

A Conversation with Peter Groenewegen

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Abstract: The text of an interview, by Brian Dollery, with the eminent historian of economic thought, Professor Peter Groenewegen. The conversation includes details of Groenewegen's early life and education, together with a lengthy discussion of his teaching and research at the University of Sydney. It concentrates on Groenewegen's contributions to the history of economic thought, but also covers his work in the theory and practice of Australian public finance.

Introduction

The conversation recorded here stems from an established tradition in economic discourse deriving from Arjo Klamer's (1984) pioneering discussions with leading economists reproduced in his *The New Classical Macroeconomics*. A nascent Australian tradition also exists, beginning with Christopher Higgins's (1989) interview with Colin Clark, which embodies an HET strand, and including John King's (1994) conversation with Craufurd Goodwin and John Lodewijks's (1994) interview with John Nevile.

This conversation was recorded in Peter Groenewegen's study at the University of Sydney on Monday morning, 3 December 2001.

Background

Brian: You were born in Kerkrade in the Netherlands on 13 February 1939 and immigrated to Australia with your family in 1952. Moving to Australia must have involved many changes, not least a new language. How did you cope with these changes?

*Peter: The language question was an important one for me, as it was for many younger people who migrated to Australia. I had no English and that had some interesting consequences. I was very interested to see in an interview which quoted Mr. Andrew Riemer, who is now the book editor for the *Sydney Morning Herald*, that his experience was exactly the same in Sydney, despite the fact that it was a few years earlier. We were given, when we first enrolled at school, intelligence tests which were in English, and since we didn't know any English, it was rather difficult to do them, so therefore we were almost immediately classified as being among the dumbest possible entrants to the school system, and put in the lowest grade of class. The school system then was still graded in that particular way, but the mistake was quickly realised and I was almost immediately promoted to the 'A' class. It was in a matter of weeks, particularly with my ability in mathematics, which was less language-intensive. That was one of the difficulties, but this would have been the experience of all young immigrants, you've got to learn the language and you learn the language quickly when you have to live in an almost completely English environment. I think that I picked up English in a matter of two months, with adequate fluency in speech and in reading, and topped the English class after some time.*

Brian: Some European immigrants to Australia in the postwar period seem to have experienced various forms of social ostracism when they first arrived. Did you encounter any difficulties of this kind?

Peter: Very little. There was the usual minor name-calling that you get at school for people who are slightly different. It was also a tendency of some people in the school to try you out on rude words in your own language. But it was very limited ostracism of any sort that I personally experienced.

There were adjustments to be made. I am particularly conscious of two. The first one was that in the early 1950s the range of consumer goods, particularly foodstuffs catering for non-Australian people from Europe, was still very, very limited. The private enterprise that has started since then, in order to make available delicacies and other items of European cuisine, hadn't reached any great heights by the early 1950s. I might recall one particular incident. I was sent over by my mother to the local shop to buy Berliner liverwurst, and the man who owned the shop said, 'We have none of this, mate. You can either have devon, or nothing.' That was the spectrum of choices open to you, and that, fortunately, has greatly improved over the years, particularly from the many activities by migrants who now make such foodstuffs available, and from the development in tastes. The second was cultural. Foreign language films, books, and so on were not widely available, particularly in non-metropolitan centres.

Brian: Do you have any outstanding recollections of your early years in Australia?

Peter: The two recollections that I strongly have are, first of all, the greater freedom, in the sense that your behaviour was far less restricted than it was in Holland, which was quite a conservative country in the period immediately after the Second World War. Secondly, the education system we found was much more liberal and far less arduous than the secondary education system which I had commenced and in which my older brothers were already deeply involved. In it you had to master something like sixteen subjects at fairly strenuous levels. In Australia this wasn't the case at all. There were about five or six subjects which you had to master, and the degree of expertise which was required in this was far less, in relation to the amount of teaching that you got. That was one aspect.

The other aspect was the ease by which you could earn some additional money as a student. This was quite important, particularly for us because I came from a family of five boys. My father as a clergyman did not earn much money and therefore, in order to finance our education, we either had to have scholarships, and these fortunately were available and were acquired, but in addition, if you wanted extra money you could work for it, and that sort of work was then readily available. Admittedly it was the 1950s, not the 2000s, when casual work for students is somewhat more difficult to find.

Brian: For your final matriculation examinations at high school in Corrimal, New South Wales, you studied chemistry, English, French, history and mathematics, but not economics. Why did you choose to enrol in the Faculty of Economics at Sydney University and major in economics?

Peter: Let me first explain very briefly some background to the education system of the 1950s, which may not be something with which everybody is familiar. The choices of these subjects were largely geared to what were the prestige subjects required for matriculation, and economics at that stage, even if available at your

school, was regarded as a subject for the less gifted, if I may put it that way. Some people put it more rudely. Economics was taken by people who wanted to have a relatively light education, often by way of a substitute for one of the more advanced mathematics subjects. The maths syllabus was divided into maths 1 and maths 2 for the better students, or general maths combined with economics, or social studies.

Why then did I do economics at university? Here again a little bit of family history is in order. My two older brothers were doing Arts when I was in my final year at school. In that year, I went for a week to the University of Sydney during term as it was then, attended a few lectures, looked at the Arts syllabus, listened to some experiences of the Arts students who were friends of my brothers and so on, and then decided to a very large extent that Arts was not for me. It was far too general. At the same time, and this is one of the reasons why I went into economics, I was doing the honours history syllabus for the Leaving Certificate (the predecessor of the HSC). The modern history syllabus went from 1919 to 1939, and during my studies for history honours I began to realise how much modern history required some knowledge of economics. One of the books I read was Keynes's *Economic Consequences of the Peace*, which of course contains a good bit of economics. Much of it must have slipped me by at the time. But I realised the importance of economics, particularly in the context of the Versailles Treaty. I also read, which is a completely different type of book, Hitler's *Mein Kampf*, this also contained economic aspects, of the most crude and populist kind, as I now realise. In this way, economics was something with which you were confronted, and even if you had not much knowledge of economics, still you realised its importance. The third area which was very difficult to grasp without economics was the Soviet experiment in the 1920s and the 1930s, which I also had to study, although I did not specialise in it. It was of course dominated by discussions about planning and the whole problem of planning for socialism. So that from that point of view my historical interests involved me in economics.

Brian: Do you have any regrets about pursuing a career in economics?

Peter: No I don't. I have been very lucky in my career in economics in the sense that I started to like the study of economics once I got into it a bit, and started doing Honours. In my final undergraduate year when I had to take the course, History of Economic Thought, I found that I could combine my interests in history and economics quite fruitfully, particularly in so far as research was concerned. The second thing is that my academic career has been enjoyable. It has had its low points, as everybody's academic careers have, but by and large I have enjoyed it. I've enjoyed teaching at Sydney University because I've had very good students over the years, both as postgraduate and as undergraduate students. In my research work I've travelled widely, particularly in Europe, and have gained a large range of friends in many countries. The opportunity for travel and the opportunity for research my career has given me, has been greatly valued and greatly enjoyed.

Brian: You seem to have had an inclination towards history from very early in your professional development. At school you studied history, in your Honours year at Sydney University you wrote an essay on Richard Cantillon's work, for your Master's thesis at Sydney University you selected 'The Economics of A.R.J. Turgot', and for your Doctoral thesis at the London School of Economics you wrote on 'Theories of Value, Production and Distribution from 1650 to 1776'. How do you account for this historical bent to your career?

