish for austerity and prolonged a long depression. In fact, it's still going on although I noticed today (23rd April) that the OECD is more hopeful about growth – I'll believe it when I see it.

How do you envisage evolutionary economics as being the way forward and can you walk me through what this theory means?

Yes, this is the best way forward. Evolutionary Economics, according to Alfred Marshall, is based on the premise that the

true mecca of economics is biology, not physics (even though Marshall used physics as his analytical structure since there was no overwhelming conventional wisdom on evolution at that time). However, since Marshall's death things have come more together and one of the best PhDs I've ever examined, by Neil Hart – who has published two volumes based on his PhD (one on Marshall while he was still alive; the second volume about what's happened after Marshall) – analyses the role of evolutionary economics as an organic, biological structure which can be analysed according to a variety of techniques including game theory, but also biological statistical methods that can be applied to understanding crises such as the GFC and what to do about it.

In the most recent volume of our local rag here, *Economics and Social Relations*, there's a paper by Robert Neild, who succeeded Joan at Cambridge (Robert is now 93), arguing the case for evolutionary economics as a promising way forward. In other words, with evolutionary economics, organic interrelationships are key, so this framework is not as precise as physics, but as the aphorism adopted by Wildon Carr suggests: "It's better to be vaguely right than precisely wrong".

And what of Marx?

It took me many years to get my head around *Das Kapital*. Having three scholars of Marx as PhD students – Allen Oakley, Claudio Sardoni and Prue Kerr – helped me enormously to understand him better. I am very proud of the entry that I wrote with Prue Kerr for Malcolm Warner's International Encyclopedia of Business and Management for managers in 1996 – all they need and want to know about Marx. Karl Marx's analysis of capitalism in the nineteenth century was most insightful although his socialist predictions were too utopian.

Since then, *Capitalism: Competition, Conflict, Crises* by Anwar

Sheikh (2016) is, in my view, the greatest and most profound analysis of modern capitalism since Marx's in the nineteenth century (as capitalism as it then was).

Interestingly, Claudio Sardoni's thesis compares Marx and Keynes, since reworked into *Marx and Keynes on Economic Recession: The Theory of Unemployment and Effective Demand* (1987). When these two economists (Marx and Keynes) looked at the same issue, there was a huge overlap in their analysis and they got the same answers, vocabulary aside. However, Keynes wanted to save capitalism from itself, while Marx wanted to hurry on its demise.

Our future economically?

Down the tube ... but there are hopeful signs – it's just that they're not in the mainstream. I wouldn't go as far as Joan who was, towards the end, ready to scrap the lot and start again, but characteristically, I'm more optimistic which is a quality inextricably interwoven with my more moderate approach.

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Suggested citation:

Cross, Judie (2017). "Interview with Geoffrey Harcourt," *Figure/Ground*, April 23rd, 2017.

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