

INVITED ARTICLE

## Geoff Harcourt, Political Economist, 1931–2021

Tim Harcourt

Industry Professor and Chief Economist, University of Technology Sydney (UTS) and Geoff's son, Sydney, Australia

Email: [Tim.Harcourt@uts.edu.au](mailto:Tim.Harcourt@uts.edu.au)

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### Abstract

This personal biography by the son of GC Harcourt focuses mainly on the political aspects of the life and work of this important Australian and Cambridge economist.

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Geoff Harcourt was always interested in politics and economic policy. While his first love was economic theory, especially capital theory where he made his greatest contribution, he always thought economics was there to make the world a better place. No matter how elegant the theory is, it have some policy applications. As a result, he was well connected in the economic policy world outside the University, and as he was naturally gregarious, he liked to mix with politicians. Geoff was in essence a political economist who liked to describe himself as a Cambridge economist and an Australian 'patriot'. He spent most of his life between his native Australia and his beloved Cambridge, UK, with stints in Toronto, Canada, and Tokyo, Japan. He passed away on 7 December 2021 aged 90 years after several illnesses that had plagued his health since his early sixties after a particularly vigorous and active sports loving middle age. He spent the last happy decade of his life and career at University of New South Wales (UNSW) and was enthusiastic in his editorial role at *The Economic and Labour Relations Review*, a role he believed to be an important bridge between the world of economic theory and the practical policy world.

### Family origins and upbringing – business, religion, and politics

Geoffrey Colin Harcourt was born in Melbourne in 1931 into a warm-hearted secular Jewish family. Geoff's father, Kopel Harkowitz, was born in Lismore where his parents Israel and Dinah had the general store. Kopel's brother Sam (the much loved Uncle Sam) changed the family name from Harkowitz to Harcourt, to avoid the anti-Semitism that prevented them from getting into golf clubs, surf clubs (in Bondi family lore has it they went 'from the Goldbergs to the Icebergs'), and turf clubs (they even had a radio show named after them called 'The Racing Harcourts'). Their name was changed on 30 July 1924, mainly for convenience, and Kopel and Sam changed it together (my grandfather later said they tried to get 'two for the price of one').

Kopel, or Ken as he became known later, was a well-respected leather merchant and a man of small business, conservative political beliefs, and agnostic, despite growing up in a religious household and being a promising Hebrew scholar. Like his views on religion,

Ken's view on politics had also changed. As a young man working in the New South Wales Railways, he had been a committed socialist. But when he joined the Australian Labor Party (ALP), at his first meeting he was handed a pamphlet titled 'The Kingdom of Shylock' by firebrand Victorian Labor figure Frank Anstey. While mainly raging against the financial system and the role of the private banks in the 1890s economic depression, its explicit anti-Semitism (especially the cartoon of Shylock on the cover) made Ken decide the ALP was not for him.

Ken and Marjorie Harcourt lived in Glen Iris in Melbourne and had a daughter Robyn (who tragically died at the age of 4 years) and twins, John and Geoff. Geoff remembered a happy childhood, especially as Ken could get the boys new footballs (Aussie Rules) and cricket balls given his position in the leather trade. While Ken's family in Sydney was still religious and members of the Great Synagogue, the Melbourne relatives were either liberal or secular/assimilationists. In fact, Ken's family, the Harkowitz family, and their descendants are, to this day, pillars of the Jewish community, especially the Redelman clan, who were influential in the founding of Moriah College. But while the Harcourts of Melbourne were not as religious they strongly valued education and invested in the educations of young John and Geoff, as did the parents of their cousins who also invested in their children. They were all the first generation in their family to attend University.