Peter: Part of this we've already discussed. My interest in economics came from my interest in history and the relevance of economics to history. But there were also some vocational aspects to it, in the sense that I saw more opportunities for later jobs from the study of economics. I might also indicate that my first year of economics at the University of Sydney was quite disappointing in the sense that I found the economics lectures, based on very general macro/micro material, exceedingly boring, but relatively easy to swot up for the one exam that came at the end of the year and the couple of essays that you had to write during the year. There was no continuous assessment then. Another subject we had in first year was scientific method, which largely meant going through Mill's *System of Logic* as a text on scientific method for economics and the social sciences. This was taught by an elderly lady, Alice Walker, in the most boring way, in the sense that the bulk of the lectures consisted of readings from the *System of Logic*, together with a little bit of commentary. So that if you had a copy of this book, which I had obtained through one of my brothers, there was no need to attend the lectures once you realised its text was the basis for the lecture. So that had its good sides, but it wasn't intellectual stimulus.

The third subject we had in the first year then was called Descriptive Economics. It gave background to the Australian economy. It was a very useful course, and it was the course, surprisingly, in which I did best. I scored a pass with credit in it; I only passed the other two subjects. I had my best essay result in Descriptive Economics and I recall that Noel Drane, the person in charge of it (who later became a Professor of Economics at Macquarie University, but he was then only a lecturer) said, 'Oh, there may be hope for you yet', as a result of that particular exam performance. I must say that my first-year experience did not make economics very appealing.

In second year, I entered economics Honours as the result of a conversation I had with a fellow student when lectures resumed. I didn't really start to like my study of economics until third year, when the material became more interesting, and when I had a better grasp of some of the underlying principles. By fourth year I really liked it. At this stage, the fourth-year subjects were compulsory, including History of Economic Thought. I really enjoyed that subject. In first term, I had Bruce McFarlane who was a very inspiring lecturer on the economics of the seventeenth and the eighteenth century. If you were doing Honours, you had to write not only a thesis for your Honours subjects (in economics in my case), but you also had to attempt the Pass with Credit course in the History of Economic Thought, which also required writing a thesis. For that part of my final year, I wrote a thesis on Cantillon.

Cantillon's book in facsimile reprint was then still readily available from the Royal Economic Society. That made it easy to acquire, but it was also a book which I liked because of the broad aspect of Cantillon's work and the historical questions that are raised in it. So at that stage I integrated history with my economics to a very large extent. I topped HET and won the prizes. I also topped Economics, and then decided to write a thesis on the Economics of Turgot for my Masters by thesis for which only Honours graduates were eligible. Bruce McFarlane's lectures had indicated that there was a lot of interesting material on Turgot which needed more work. That research was particularly suitable for me because although I hadn't studied French at University, I had a reasonable background in French, both from my Dutch education where French was started relatively early, but also from my high school education where I'd completed honours French. I could read French

and even translate French. This enabled me to attempt that thesis topic. But that choice was predicated on the fact that the history of economic thought was then taken very seriously at University of Sydney. It was a very legitimate thesis topic. As a result of my postgraduate research I started teaching in HET while I was still a graduand. Ted Wheelwright, who was teaching history of economic thought in the year after I completed the requirements for my undergraduate degree and started my postgraduate studies, invited me to give three lectures on Turgot, as the Faculty 'expert' on Turgot, in the first term of that year (1961). So within six months of qualifying for graduation I was giving my first lectures.

I can say how highly nervous I was about these first lectures. I still recall that fully. But then I think I still have such nervousness, even though I've given thousands of lectures since then. I don't think this nervousness ever leaves you completely. It's a different type of nervousness from the first lecture, but I think there's always that little bit of stage fright, stage nerves, before you lecture.

But to continue. The Turgot material gave me an interest in seventeenth- and eighteenth-century economics, and I decided to do a thesis on that topic after I won a British Commonwealth scholarship to the London School of Economics in 1963. My thesis was intended to complete a series of histories on production and distribution theory, which were then still in print. These were Stigler's famous book (his Ph.D. thesis) on production and distribution theory in marginalist economics and the earlier book by Cannan on the history of production and distribution theory in classical economics from Smith to John Stuart Mill. My Ph.D. thesis intended to research the early history of production and distribution theory. Hence, for me, there was a natural intellectual progression from my interests in the history of economics and my previous interests in history, which led me into economics.

Brian: Which of your teachers at Corrimal, Sydney University and the London School of Economics had an important influence on your academic development?

Peter: At school I must say that the one teacher who had the greatest influence was a teacher whom I never experienced in the classroom. He was the economics teacher and the commerce master. He encouraged me to do economics. He lent me my first book on economics, apart from the economic material that I had been reading for history honours. This was Hicks's *Social Framework*, a nice little book on social accounting and national accounting which was in fact a textbook for the Descriptive Economics course in first-year Economics at Sydney the following year (1957). The economics teacher was quite influential in this manner. But I must say that at Corrimal High School, partly because it was a new school, and partly because it was a heavily streamed school, from which the numbers of people going to university were very, very few indeed, we got - as people who were potential entrants into the university system - exceedingly intensive and dedicated teaching from the teachers involved in teaching matriculation subjects. My maths teacher, for instance - which was something I didn't realise until after I'd finished the Leaving - had taught me the full honours course in mathematics I and mathematics II. Therefore, I had a reasonable amount of maths for economics, in the manner that maths was then required for economics, not nearly as rigorous a requirement as it has become since.

My English teacher was exceedingly good. The history teacher who took me through honours in history was exceedingly good, and taught me in a class by myself, giving up one afternoon a week from his own time, for that purpose. Likewise the French teacher was exceedingly good, and as I've indicated French

has become a very important language for me because I've done a lot of work on French economic thought, particularly in the eighteenth century. That would have been impossible without French. So my schooling was important, but the most important schoolteacher has to be the one who steered me into economics.

At Sydney University the two teachers whom I would regard as most important were Bruce McFarlane, because he encouraged me to pursue further work in the history of economics and who then was also teaching economics in a fairly broad way, which made the subject more interesting for me than it had been with previous teachers. The other teacher was the late Jim Wilson. He supervised my Masters' thesis. He was also interested in the history of economics, and had a wide interest in the literature of economics as a whole. He was the economist in the Faculty (apart from Syd Butlin, who was then the only economics professor), who had the largest library in his room, and who had the broadest knowledge of the subject. He was quite influential, as an encourager of further work, and had also taken me in third-year Honours. He set tough standards, and I greatly enjoyed his teaching. [Informally, in 1959 and 1960 I attended an economics discussion group organised by Frank Dunn, a librarian, in which Paddy McGuinness and the late Ian Parker also participated.]

Bernard Corry, who supervised my Ph.D. at London, was also a considerable influence, partly because he invited me almost immediately to join him in teaching an HET seminar. This was partly designed to give me a bit of extra money, but also gave me useful teaching experience, because my career was clearly going to be that of an academic. He was also an exceedingly good supervisor, in the sense that he very rigorously read all the drafts of my thesis, always providing good clear comments. Bernard Corry improved my writing style inordinately.

I should mention two other people in this context who were influential on me. One was Ron Meek, to whose work I had been introduced in a seminar in fourth-year Honours devoted to his 1956 book, *Studies in the Labour Theory of Value*. In 1962, he published a book called *The Economics of Physiocracy*, which provided a set of translations of Quesnay's work and a series of explanatory essays on Quesnay's (and physiocratic) economics. When I was doing further Turgot work, this more or less became the model for my intended Turgot enterprise. I had started writing essays on Turgot after I did my Ph.D. and was also translating Turgot material. The Turgot translations in fact became my first book, although I was unsuccessful in publishing the essays with the translations in the manner that Meek had done. Meek had been the external examiner for my Ph.D. and we enjoyed an extensive correspondence until his early death - he died from a heart attack in 1978 in his early sixties.

