

EDITORIAL

## Symposium in honour of Geoff Harcourt

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Geoff Harcourt was one of Australia's most eminent economists, with over 30 books and 400 articles, numerous lectures, seminars, and interviews. He had a well-deserved international reputation and had a profound impact on the economics discipline as a whole. Geoff also played an important role with *The Economic and Labour Relations Review*, serving on its editorial board and as obituary editor, so it is fitting that we publish a symposium in his honour. As Tim Harcourt notes in his obituary, Geoff always regarded himself as 'a Cambridge economist and an Australian "patriot"', so it is very fitting that this symposium in his honour is to appear in the first issue of the journal published by Cambridge University Press. Within these two roles, he contributed to economic theory, to policy, and to social activism. Geoff's academic and policy work always reflected his strong commitment to social justice, and he was strongly committed to equity and equality, stressing the importance of alleviating poverty, opposing social and racial discrimination. This commitment fitted very well with *ELRR*'s mission statement and are the aspects of his legacy on which the contributors to this symposium have focused.

Overwhelmingly, Harcourt's humanity shines through. We are taught that economics is a 'positive' science, meaning objective and value-free. Therefore, writing should always be in the third person, to divorce the argument from the writer. Geoff saw through this and rejected it. Realising that economics can never be divorced from the values of its writers, his papers are always in the first person bringing his values upfront. Geoff always rejected the notion that economics could be value-free and believed that economists had a duty to outline the values that informed their writings and teachings and to make them accessible. This was reflected in the way he wrote, usually in the first person so as not to distance himself from what he wrote. At the same time, he was able to convey complex ideas in such a way as to make them comprehensible with humour. This approach showed up when he was in the audience of economics seminars where he would raise important and awkward questions of the speaker, sometimes leaving the speaker dumbfounded! This tradition is maintained by many of the papers in his honour.

In this symposium, the first three papers consider Geoff and his contributions and legacy, while the remaining two extend his legacy into areas in which he was interested. Tim and Wendy are Geoff's children, Roy, Michelle, and myself were his students, while Raja and Amiya were his colleague. All of us have followed in his tradition in academe and policy interventions, demonstrating how inspirational Geoff was through not only his ideas and beliefs but also his kindness and care.

Tim Harcourt shows the important links between Geoff's social life, his politics, and his contributions to political economy, highlighting the importance of both Australia and Cambridge to his development as an economist. After a journey through the Harcourt family history, Tim examines Geoff's early career, identifying concerns that were to occupy

him for all of his life, especially his interest in political and social policy. His many travels and the friendships and colleagues he made during these are important influences on Geoff and represent one of the reasons he was so liked and respected by all sides of political and economic debates. At the same time, Geoff engaged in one of the most important and definitive surveys of this extremely important but esoteric area. As Tim explains, the result calls into question the policy conclusions of mainstream economists and has never been adequately contested. At the same time, Geoff was very involved both with policy advice to governments who, unfortunately, did not listen. Also, there was his active involvement with the Anti-Conscription movement and Campaign for Peace in Vietnam, both of which had profound impacts on Geoff's view of policy and social activism.

Geoff's contributions to economic policy are further examined in the contribution by Green, Harcourt, and Junankar. Geoff's starting point was the Keynesian/Kaleckian position that there was no mechanism in capitalist economies that would guarantee full employment – so that governments had an important role in achieving and maintaining this socially and economically critical objective. At the same time, policy needed to address questions of fairness and equity. Their paper outlines Geoff's attempts to suggest policy solutions to these social justice problems, focusing on incomes policy, increasing flexibility and the role of public investment. Salter's work on technical progress and efficiency had a profound impact on Geoff's views. In order to achieve full employment without causing inflationary pressures, government should rely on a mixture of incomes and fiscal policy, with monetary policy seen as a rather blunt instrument. Geoff's theoretical insights underlie his policy agenda. The methodological conclusions of the Cambridge capital debates were an important influence here – the denial of positions of equilibrium as the outcome of natural processes in the economy, and the importance of path dependency and cumulative processes indicate key roles for policy. The role of industry policy is considered vital in this light, as it will have profound impacts on the structure of the economy – affecting its dynamic potential.

Wendy Harcourt shares with us her insights from conversations with Geoff on some of the important issues of our time – gender, social justice, and economic policy. She reports on their important discussions about optimal population numbers and the appropriate framework to discuss this thorny question. Not surprisingly, they both reject neoclassical theory and its claim to value neutrality. Instead, they argue for the importance of the quality of life of the vulnerable people on the margins of society. As with the earlier papers in the symposium, Geoff's commitments to social justice and equity emerge throughout Wendy's paper, even in the areas in which they could not reach agreement. Especially important is what is revealed about how the continuing legacy of racism profoundly affected both Wendy and Geoff. We can all agree with Wendy's conclusion as to what she learnt from Geoff: the importance of listening to all sides of an argument and treating them each with respect.

In her paper on 'Capital investment, business behaviour and the macroeconomy' Michelle Baddeley develops two of Geoff's contributions, his work on investment theory, incorporating the Cambridge capital critique – and his earlier work on accounting rules, linking it to recent developments in behavioral economics. The paper shows how using rules of investment derived from conventional theory, appraisal criteria lead to both underinvestment and instability in investment. Such models do not deal at all well with the role of expectations or uncertainty – issues which according to Geoff and the post-Keynesian tradition, are essential features of modern economies. These have serious impacts on the macroeconomy – particularly on employment and growth, two issues very central to Geoff's thinking. After analysing the mainstream models of capital investment, Baddeley considers the implications of behavioural analysis – especially Herbert A Simon's (1982) distinction between different types of rationality. Following Harcourt's earlier work, she shows how different rules which deal with expectations and uncertainty in diverse

ways will lead to very different investment outcomes. In particular, rules developed with inappropriate models that abstract from uncertainty, so that expectations are always fulfilled, lead to inappropriate investment decisions resulting in underinvestment in the macroeconomy, unemployment, and volatility in investment and, therefore, output. This shows that analysis at the level of the firm reinforces the macro-implications of the capital controversies, denying a unique relation between interest rates/rates of profits and investment.

The final paper in the symposium, by Amiya Bagchi, examines Geoff's Cambridge roots commencing with a brief survey of the Cambridge analysis of growth before focusing on the development of Keynes's thinking on employment and macroeconomic policy. This is applied to the analysis of developing economies, an area in which, although he did not write extensively, Geoff had a great interest.<sup>1</sup> Bagchi shows how both Keynes's policy suggestions, to stabilise raw material prices and so establish an International Clearing Union, would be of tremendous benefit to developing economies. He documents the manner in which neoliberalism undermined developing economies in particular, both in terms of economic policies and for the provision of cheap pharmaceuticals which could have had a profound impact on the damage from HIV/AIDS.

The papers in this symposium all illuminate Geoff Harcourt's concerns with social justice, fairness, and equity, as well as his profound understanding of economic theory and policy. We hope that Geoff's legacy will continue.

We hope to be able to include further articles in future issues.

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## Note

1 This is apparent in the first volume of *The Oxford Handbook of Post-Keynesian Economics* (Harcourt and Kriesler 2013) where the last part is devoted to developing economies.

## References

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