### Early career – Melbourne and Cambridge

Geoff was a successful student at the University of Melbourne in the Commerce Department and at Queens College where he was tutored by eminent Labour Economist Joe Isaac. Geoff was trained in the applied tradition of Melbourne and the great Melbourne Institute for Applied Economics and Social Research (MIAESR) and conducted mainly empirically based surveys supervised by the formidable Richard 'Dick' Downing.<sup>1</sup>

Geoff also took an interest in politics. Like his father before him, Geoff too joined the ALP, in 1950 (not knowing much of his father's earlier experience). It was just after the heroic Curtin-Chifley Labor Government and the post-war Reconstruction years with prominent economists such H.C. 'Nugget' Coombs, Jack Crawford, and Sir Roland Wilson leading the charge on economic policy. However, the Victorian ALP was not a happy place, with the Labor Split in full force bringing down the Victorian Labor Government of John Cain Senior and leaving both the Victorian and Federal ALP languishing in Opposition for a very long time.

Geoff met Joan Bartrop from Ballarat at Melbourne University – Joan was at Women's College when Geoff was at Queens. Geoff proposed after six weeks, they were engaged for a bit over a year and then married after graduation. It was union that lasted an impressive 66 years.

Joan shared Geoff's interest in social policy, especially housing. She was involved, as an interviewer, with the Melbourne Institute's research on the poverty line. Her father, Edgar Bartrop, had been an adviser to wartime Treasurer and Prime Minister Ben Chifley and the Commonwealth Controller of Accommodation

1955 was an exciting year with Geoff and Joan married, and Geoff, after completing his M. Comm at Melbourne, winning a PhD scholarship to study at Kings College at the University of Cambridge – the College of the John Maynard Keynes. After a brief honeymoon in Torquay on Victoria's surf coast, Geoff and Joan Harcourt travelled by ship to the UK. Geoff's arrival to Cambridge coincided with an extremely successful era for the Economics Faculty. Geoff immersed himself Cambridge economics, with strong associations with Nicholas Kaldor, Richard Kahn, Piero Sraffa, and of course, Geoff's hero, Joan Robinson. As a result, Geoff imbibed the Cambridge tradition, which became his frame of reference for his own research with its emphasis on economic theory. The seeds of

his own significant contributions to economics, particularly the capital theory debates between economists in Cambridge England and Cambridge Massachusetts at MIT, were a direct result.

## Adelaide

Geoff and Joan returned to Australia in 1958, with plans to live in South Australia as they had loved Adelaide when the ship stopped there on the way over to the UK. Geoff had an offer of a research assistantship in Economics from the University of Adelaide. But as their ship docked in Colombo, Sri Lanka, on their way back home, the offer had been upgraded to a lectureship, which made them think Adelaide was the place they were meant to be. The Economics Department led by Peter Karmel and the charismatic Eric Russell provides an ideal work environment for Geoff. Many of Geoff and Joan's friends from undergraduate days had also moved to Adelaide, including Bob and Pat Wallace, Keith and Joan Hancock, Brian and Teresita Bentick as well as the kindness of Eric and Judith Russell and Peter and Leah Karmel. It was the start of some very happy times in Adelaide.

Geoff returned to Cambridge with his young family in 1962 for four years for Geoff with a lectureship in the Faculty of Economics and Politics and a fellowship at Trinity Hall. During his time there, he was able to consolidate his reputation and network with leading economists from all over the world.

The family returned to Adelaide in 1966 (with Tim born in 1965) with Economics booming there with the advent of the new Flinders University, led by Peter Karmel, who took Keith Hancock with him. (Both became Vice Chancellors of Flinders).