Another person who was a mentor was Jacob Viner, whose book on international trade I had admired enormously from an early stage, because it married history and economics to such an astonishing extent. I wrote him a couple of letters when I was still a Ph.D. student, and, as was his wont, he very kindly replied to all my inquiries. Later he gave me an inordinate amount of advice when I was writing my first articles on the history of economic thought, particularly the paper on Smith and Turgot. This is still regarded by many people as the definitive paper on that long controversy in the history of economics. Viner had commented on a draft of that paper and greatly improved it. I have preserved my correspondence with Viner. The other by-product of my correspondence with Viner was that when he died (in 1970) I was sent a tribute to Viner prepared by Lionel Robbins and later by George Stigler. The last was also a tribute to Adam Smith. It

was the famous calendar of economists which Stigler produced in 1976 for the bicentenary of *The Wealth of Nations* and which, by including his portrait, was also a tribute to Viner.

Brian: In professional circles you enjoy a reputation as a person of formidable reading with an encyclopaedic knowledge of the history of economics. What non-economic literature has had a significant bearing on your work?

Peter: I have an inordinate interest in reading. In fact, I read a very large amount of material outside of economics simply for pleasure. If you look at my hobbies in *Who's Who*, you'll see that reading is one of them. I would say (and I can document that because over the last ten years I've been keeping a note of each book I read outside of work requirements, together with a brief comment on it) that I've been reading more than 200 books a year in addition to work books, which is a reasonable amount. A lot of them are novels, a lot of them biography, and a lot of them are historical books. I have a very wide interest in literature and I feel that my week has been wasted if I haven't read at least two or three novels.

I might add that such reading has greatly improved my style and speed of writing, because your vocabulary becomes wider and you're continuously influenced by various styles. I think with the kind of writing that I do in economics, stylistic matters are of considerable importance. Early drafts still suffer from a bad habit I had acquired at a very early stage - that of writing very long sentences. I think it is always much better, from the point of view of the reader, to break them up. It is also invariably an improvement of your own style, the manner in which you express yourself. I read extensively and widely, and my greatest dread in life is to become totally blind so that reading has to end. I've had to wear glasses since a very early age, but that has never hindered my reading. Reading, I repeat, is one of my greatest pleasures.

The Secrets of Personal Productivity

Brian: Quite apart from the intrinsic academic merit of your work, and your many other teaching and administrative duties, you have published prodigiously for almost 40 years. By my count your published output presently represents around 18 books and more than 130 book chapters and journal articles, with more in the pipeline. What are your work habits? How do you account for your astonishing productivity?

Peter: This is a difficult question to answer in some ways. To a very large extent my initial interest in publication was that I felt that as an academic your task was always twofold. It was teaching and it was research. I found in the fields in which I did research that my teaching influenced the research by raising the sort of questions which could be investigated. And, secondly, the research influenced your teaching in the sense that it gave it greater relevance. Students appreciated the fact that the person who was teaching them in a specific field was somebody whose opinions were sufficiently highly regarded that they appeared in the journal literature. I add that, while I was a student at Sydney, there were very few people who had published extensively or widely, and particularly not in the international literature. I think there were only two people, who shall remain nameless, who had published in the *Economic Journal*, and they did not sustain that pattern of publishing. I wanted to do a little better than that, and that was encouraged by the people with whom I came in contact, particularly Jacob Viner. Here I might

mention another thing that Jacob Viner taught me in correspondence. He advised me always to make good notes when reading, even if those notes were not immediately useful, and to keep these notes, because they save you time at some future occasion, and this is very true. For example, I still have the notes on the literature of seventeenth- and eighteenth-century economics which I had prepared for my Ph.D. What is more important, I still consult them, because quite often they contain very useful material for a problem I am working on. And I add that my thesis was never turned into a book, it wasn't really a book, it was more a reference work than a book. I tried to publish it, but it was rejected by the various publishers to whom I offered it, largely for that reason. Having done a lot of reading for it, as I have, makes an inordinate difference if I am writing an article on eighteenth-century economic thought, because I have a good background in the key material of that history. If I had to gather such material afresh, it would increase the research time for a specific article quite considerably.

The second point, though we'll comment on it in later questions and discussion, is that I have a great curiosity about specific aspects of historical problems. Quite often my reading suggests little questions to me that nobody has worked on, and these were often issues of interest to me and the types of problems with which I was concerned. And then it was easy to write a little note or to write a little article on it. Let me give one illustration. I wrote a little note which went into the *Economic Journal* on the origin of the phrase 'supply and demand'. That originated in a conversation I had at Cambridge with Geoff Harcourt and Bertram Schefold. I was visiting Cambridge at the time. We were discussing when supply and demand first crept into the economics literature. That sort of dating is always exceedingly difficult, because your impressions of when such conceptual points creep into the literature are imprecise, especially when the concept has been in the literature since time immemorial. When the actual phraseology was first used is different, and more difficult to pin down. I said, 'Oh, I'll write a little note on it'. Since I was based in London during the 1972 leave - I was only visiting in Cambridge - I went to the Goldsmiths library and quickly looked it up. I wrote the little note in a week, partly because I knew what to look for. I was delighted to see that when I'd written it and passed it around for comments, the *Economic Journal* was sufficiently interested in the matter to publish it almost immediately, because it was such an obvious problem and it turned out to have quite a paradoxical result. The theorist who was least keen on supply and demand in so far as the theory of value was concerned, that is Ricardo, although supply and demand does feature in his analysis, was the man who first put it in a chapter title, and thereby gave it prominence in the literature of economics. That linked the origin of supply and demand also to James Mill. The note itself was quickly written. It solved a curiosum in the literature, which I wrote up and thereby took advantage of.

Brian: Where do the ideas behind your individual publications derive from?

Peter: As I've just illustrated, sometimes from casual conversations. However, I must say that they increasingly come from commissions, not in the sense of paid commissions, but invitations for you to write an article on this or that subject, or to come to a specific conference and give a paper on a specific subject. I can illustrate from my work this year. The first piece I wrote was an article on British marginalists - a journal-length article, for a companion to economics to be published by Blackwells, edited by Warren Samuels, who has long been a friend of mine and who invited it. I was presumably selected because of my Marshall

expertise, but the article also covered Jevons and Pigou. Ten years previously I had written a chapter on them for a book he was editing.

The next item I wrote was a paper on Galiani, the Italian eighteenth-century economist, whom I had worked on in the 1970s. It was for a bicentenary issue of his *Della Moneta* for *History of Economic Ideas*, which is run from Italy and of the editorial board of which I am a member. Fortunately I have a copy of Galiani's *Della Moneta* in an Italian paperback, so I was able to write it without too many hassles.

The third piece which I did was an introduction to a reprint of the *Philosophie Rurale* by Mirabeau and Quesnay, for a German publishing company, which publishes facsimile reprints of classics in economics and publishes commentaries by specialists in the field as a companion volume to the item reprinted. This meant revisiting this text by Mirabeau and Quesnay, reading the whole of their *Philosophie Rurale*, which is their most important and longest book, before commenting on it in detail.

Another piece which occupied me this year was to write an introduction to a volume of essays by the Italian economist, Giacomo Becattini, who is a Marshall specialist, and a specialist in industry economics. He became a good friend of mine, because of the assistance he gave when I was working on my Marshall biography. This was another article-length contribution for which I was simply asked. Another essay I've written in 2001 came from an invitation to contribute a chapter on 'Marshall on economic man'. It examines the notion of 'economic man', as discussed by Marshall, who was in fact highly critical of the use of this type of abstraction. The paper also discusses Marshall's positive response to that problem in writing his *Principles*, that is, he wrote about people as they actually exist in flesh and blood, and not in terms of abstract entities. Now that again was a commissioned piece.

The final projects which I am working on in 2001 are to some extent of my own choosing. I decided, having turned 62 this year and facing retirement in 2002, that it was time to collect my history of economics essays. Preparation of such collections requires work in the form of choosing the items you want to include, editing them to an extent, and writing an introduction for the individual volumes. My essays on the history of economics will be published in two separate books. The first covers eighteenth-century economics, including some seventeenth-century material. This will be published by Routledge in 2002. The second book will contain my essays on nineteenth- and twentieth-century economics for which I'm still writing the introduction. It will probably be the last writing that I do during 2001 and the first of 2002.