During this period, Geoff wrote his well-known article on the 'Cambridge Capital Controversies' which documented the debates on the measure, meaning, and nature of capital between Cambridge, UK, and Cambridge, Massachusetts, USA. Although the debate was ostensibly about capital theory, it went to the heart of the neoclassical economics and their case for the efficiency of free markets. Geoff subsequently became a leading spokesman for the post-Keynesian school of economics. When the debate about neoclassical economics or 'economic rationalism' as it became known in Australia, raged in the early 1990s, Ross Gittins, the legendary Sydney Morning Herald Economics Editor, pointed out that Harcourt is:

*That rare animal: the left-wing academic who's done his homework. He knows the most effective attack on a school of economic thought is to shake the foundations of its model; to finger the dubious implicit assumptions. See Gittins (1992).*

## Tokyo

In 1969, Geoff took a sabbatical at Japan's Keio University with his family (including a fourth child Becky, born in 1968), during which time he turned his capital theory article into a book. As it was rare for a Western family to live in Japan at that time, we were the object of local curiosity. Our host family, a newly married couple, left their part of the house to allow us, to live there for four months, and the children enjoyed trips on 'the shinkansen' the bullet train to Kyoto and to the 1970 Expo site at Osaka.

## Adelaide again – the Vietnam War and rise of Dunstan

Geoff and Joan's decision to go to Adelaide back in the late 1950s was clearly a momentous one by the time the late 60s came along. They did not know it at the time, but during that decade South Australia was on the verge of sweeping economic and social reform.

The Playford Liberal and Country League (LCL) state government had been in power since 1933 (Sir Thomas Playford had been Premier himself since 1938). Playford was a canny politician who combined interventionist economic instincts with socially conservative values and was benefitted by an electoral system, known as ‘the Playmander’ that favoured geographically large rural electorates with small populations. As a result, the ALP could almost never win as all their seats were in Adelaide or the Iron triangle (Whyalla, Port Augusta, and Port Pirie). Geoff and Joan, as members of the South Australian ALP, became political activists for electoral reform in South Australia. Although Labor won finally in 1965, under Leader Frank Walsh after three decades in Opposition, they lost in 1968 under young Premier Don Dunstan despite getting over 53% of the popular vote. The Playmander was alive and well, even though Sir Thomas Playford was well retired by then.

In fact, Joan had been a Labor Candidate at the 1968 state election, urged on by Premier Don Dunstan and the Federal Member for Adelaide, Chris Hurford. Even after she told Chris Hurford she was pregnant, Chris said: ‘How delightful, so is Lorna! You’ll have them at the same time!’

As well as helping Joan’s campaign for the Legislative Council, Geoff was a lead activist to make the electoral system more democratic. Geoff, in fact, addressed the protesting crowds on the steps of Parliament House in the days after the gerrymandered election (a photo discovered by South Australian politician and later Attorney General Peter Duncan). To his credit, incoming Liberal Premier Steele Hall agreed to reform the electoral system, and in 1970, Don Dunstan returned as Premier and ‘the Dunstan Decade’ of social reform began in South Australia. Geoff and Joan’s activism for democratic reform led to other campaigns notably abortion reform, the John Howard Society for penal reform, and of course the Anti-Conscription movement and Campaign for Peace in Vietnam (CPV) in the late 1960s, and the Moratorium movement of 1970.

The CPV was a watershed for Geoff’s political views, his religious views, and his approach to economics. In fact, Geoff turned his hand to economic policy and was increasingly involved in politics *because* of the Vietnam War. Geoff began to realize that economics went hand in hand with political activism. And it was a good time to be involved in Geoff’s kind of moderate left of center politics.

In South Australia, the Dunstan government was a social reformist administration leading progressive policy, while on the national stage, Australia was also turning to Gough Whitlam and the ALP to lead the nation after 23 years in Opposition. Joan’s father Edgar once said he thought by working for Chifley, he may have worked for the last Labor Prime Minister!

Although Geoff had been offered the possibility of running for the ALP in the 1969 Federal election, he instead became a leading activist in Adelaide against the Vietnam War and Conscription working closely with SA Labor figures Peter Duncan, Neal Blewett, and Lynn Arnold (all of whom became parliamentarians). This entwined his views on economics, politics, and values, including his views on religion and spiritual values. Although born Jewish, he once described himself as having ‘Christian Socialist’ values and then really confused the Adelaide Advertiser by saying (with a straight face) that he was the only Jewish Methodist in Adelaide who sent a cub reporter out to find more about this new sect! Geoff was attracted to the strong ties of the Methodist Church to the trade unions and the broader labour movement traditionally in the UK and particularly in South Australia.

Geoff’s social and political activism was in the social democratic tradition. He was proud to be a member of both the ALP and the reformist social democrats, the Fabian Society. He was wary of hardliners, especially in the CPV where he opposed the Stalinist positions of the more militant activists and kept up good relations with the South Australian Police. In fact, when the family received a death threat and a botched attempt to blow up the family Holden, the Police provided Geoff with 24-hour protection (one of the senior police

official's had a son in Geoff's lectures who spoke highly of his integrity). Geoff was in favour of a mixed economy and opposed the policies of the former Soviet Union and the People's Republic of China (PRC) and was often in disagreement with the stances of his mentor Cambridge Joan Robinson on China and North Korea. Later in life, Geoff was concerned about some of the excesses of 21<sup>st</sup> century discrimination believing some policies made matters worse not better as 'overshooting' could occur, with policies aimed at past discrimination creating new forms of discrimination. He was worried that some so-called 'progressive' stances like the Boycott Divestment and Sanctions (BDS) movement against Israel were really just old-fashioned anti-Semitism in disguise.

Most importantly, Geoff had an innate ability, to get on with people, even if he disagreed with them. For a non-neoclassical economist, he had a remarkable number of friends and admirers among orthodox economists. Economic debate was a professional duty; it was never personal. He believed in the intellectual contest of ideas and in later life abhorred 'cancel culture'. Geoff's political activity led to closer interests in economic policy and the important role of government in managing the economy – which became more important in the 1970s.

### The Whitlam Government

As the 60s drew to a close, Labor was getting closer to government. They had got close in 1969 and finally won in 1972. Geoff's close friend Dr Jim Cairns (a former economic history lecturer at Melbourne University) had led the Moratorium Marches in Melbourne (just as Geoff had in Adelaide), and he was now a senior ALP politician in Canberra. In fact, Cairns had challenged Whitlam for the Federal Leadership of the ALP in 1968 under the slogan authored by Phillip Adams 'Is it our Party or his?'

Geoff's closeness to Cairns did not endear him to Whitlam. In fact, Geoff told the story of a conversation with Whitlam and some other delegates at an ALP conference, when Jim Cairns walked past the group, Whitlam said: 'There goes that bastard Cairns, it is him and people like him who stop me becoming Prime Minister'. Whitlam later denied the story saying: 'I have called some men bastards, and I still do. But Cairns is not among them'. See Ormonde (1981).

While admiring the Whitlam Government's idealism on foreign and social policy (particularly Vietnam and Conscription), Geoff (like fellow ALP Economic Adviser Fred Gruen) was frustrated by their lack of economic policy focus. He once said Gough Whitlam would lie on the couch and toss away the papers he and Fred Gruen had proposed to the Government on economic policy. It echoed the famous words of Bob Hawke, then Australian Council of Trade Unions (ACTU) President and ALP President to Whitlam on the eve of the famous 'It's Time' election victory in 1972:

*Gough . . . you're going to do some great things in government in the social welfare area and internationally . . . but your government will live or die on how you handle the economy.*

When I interviewed Bob Hawke about this period, he said to me: 'What Gough knows about economics you could write on the back of a postage stamp and still have some room to spare'. See Harcourt (2021).

### The Adelaide Plan

Nonetheless, Geoff and a group of economists from Adelaide, namely Barry Hughes, Eric Russell, and Philip Bentley, tried to devise a policy program, which became known as 'The Adelaide Plan'. The Adelaide Plan was a response to the problem of stagflation

(rising inflation and unemployment) which had become a major policy challenge for the Whitlam Government. Its main suggestion was sensible prices and income policy measures to help alleviate inflationary pressure. Geoff and Eric's view on income policies stemmed from their years as economic witnesses for the trade union movement. Russell had been a witness for the ACTU when Bob Hawke was the ACTU Advocate in the National Wage Case bringing economics into the court for the first time. Hawke had a phalanx of notable economists assisting him together with Russell, namely Wilf Salter, Horrie Brown, and later Keith Hancock.