And in between I've written a few entries for reference works, for which I'm also increasingly in demand. I get asked to write little articles on Marshall or on Turgot, the two economists with whose work I've been most closely associated. Those are rather minor exercises, fairly easy to construct, since you know the material. So, in conclusion, that described the manner in which I now generate articles. Very few deal with topics of my own choice. Most originate from requests, 'Will you contribute to this or will you contribute to that?' My work in progress for the coming years already looks very similar. I'm working on an article on Marshall and Smith, which has to be in an editor's hand by late March 2002. I am participating in a Turgot conference in France, to be held at the Turgot family castle, for which I will write a paper on Marshall on Turgot, because Marshall had interesting things to say on Turgot. It is something which has not been previously

examined, and which may provide new perspectives on Turgot's work of interest to a conference of Turgot specialists.

Brian: Do you find conferences and other forums useful for the development of your ideas?

Peter: I do in many ways. I find it always handy to have a conference to test out a paper, and also to give you the discipline to write a paper. Once you're committed to give a paper to a conference, you've got to write it, otherwise your reputation goes down the drain very, very quickly. It is indefensible not to produce the paper unless you have a very good excuse for not presenting. Sometimes these forums themselves indicate an area which you've got to work on. For instance, if there's a specialist conference or a specialist forum that you're asked to give a talk to, the subject is generally very heavily circumscribed. What you've got to do is think of a reasonable new slant which you can present on that topic, something which is convenient for a conference presentation. For instance, when I was invited to give the Keynes centenary lecture at the Hobart Conference of Economists in 1983, I had to weigh up what sort of things I could reasonably say about Keynes, which would not bore the people attending that lecture out of their mind, because it had been said a hundred times before (and often far better than I could say it in any case). In short, you have to think about novel angles and slants on, in this case, Keynes's work.

That Keynes paper turned out to be an interesting paper. I'm including it in my volume on twentieth-century economics. It was never published largely because I was too busy to revise it to a reasonable form for publication. Once drafts have been sitting in the drawer for a while, the urge to publish starts to disappear. But I get a lot of inspiration for new work from conferences. You also get inspiration from listening to papers, when you hear people giving papers, particularly in conferences on the history of economic thought. Either they represent such an interesting new strand of thought that you want to follow this up yourself, and then often there's a by-product of seeing an issue which could be usefully exploited in that particular context, because it was interesting. Or partly, and I must say more frequently, you get inspired because a particular paper has annoyed you. You know it is wrong, and therefore you want to indicate why it is wrong, and why it ought to be corrected. Reading books also gives you that type of inspiration, and I'm a very ardent book reviewer. I never knock back a book for review unless I've already reviewed it more than once. Quite often I will do a book review twice, particularly if the scope of the review is severely limited, and most of them are only 900 to 1200 words, as you know. So that also frequently generates longer material.

Brian: Virtually all of your career has been spent in the employ of Sydney University. But you have spent frequent and considerable periods of time at other centres of learning, including the London School of Economics, the Australian National University, University of Florence, Cambridge University, Macquarie University, University of Nice, University of Lecce, University of Leuven and the University of Pavia. Would you care to comment on the impact of these experiences on your work?

Peter: All of them were useful for my work in the sense that initially they were associated with periods of leave. The London School of Economics was during the period of my first leave (1972), it was also of course the place where I had done my Ph.D., and I was then working on issues of seventeenth- and eighteenth-century

economics. The Goldsmiths library is one of the best collections of this material in the world. The Australian National University also I visited during a study leave. This was when the Centre for Research and Federal Financial Relations was there, and I was really a visitor at that centre. At that stage I had a strong interest in public finance, including fiscal federalism issues, and I was completing some research for Russell Matthews, writing some papers and editing some material.

I went in 1976 to the University of Florence, partly because Florence is a lovely place to spend some time, but largely because I was interested in Italian economics, because early on I had realised the need to look at Italian economics because of its significance in the development of eighteenth-century economics. So therefore I started to learn Italian, and that was greatly assisted by my visit, and I worked in the Florence Library on the Custodi collection of Italian economists of the seventeenth and eighteenth centuries. The Florence University library is one of the few places that has the full set of that particular work. It was subsequently reprinted and is now in Fisher Library.

Another reason why I selected the University of Florence is that it has a separate department of the history of economic thought, which was then under the headship of Piero Barucci. It is now under the headship of Piero Roggi (who in 1976 was a young assistant lecturer, and is now a full professor.)

Macquarie University was selected for a period of leave when study leave had to be spent away from the University of Sydney, but my work required my presence in Sydney. It was therefore only a nominal place for study leave. The University of Nice was by invitation. Cambridge University was frequently visited, but my one period of study leave there enabled me to start on the Marshall biography. The University of Lecce was by invitation from a colleague, Cosimo Perrotta, who earlier had visited Sydney, and in whose work I was interested. I went to the University of Leuven partly to spend time in Belgium, which was a country I had never visited, and because there were several people there interested in Marshall's work, whom I wanted to meet for further discussions. It allowed us to live in Brussels for some months. I went to the University of Pavia because I was writing a textbook on the history of economics with one of its professors of economics, Gianni Vaggi. It is currently being published in Italian while an English version is to be published by Palgrave/Macmillan.

Brian: Could you comment on the reasons for writing individual books?

Peter: Yes, quite simply, but I won't go through all of them. I'll only mention a few. The Turgot one was, as I've already indicated, a direct response to Meek's *Economics of Physiocracy*. I thought that it was essential to do the same for Turgot, and I translated the material on Turgot. These translations are still used. Occasionally, you still have the pleasure of reading that they are considered to be definitive translations of Turgot's major writings on economics, and they have therefore stood the test of time.

The public finance texts arose from the fact that I was confronted with teaching public finance in the 1970s, and there was no really satisfactory text for the subject. It's very difficult to teach it without such a text. There are good American texts on theory, particularly the texts by the Musgraves, which were then becoming available. There were also some useful British texts, but the institutions they describe are quite different from the Australian ones. Even though America is a federal state, its federal financial relations are completely different from Australian fiscal federalism. This creates misleading impressions on many issues

for Australian students. British public finance is based on a unitary system of government, a quite different system of local government, and is therefore misleading for Australian students for different reasons. So I wrote an Australian public finance text at the invitation of Prentice-Hall. The success of the first edition owes a great deal to the person who advised the publishers, Prentice-Hall: Bob Wallace from Flinders University, who has remained a very good friend. He taught me a great deal about textbook writing; he went very diligently through the drafts with a red pencil. But he always raised important points, and his editing was first class.

There's a little book I wrote for Allen and Unwin, in the context of tax reform in the 1980s. That was intended as a popular book on tax. It was called *What Everybody Ought to Know about Australia's Taxation System*. It sold pretty well for a while. It was dedicated to the general public in the interest of better tax reform and I enjoyed writing it. I wrote it very quickly, and it had a reasonable degree of success.

Then there is the Marshall biography, which I started in the 1980s, even though it was not published until 1995. I had an interest in Marshall's economics, which I believe improves with study of his *Principles*. The improvement comes not so much from its theoretical content, but from the general approach to economics the book contains, and which frequently is lost sight of in the commentary literature. I wrote the Marshall book because I am interested in biography and had been interested in attempting to write biography for some time. A visit to Cambridge indicated that there was enough material for writing a satisfactory Marshall biography.

Partly due to Coase's work, I also became increasingly aware of the unsatisfactory nature of Keynes's 1924 essay on Marshall as biography, in the sense that it contained many errors. Such errors were largely the result of misinformation unwittingly passed on to Keynes by Marshall's widow, or sometimes had been wittingly passed on by Marshall himself. This is covered in my biography, and in an article I wrote on 'Marshall biography after Keynes'. Marshall is a very interesting character, and I greatly enjoyed the research for the book, partly because of the various people whom I met and contacts I gained through writing it.