Geoff had been an expert witness for the trade unions, for the United Trades and Labor Council of South Australia in the State Wage Case, in Adelaide, which he did until the early 1980s. Tim's interest had stemmed from watching his father as a witness for the trade unions in the State Wage Case in Adelaide.

However, the Adelaide Plan fell on deaf ears in Canberra. The Whitlam Government faced with the OPEC Oil shock and global wage and price inflation did not come up with a coherent economic strategy. Treasurer Frank Crean struggled to contain both these economic pressures and the big spending demands of his fellow Ministers, who had been in Opposition for 23 years and were making up for lost time. Crean was replaced by Cairns.

Cairns, while being a charismatic leader of the Moratorium, and an empathetic Acting Prime Minister, after visiting a Cyclone Tracy ravaged Darwin at Christmas in 1974, couldn't adjust to the rigour and disciplines of government. Soon after replacing Crean, Cairns was himself sacked as Treasurer, without having brought down a Federal Budget.

Bill Hayden, who subsequently took over as Treasurer, tried to provide some stability to the government. However, the Whitlam Government did not last due to the ruthless blocking of supply in the Senate by the Coalition Opposition and the resultant constitutional crisis and dismissal of the elected Prime Minister by the Governor General. In true form, Geoff spoke at the mass demonstrations to protest the Whitlam dismissal (rallies I attended as a 10 year old). Just like the 1968 protests against the South Australian Playmander, Geoff felt it was dangerous for democracy to have an elected Prime Minister dismissed by a non-elected representative of the Queen. It also later drove his sympathies for an Australian republic.

Despite being an unofficial adviser to Labor, the only time Geoff got close to an official government position during the Whitlam Government was when Dr Jim Cairns offered him the position of Governor of the Reserve Bank or Secretary of the Treasury. According to Geoff 'You know me Jim, I am a real man not a money man'.

## Back to Opposition

After the dismissal, the election defeat in 1975, and another in 1977, Whitlam retired from politics and Bill Hayden took over as Labor leader. Hayden, a former Queensland policeman (Jim Cairns had also been a policeman), studied economics part-time at the University of Queensland while already a federal MP, and Geoff soon forged a friendship with Hayden over a mutual interest in economics and the need for Labor to be more economically literate after the Whitlam experience.

Geoff's role as informal adviser to Hayden was more successful than his role with Cairns. He won Hayden's trust, and the informal role became formal as Geoff was appointed to Hayden's Committee of Inquiry into the ALP elections of 1975 and 1977. The Committee was chaired by South Australian MP and Political Scientist Neal Blewett and Victorian Senator John Button. Both Blewett and Button went on to be successful Ministers in the Hawke-Keating Labor Government. The Committee not only looked at the reasons for the election defeat(s) but also devised policies for a future Labor

Government. This was a very productive time for Geoff, and he spoke regularly to Button, Blewett, the South Australian Shadow Ministers Chris Hurford and Mick Young, and former ACTU Research Officer Ralph Willis, a future Minister and Treasurer in the Hawke-Keating Government. Some of Geoff's views were shaped during the inquiry and later espoused in some key lectures, including the John Curtin Memorial Lecture at the Australian National University in 1982 just before Geoff departed Australia.

### **The last hurrah – back to Cambridge**

After a stint in Toronto, Canada, and Cambridge again in 1980, Geoff returned to Cambridge to teach and to further his work in the Cambridge tradition including writing a biography of Joan Robinson and intellectual portraits of 'The Circle' most of whom were coming to the end of their lives.

Geoff claimed in the Adelaide Advertiser that he was returning to Cambridge also to play cricket on decent turf wickets after the Adelaide University Cricket Club demoted him to captain the hard wicket. Sport was very important to Geoff, and he played with enthusiasm. In Cambridge, Geoff organized the annual Oxford versus Cambridge Varsity Aussie Rules Football match. When he could no longer play in the game, he would umpire it.

This move ended Geoff's direct involvement in ALP politics. Ironically, after all this hard graft on policy in Opposition, Geoff left Adelaide for Cambridge on 2 September, 1982 just as the Fraser Coalition Government was crippled by recession and Bob Hawke was on the verge of leading Labor to victory in March 1983 (actually replacing Bill Hayden as Leader and catching Malcolm Fraser by surprise). However, he took great pride in the success of the Hawke-Keating Labor Government and the number of his former colleagues and students such as Barry Hughes, Don Russell, Owen Covick, Martin Parkinson, Roy Green, and many more who became influential Labor advisers.

Geoff was asked to do an advertisement for the ALP in the critical 1987 election which was fought on economic issues and saw Bob Hawke lead Labor to a historical third term. Geoff was also pleased that I became an ACTU Research Officer and Advocate, and later economic adviser to three Federal Labor Cabinet Ministers and two Labor Premiers (but not all at once!).

Geoff was also invited by the Keating Government (after Bob Hawke was replaced by Paul Keating in December 1991) to give the Donald Horne lecture in Melbourne, where he declared his support for the Australian Republic and gave a thoughtful exposition of how markets function in his address titled 'Markets, Madness and the Middle Way'.

### **Back to Australia at UNSW and high honours**

After many enjoyable years at Cambridge, Geoff and Joan decided to return to Australia and live in Randwick Sydney to be close to three of their four children and two of their grandchildren (their eldest child Wendy lived with her husband Claudio and their two daughters in Italy). Geoff was also attracted to Randwick because it was close to the UNSW School of Economics where Geoff's close friend and former PhD student Peter Kriesler taught. Geoff was made very welcome by the dynamic and thoughtful head of school at UNSW, Kevin Fox. It was a happy time for Geoff, and before the tyranny of social distance due to COVID-19, he went into UNSW every day enjoying the companionship of the team there. He was particularly enthusiastic about his role on the editorial board of *The Economic and Labour Relations Review*.

Geoff was thrilled to receive the Companion in the Order of Australia (AC) in 2018 awarded for:

*Eminent service to higher education as an academic economist and author, particularly in the fields of post-Keynesian economics, capital theory and economic thought.*

As with his appointment in 1996 as a distinguished member of the Economic Society of Australia, he felt such awards were great recognition for the Economics profession itself as well as for him personally.

Geoff had a wonderful life. He reached his production possibility frontier in all aspects of life – both professional and personal – and shared his knowledge and love with all. And he was a wonderful father.

Geoff Harcourt is survived by wife Joan, children Wendy (and husband Claudio), Rob, Tim (and wife Jo), Rebecca, grandchildren, Caterina, Emma Claire, Yunshi, Jhen Huei, and his twin brother John.

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## Note

1 Geoff worked at the MIAESR in the 1950a.

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**Tim Harcourt** is Industry Professor and Chief Economist at the Institute for Public Policy and Governance (IPPG) at the University of Technology Sydney (UTS).

Specializing in Australia's economic engagement with the global economy particularly Asia, Latin America, and emerging markets, he has worked in public policy and research roles in international trade, labour markets, climate innovation, and the economics of sport.

Tim was previously an economist at the Reserve Bank of Australia (RBA), a research officer for the Australian Council of Trade Unions (ACTU), Chief Economist for Austrade, and an Adviser to three Federal Labor Cabinet Ministers and two Labor Premiers. Tim was also JW Nevile Fellow in Economics and Professor of Practice at UNSW. Tim is host of The Airport Economist TV series [www.theairporthomeconomist.com](http://www.theairporthomeconomist.com)