Brian: How do you relax between periods of work?

Peter: I relax by reading. I like the cinema. My *Who's Who* entry also lists art as a hobby. I have always been interested in doing some painting and drawing. Time has not permitted this to any large extent, but I now often take a small sketchbook with me to do little drawings, and I hope to spend more time on that in the future. I like music a great deal. I like the study of languages, I like theatre, I like opera, so that I have a great deal to relax and amuse myself with.

Brian: Can you offer any advice to younger academic economists on the joys of academic research and writing?

Peter: I think the joys of research have to be really experienced for yourself. But I think there is a great pleasure, particularly for a young economist, to see yourself for the first time in print, particularly if it is a reasonable sort of contribution. And the point is of course that when you are a young economist and you appear first in print, the contribution is likely to be good because it then is far more competitive to get into print. Once you have made a name for yourself, getting published is more

easy, and sometimes the material is of less high quality. I won't give illustrations of this. However, I think there is much joy in the act of research.

The second point is that when you are sufficiently interested to teach a specific subject, and we're talking here about young academic economists, I believe that research and writing becomes an essential part of your work. First of all, you would not be a terribly good teacher if you did not notice the areas in which additional work was required. Identifying such additional work invariably means some research on your part to make sure that there is a real gap in the literature, something you cannot do without being aware of the literature. And secondly, when writing it up, I think that people should have sufficient self-confidence that they can be critical of other people's mistakes. I am referring here to errors of omission and commission. Errors of omission are more easy to rectify, but everyone should be taken to task when writing contains misinterpretations of the literature. I think that such criticism is very good for the self-esteem of the original critic, it also makes you realise, no matter who you are, that everybody can, and does, make mistakes. The third factor - which is also very important - you immediately acquire a critical perspective on the subject. You don't accept everything that is in print. The textbooks, particularly the textbooks that are written by gurus in your particular discipline, are all of them fallible because they are all human. One of the many enjoyable Italian visitors I've hosted as Head of Department at the University of Sydney, Paolo Sylos Labini, had a splendid motto, which was quoted in the University News interview he gave when he arrived. That was nice and terse in Italian, but loosely translates into English as saying, 'the person who cares for someone also criticises that person'. I think that sentiment needs continuous re-emphasis. Criticism is not a form of abuse. As Popper puts it, and I have a lot of time for some of Popper's philosophy, 'from criticism comes the growth of knowledge'. If there is no critical acumen, then knowledge rapidly stultifies, and I think the history of economics teaches this aspect of knowledge growth to an inordinate degree.

Brian: Are there any other features of academic scholarship in economics you would like to comment on?

Peter: Well, my general comment would be that much of it has become very stodgy and very irrelevant. I still subscribe to a very large number of journals. But I must say is that I often flip through them very rapidly, because few topics are of sufficient interest to me to make it worth my while to labour through the argument. I might indicate here that one of the factors in my productivity is that, although I try to keep abreast by quickly scanning, I don't keep abreast by involving myself deeply in every area of economics and keeping completely up to date. I just keep abreast with what is being written in the journals, which is why I subscribe to so many journals. But I find that much of their content is tedious just as many of the seminar topics presented in the Department are no longer particularly interesting. Life is short, so that I've decided not to waste any time on things which don't interest me, to put it very bluntly.

Brian: When you think about your enormous corpus of work, what themes run through it?

Peter: In general, I would say that a lot of history runs through all my material. Even my material on public finance, including my text, has a reasonable amount of the history of public finance tossed into it. There are names of past writers, and who

are still, I think, of interest to look at. But more positively I think it has given my writings on economics *per se* always a sense of touch with reality, with actuality. History and institutionalism, which to a very large extent go very closely together, inform nearly all of my economics. I recall attending a seminar in Canberra of the international public finance group, and sitting next to a German colleague. He said, 'Oh I had a look at your textbook. You are a very strong institutionalist'. I must say that I had never seen my text in that way, but when I looked at it from that perspective I found it very difficult to argue with that judgement. By then, it had simply become natural for me to include institutionalist and historical detail. The general theme that runs through the public finance text is a historical awareness and that implies an awareness of actuality, of reality in economics.

History of Economic Thought

Brian: From a relatively early age you seem to have developed a keen interest in history and this appears to have manifested itself in the initial stages of your career as an economist. For instance, the French economist Turgot formed the subject matter of your Master's thesis at Sydney University. Similarly, your Doctoral thesis at the London School of Economics focussed on the theoretical approaches to value, production and distribution between 1650 and 1776. It would thus seem that by specialising in the history of economic thought you have managed to marry your twin interests in history and economics perfectly. Does this explain why you have focussed predominantly on the history of economic thought?

Peter: As we've already discussed, this is the case. I clicked with economics as it were, partly when I realised there was a history of economics which was an accepted part of the discipline. It was particularly well accepted at Sydney because it was then compulsory for all students in the Faculty of Economics, although this was abolished not long afterwards. But partly I found this aspect very, very interesting indeed to do research on. My choice of postgraduate research in that historical framework was deliberate. I must also say is that I've been interested in economics from a less historical perspective. I can't say totally from a non-historical perspective, in the sense that I've been willing to research twentieth-century questions, or questions appropriate for the decade. My public finance work has been largely associated with such matters.

Brian: You have written on the contributions of an enormous number of past economic thinkers, including Asgill, Beccaria, Boisguillebert, John Bates Clark, Du Pont de Nemours, Keynes, Marx, Pantaleoni, Pulteney, Quesnay, Ricardo, Roscher, Saint-Simon, Adam Smith, James Steuart, Torrens, Turgot, and Verri, amongst many others. Have you developed a generic method of approaching the work of early economists?

Peter: Yes. To a very large extent my work on any of these individuals as economists, whether I'm dealing with them from the point of view of a single entry for a reference work, or for an introduction of a reprint of an economic classic - and many of these names that you've listed I have dealt with in that context - or whether it was a short sketch for a volume of, say, Italian economists, as the essay on Pantaleoni was, or for a full-length study, say, of book/monograph size, I look first at the economist's work as a whole. I then quickly study a biographical entry. The *New Palgrave* and the old *Palgrave*, and the *Dictionary of National Biography* are useful sources, and they also give an indication of the major writings. Then I

look at those major writings. Generally, depending on the nature of the treatment which is required, I look at the writings as a whole or at general features in particular writings. Or I look at specific contributions of people, such as Quesnay, or Adam Smith, where the writing is very extensive. But I tend to hone in and focus on what I regard as the essentials of the contribution of the author in question for the problem at hand.

If it is an assessment for an anniversary, like a centennial, for instance, then I tend to give a broader look than if it is a volume, for instance, on contributions to monetary theory. For the last you devote yourself to writing about the monetary theory of the persons in question. But I tend to look at the economist as a whole first, and then pick out the various items. Now when you're writing on somebody like Asgill, who was a relatively minor figure, who wrote a couple of pamphlets - although the pamphlets were quite interesting - you read the whole lot as well, if you can get the access to it. If you're looking at Keynes, particularly now with the availability of the *Collected Writings* of Keynes, you look at the text with which the argument is concerned, then look at other relevant texts, to see whether there are historical perspectives which it is possible to exploit in the required context. I tend to trawl the literature on a particular subject for such assessments. Now sometimes that is a very arduous exercise, when the literature is enormous, as in the case of Keynes and Marx for instance, but sometimes it is a very simple exercise. But I find it is always essential, because it allows you to get a real feel for the position of others on a subject to which you are going devote a bit of time. I find that such preparation is always worthwhile, in the sense that it gives you the widest possible perspective from which to start formulating your argument. It is time-consuming in a sense, but this diminishes as your knowledge of the subject grows. It also greatly diminishes if you have a reasonable library, and I can say that I have versions of the vast majority of the major economics classics on my own shelves at home, so that I only have to go to the specialist collections for the more peripheral material.

Brian: An important strand of your work appears to reside in biographical studies of past economists and their immediate contemporaries. Leaving aside your classic work on Alfred Marshall, you have studied numerous other men and women. What are your thoughts on the contribution biographies can make to our understanding of the development of economics?

Peter: As an institutionalist I would argue very strongly that the background of a particular economist is highly important to understanding that economist's work. This is because it highlights the vision of the economist, which is clearly predicated on the background and life of that economist. To some extent, this biographical concern is associated with the fact that my early history of economics research was on early economics, seventeenth- and eighteenth-century economics. Then economists were invariably persons not specialising on economics during their life as a whole, and they, generally speaking, only became famous for their economic contributions afterwards. So that biographical material provides what I see as essential background.

There was a famous debate on the importance of biography for understanding economists, for understanding economic ideas, between Stigler and William Jaffé (who was then writing his biography of Walras). Stigler was arguing that biography was not terribly important to understanding economists. I believe that George Stigler was quite wrong on this. I should also briefly raise that when you are writing entries on economists for reference books, biographical detail is considered

essential. Because I knew the editors of the *New Palgrave*, I was invited to write a large number of entries on eighteenth-century economists and each entry required biographical details.

Brian: In your 1994 book *Feminism and Political Economy in Victorian England and many other publications, you have focussed on women and their role in the history of economics. Do you believe that women have made a distinctive contribution to the economics discipline?*

Peter: This is a difficult question to answer. In the first place, in the 1994 book on *Feminism and Political Economy in Victorian England*, we looked at various economists and their view on what might be broadly described as the women's issue. I wrote a piece on Marshall, largely because Marshall's misogynist qualities are quite well known and were of interest to the subject of the workshop on which that book was based. There is also a puzzling aspect, and that puzzle has never been satisfactorily resolved for me. Why is economics such a male subject? There have been very few important women contributors to economics. Over the centuries, they can almost be counted on the fingers of one hand. When I started as a teacher in economics Honours, the number of women students in economics was very small.

I was particularly delighted when the University of Sydney produced the first woman medallist in economics in 1994. I was so pleased with it in fact I attended the graduation ceremony. And for making that remark to colleagues who were sitting with me on the dais during the ceremony, I was later photographed with that student to mark that special occasion in the *University News*. Medals in economics for women have not been frequently repeated, even though the balance of the sexes is far more equal in classes now than it was when I started economics. But the number of important contributors to economics is still very, very skewed away from women.

My personal bias is indicated by the fact that Joan Robinson is one of my favourite economists. Her economics from the 1930s is very largely the exception. In this context, I can also mention my review of the two-volume book *Exemplary Economists* with 36 economist autobiographies. In that review I commented on the fact that the editors were unable to find room in that collection for a single woman economist. All the 36 exemplary economists from the post-World War II period were considered to be males, and I argued that even on the criteria for selection that were employed in that volume, a couple of women could easily have been included.

So that malaise is ongoing. Perhaps we'll see a golden age for women economists later in the twenty-first century, but what the reason for the shortage of women in economics is, I don't know. I think women do bring a special perspective to various aspects of economics. They tend to have a different agenda and a different range of issues which they look at, quite often, from their perspective as women. I am a complete feminist in so far as equality of the sexes is concerned. I will not say that there can be no male perspectives on certain issues, and female perspectives on others. But my writing on women economists has been partly inspired by the fact that this question has intrigued me for a considerable period. I once asked a research assistant (Susan King) to look systematically for women in economics, by trawling through the journals, because she was herself interested in the topic. I also wrote a number of entries in a recently published dictionary of women economists. I got a lovely letter from Professor Anna Schwartz of the National Bureau of Economic Research who was amazed on reading one of those

entries, the one on Anna Youngman, that we had been able to find such an inordinate amount of information on her, because their researches on this in the United States had been almost fruitless. I did not write back to her. But I felt like writing, 'You obviously didn't trawl the literature successfully, or didn't have the right research assistant to do that trawling for you', because we had all the relevant material within Sydney. We never went outside local library resources and our data was largely gleaned from what I would regard as readily accessible library sources, the journal literature, and obituaries in newspapers.

Brian: You've also made significant contributions to understanding of Australian economics and economists. Your work on scholars such as Colin Clark, Robert Ewing and R.C. Mills has been instructive. What are your views on this line of inquiry?

Peter: I think that Australian economics is important from my institutionalist point of view; that when institutions influence the nature of argument about an economy and these vary, then you have to examine the national institutional impact on that economics. The selection of Australian economists which you mention, although I've written on the three of them, is a somewhat haphazard mixture.

I wouldn't call myself a Colin Clark specialist. I was asked to give the Third Colin Clark Memorial Lecture and I enjoyed looking at his work and life, largely because I had most of his major books on my shelves. I had also heard him speak on a number of occasions so that I had something to say on him. Robert Ewing was a Taxation Commissioner, and I was asked to write his entry for the *Australian Dictionary of Biography*, presumably because I was interested in tax administration at the time. I wouldn't call myself an expert on Ewing.

The case of writing on Mills for the *Australian Dictionary of Biography* was the same. I've done a bit more on Mills since then, and I intend to do a bit more on Mills next year, because 2002 marks the 50th anniversary of his death, one of these anniversaries that we can commemorate and celebrate as Australian economists. His contributions to economics have been quite interesting from the institutional point of view. I think that this type of inquiry can be very useful because it is interesting in its own right. It depicts what sort of work created economics in Australia, stating that in the broadest way. But secondly, I think it also has the advantage of correcting something that is still sometimes very noticeable in Australian scientific inquiry in the broader sense - the cultural cringe. If you look at some of the Australian economists and what they've produced, then you realise that Australian economics has not been all that bad. Australian economists do not feature in the top hundred economists generally speaking, but Australia has produced some significant contributions. The little book I wrote with Bruce McFarlane on the history of Australian economics was partly designed to indicate that on a number of issues Australia had, in fact, been a world leader. National income accounting is a major example of this.

Brian: Your A History of Australian Economic Thought, written with Bruce McFarlane and published in 1990, has attracted considerable attention and comment. What are your views on the reception of this book and how do you see its influence on how Australian economics is viewed?

Peter: Let's deal with the last question first. I don't know how influential that little book has been or still continues to be, and what its readership was. The stock was more or less exhausted in the sense that the market was saturated quite quickly.

But when it was first published, and during the period of the launch, and the period immediately afterwards, it did raise controversy. I think that came partly from the last chapter, where we commented on the Americanisation of economics. A lot of people took that amiss, in the sense that they saw it as a completely wrong scientific approach on our part. Science was universal, and therefore you should not talk about American embraces - fatal or otherwise - to paraphrase the language that we used. And there were views, critical views of our treatment of mainstream economic theory, and of the emphasis we gave to radical economics and unorthodox thinkers, of which Australia also has had more than its fair share, in the sense that Australia produced an enormous amount of heterogeneous critical literature in the 1880s and the 1890s, and after.

The literature of economics in Australia, for example, was far more extensive than the literature of economics in Canada. There are good indications of this, particularly two books written by Crauford Goodwin. His *History of Canadian Economics* is a slim volume, and his *Economic Inquiry in Australia* is a massive tome. Both roughly cover the same time-period. This indicates the enormous amount of Australian literature Goodwin had to examine for Australia. This is very interesting, but the underlying question was not solved in our little book. Why was the Australian economics literature so extensive? What drove Australians to write? And that of course requires a strong political, social and educational institutional background in Australia at that time, in order to answer it properly.

People were hostile about our perspectives on the nature of mainstream economics in the book, and I think there was also some criticism from people who did not make it into our index. There might have been some sour grapes occasionally, because our little book was very small and selective. But it is still read. The other day I had a letter from someone personally unknown to me who wanted to chase up an incomplete reference to which I pleaded guilty, but on which I could not put him right. It concerns an opinion attributed to John Stone in our final chapter.

Brian: A good part of your scholarship in the 1980s and early 1990s has focussed on the life and work of Alfred Marshall, especially your seminal biography A Soaring Eagle: Alfred Marshall 1842-1924. Would you care to comment on the manner in which this volume has been received by the profession and your hopes for its role in the scholarly literature on Alfred Marshall and his impact on economic inquiry?

Peter: This book was my most successful book from the international point of view. It was extensively reviewed, including five review articles by noted authorities in the field. It received newspaper reviews in five languages, which was also very flattering. The book has been widely quoted. In fact, various people have called it the definitive biography. I was particularly delighted to see the reception it was given by Milton Friedman in the *Journal of Economic Literature*. He's not a noted book reviewer, but he was obviously moved to review the Marshall biography. I think it was also a brilliant touch of the editor of the *Journal of Economic Literature* to send my book to Friedman for reviewing, because there has been a long University of Chicago tradition of great admiration for the economics of Alfred Marshall. In any case, I was delighted with this review.

I spent a lot of time working on the Marshall book. I researched the topic very, very thoroughly. There are some minor errors in it. For example, I was interested to see that Phyllis Deane in her recent biography of John Neville Keynes points out a

small factual error in the book which I should have spotted myself. I think it will be a book that will be read as a book on Marshall for years and years to come, and I can't really see somebody else writing a new biography within the next half-century. I nevertheless think as long as Marshall remains important - and I think that he will remain important in economics for the same sort of reasons that Smith has remained important in economics - that there will certainly be new biographies written on Marshall, because there will be new perspectives on the biographical treatment, the treatment of background and so on. An important person deserves a biography for the times, as well as a biography of his or her times. In that way, periodic rewriting of the biography of an influential person is a natural phenomenon.

I'm at the moment reading a delightful and very thick biography of William Morris, the English socialist thinker, one of the many biographies that have been written about him. But this is a particularly interesting one because it was written in a post-communist world, and although that isn't made explicitly evident, the implicit colouring this imparts is very, very strong in that book, particularly in the chapters on Morris's socialism and his affiliations with socialism.

Such a perspective was just impossible prior to the 1990s. It was definitely not present in the other biography of Morris I have read, by the British historian E.P. Thompson. This was regarded as the definitive biography of William Morris until the one I am currently reading came along. That is now regarded as the definitive biography for the twenty-first century. Hence, you can never think that your book will stand for all time. However, I think my biography will be a major source on Marshall for a considerable period in the future. The number of citations I have had is very pleasing indeed, although these occur in a relatively very small literature. The less satisfactory by-product from Marshall notoriety is that I'm now getting a large number of papers to referee on Marshall, and that is very time-consuming.

Brian: Biological analogies in economics aside, your most recent book Physicians and Political Economy (2001) seems to suggest a somewhat unusual taxonomic approach to the history of economic thought. Would you care to comment on this observation?

Peter: Yes, that book was the product of a workshop on the relationship between doctors and economics, inspired by a comment by Marx in *Capital*. Marx said that the formation of economics in the seventeenth and eighteenth centuries was assisted by a wide variety of people. He mentions philosophers, statesmen, and merchants of course, and then he indicates that the greatest distinction in economics, particularly in theory, was achieved by medical men. He mentions William Petty, Barbon, Mandeville and Quesnay. The Centre for the Study of the History of Economic Thought organised a workshop on this topic in which we had four papers on these four economist doctors.

There were two other doctor economists whom Marx did not mention. One was Locke, whom he correctly treated as a philosopher. Locke, however, had also been a medical practitioner, and had therefore studied medicine. William Coleman subsequently provided a chapter on Locke as a medical man and economist. The other doctor economist was the French nineteenth-century business-cycle theorist, Clément Juglar. Hence I decided to look at Juglar as well. Juglar had written a medical thesis, which I studied, which suggested interesting linkages between the economics of the business cycle and medicine. So from that point of view it was an

interesting exercise in testing Marx's hypothesis. This we found to be quite correct in many respects after exploring it in considerable detail. I've had so far only one interesting response to this book, in the form of a review from an Italian economist acquaintance.

That review has a fascinating feature. The reviewer indicates that the quotation from Marx which was, as it were, the text for our book, in the English version had a very interesting omission. It left out a very crucial phrase as compared with the Italian translation of *Capital*. Now I also own a copy of the German edition of *Capital*. Lo and behold, the English translation was defective on the significant point that doctor economists particularly contributed to theoretical economics though this is in fact heavily explored in the book. And that raises an issue for me. Why was the English translation defective in this respect? You might think it is not an important issue, because it was only a long footnote in which this defect occurs. But it immediately gives rise to the question, in how many other ways is the English translation of Marx's *Capital* defective in the sense that bits from the original German edition were left out?

Whether it was left out by accident, a simple and satisfactory explanation for leaving out a small phrase, or whether they were left for other motivations, I don't think is something that has ever been looked at. All English translations of *Capital* were by Moore and Aveling, close friends of Engels, who as literary executor was the preserver of the purity of Marx's texts. But a puzzle remains. What caused this type of deficiency in the English translations. What are the explanations for it? To solve it requires German as well as English, and also a great deal of courage and patience, because these sorts of comparisons are exceedingly difficult and time-consuming. However, it would be quite interesting research, because I'm not aware of anybody who's pointed out specific omissions in the English translation of *Capital*. But people have commented on the adequacy of translations in the sense of the choice of correct words. Anybody who's done translation will know that often there are exceedingly difficult choices to be made as to what word to use, when there are alternative translations possible.

This is an interesting, and unexpected, side-product of the book on economist-physicians. The people who've read it have generally liked it as an inquiry on doctors and economists. I think it is particularly interesting as an exercise in looking at the medical input into economic thinking, which in several of these cases was quite significant. The cases of Petty, of Locke, of Quesnay, have often been noted previously. But, with very few exceptions, Quesnay's actual medical writings have rarely been examined to see what linkages there were between those writings and the economics.

Public Finance

Brian: During the 1970s and 1980s you turned your attention to public finance and established a reputation, along with Russell Mathews and John Head, as one of the three leading public finance economists in Australia. Why did you decide to delve into public economics?

Peter: There were two reasons for my delving into public economics. The first one was that in the early 1970s when the Department revived a systematic course on public finance, there was no teacher for it. Ron Gates, who had been teaching public finance economics, had gone to Queensland. So I decided to take it on. Partly because I needed something else in my teaching portfolio, apart from the

history of economics, but also because I'd had an interest in public economics as an undergraduate, and had kept that up to a degree. Secondly, I realised that there was an inordinate amount of material to explore in that subject. There were very few people working on public finance in Australia at the time. So in some respects it was very easy to rise to the eminence of Russell Mathews and John Head as the third in that group, because there were so few people working in the field. There's a lovely Dutch proverb, which I was told at an early stage in life, that 'In the land of the blind, one-eye is king'. I think that was to some extent appropriate in the context of my prominence in Australian public finance. But my textbook became quite influential, because effective teaching required an Australian text, given that theoretical public finance has to be taught in the actual framework of national public finance institutions. You cannot leave out institutional considerations, in so far as public finance is concerned.

Brian: Generations of Australian economics students were weaned on your Public Finance in Australia; Theory and Practice, which eventually went into three editions. What do you think were the distinctive features of this book?

Peter: I think they were twofold. In the first place there was the distinctive feature that it was explicitly Australian economics. It was Australian public finance. There was a very strong emphasis on the Australian framework to which the public finance theory was applied, so that it was considered a very useful reference for statistical material. The book had an inordinate success for a textbook in what has generally been a semi-peripheral area in economics teaching at the universities. The book gained an additional market because it was regarded by many public servants as a nice guide to the current range of statistics, both at the federal level and at the state level, and even to some extent at the local level.

The second factor in its success was that it was reasonably well written, in the sense that it was clear and fairly simply expressed, so that even secondary schools found it very useful as a text. That quality owed a great deal to Bob Wallace, who corrected my style to a considerable extent, made it more elegant, for which I thanked him in the preface. He taught me also a great deal about the writing of texts. In short, it was a nice book. It was supposed to start a series of Australian books on economics, but apart from mine, it only included one on industry economics.

Brian: Your work on Australian tax reform, published in the Economic Record in 1971, seems to have been influential in the establishment of the Commonwealth Government's Tax Review Committee in 1972. Have your ideas influenced the development of taxation and expenditure policy in Australia?

Peter: Well, that ANZAAS paper in 1971 was certainly one of my most successful non-history of economic thought papers. I offered it as a young senior lecturer to ANZAAS, and it was accepted. When I went to present it - it was my first ANZAAS paper - I was faced by a huge audience, which was very daunting, particularly since sitting right at the front of my audience was a person whose paper I had attended the day before. He was a major figure in the field of public finance, Bill Vickery - later a Nobel prize winner in economics. So that made my nervousness even greater. But, apparently, given subsequent audience reaction, the paper was well presented.

It received good coverage in several newspapers across Australia, because the paper had presented a rather audacious tax reform model. It suggests a drastic

simplification of the tax system to three types of taxes only, and at the same stroke solved the Australian inter-governmental financial relations problem by assigning each of these taxes to a level of government, a very simplistic picture. It was a picture, however, that made some valid points. I was also gratified that Dick Downing, who was then the editor of the *Economic Record*, was in the audience. After the paper he came up to me and said, 'Terrific paper, can we have it for the *Record*?', and I said immediately, 'Oh yes'. I was delighted to have it in the *Record*. There was no space constraint - it was quite a long paper.

Now, whether it made an impact on McMahon to appoint the Tax Review Committee, I cannot really say. I think there were many influences on that decision. But my paper did firmly put tax reform on the agenda, in the sense that it made it a major story for a little while. Now one of the taxes that I included in my three-tax system for Australia was the GST I have always been a very strong advocate of the GST (although in the 1971 paper it is called a value-added tax, which is the more appropriate name for that type of tax).

The 1971 paper also assigned the value-added tax revenue to State governments. Now, as you are undoubtedly aware, that has now been implemented in the sense that the recent Howard government tax reform has introduced a value-added tax (GST) as a tax the revenue of which goes to the States. Moreover, this inter-governmental relations framework makes it difficult to change aspects of the tax. Now for that I think my 1971 paper and subsequent ones had an indirect impact. When I was writing a great deal on tax reform, and I was writing particularly in places where it counted for politicians such as the *Australian Financial Review*, and in participation in forums like the National Tax Summit, in which I was an invited participant, I've always stressed the importance of the introduction of the value-added tax as the appropriate rationalisation of the Australian consumption tax system. And that of course was how it was presented by the Howard Government. On one occasion, I did address a meeting of the federal Liberal Party, and Howard was present at that particular meeting, although at that stage not in the Treasurer role he later gained. In this talk I sang the praises of the value-added tax as a very essential step for both federal financial relations reform, and for tax reform as a whole. I have heard since that Howard was impressed by that talk, that he took it on board, while there were a number of other Liberal Party members who were very impressed by that particular aspect of my views. But I did not have any direct input on implementing the GST in the sense that I gave advice when the major reform was actually being implemented. But there is a significant resemblance between my 1971 paper, and my subsequent discussion of tax reform issues, and this aspect of recent tax reform. To some extent, I may be called the 'grandfather' of the GST.

The 1971 ANZAAS paper was inordinately successful from the publicity it was given in major papers. It made my name as a public finance economist and I then became devoted to writing on taxation. I wrote a lot of papers. I also revisited the subject of the 1971 paper in my 1983 Shann Memorial Lecture, which also gained considerable press publicity, and which was also published in the *Economic Record*. It provided the underlining framework for much of my tax reform proposals. A key feature of that policy has now, as I have already said, been implemented. The only thing that has not been effectively introduced was the third plank - this related to wealth taxation reform which has not been introduced at all. But income tax has become the major tax for the federal government, and it has also become a much simpler tax, partly on the basis of some of the ideas which I

put forward in the 1971 paper. However, they were then also the common currency of tax reform, and I take absolutely no credit for those particular aspects of tax reform. But the broad thrust, I think, was novel, and the broad thrust captured imaginations, including apparently that of John Howard.

Brian: In conjunction with the then Centre for Research into Federal Financial Relations, and its director, Russell Mathews, you set up a New South Wales Interest Group in the Centre which held regular seminars for an audience composed largely of public officials. What did you learn from this experience? Was the seminar program influential in the formulation and implementation of public policies?

Peter: I might give a little bit of background first. I was exceedingly lucky, in the organisation of these seminars, which Russell had set up initially. At that stage the Head of the State Treasury in New South Wales was a person who was exceedingly keen on academic ideas, and he suggested that the venue for such seminars should not be a university. It should be the State office block, and, more particularly, the Treasury section of the State office block. He assigned me a deputy convenor, who would mail the public service, depending on the nature of the paper and the nature of the speaker. This was initially the then Deputy Head of Treasury, who took that task very seriously, even if he later delegated it to an assistant. We always had not only a good audience for the seminars of something like 20 to 30 people, but it was also a hand-picked audience. For instance, if the paper was relevant to the economics of education, then a group from the Education Department would be present, as well as people from Treasury and the Premier's Department, who were particularly interested in the education area. The discussion was therefore exceedingly focussed and good. What impact it had on public service thinking is difficult to say. But I think it made for greater rationality in some public debate than there had sometimes been in the past. This is not designed to cast a slur on the two key officials from the Treasury, who were both exceedingly able persons. But the fact is that there was this academic exposure to leading public servants of people who were very eminent in public finance. Russell, after all, attracted an inordinate range of the 'who's who' of international public finance to his Canberra Centre. Most of those people wanted to come to Sydney on an expenses-paid trip, for obvious reasons. And since the seminar was always on a Friday - it meant they could have a full weekend. It made these meetings very, very successful indeed. I must add that I learnt a great deal from them. They often influenced the detail in my writings on specific topics, both in the textbook and in papers that I wrote on aspects of state finance. I learnt also a great deal about what is the third canon of tax reform, or of public finance reform in general, administrative feasibility. If a reform is not administratively feasible, then you may as well give it away as something for implementation.

Brian: Economic history was once described as a deaf man answering questions no economist has bothered to put to him. You have argued that, contrary to the conventional theory of fiscal federalism that prescribes a 'correspondence' between taxation and expenditure powers in a federation, a high degree of tax centralisation may be more efficient. Apart from the United States, central governments in most federal countries collect the majority of tax revenues and then share these revenues with lower levels of government, in line with your argument. What does this tell us about economic theorising in general and public finance policy prescriptions in particular?

Peter: I think that is a very nice example to take. It shows you that the dominant area of research in an important field, such as public finance, which is held by the United States, is totally untypical on a very important part, the degree of tax decentralisation which is desirable for an efficient tax system. And here history enters in two ways. In the first place it comes in by saying that what the American public finance theorists have actually done is to give a theoretical rationale for the system that exists in their own country. Tax decentralisation, the result of the particular historical framework under which they operate, and the enormous power of states *vis-à-vis* the centre, is a central feature of their federation and therefore prominently written into this theory.

I've discussed this matter with various people in the United States. Generally speaking, they have agreed on this particular point. Though they still maintain what, in general, you might loosely describe as an ideological point of view - freedom of choice, state rights and so on - is the best possible world to aim at. But if you look at efficiency, especially administrative efficiency, then we need national administration of the major tax instruments (I would never accept the view that income tax is a good state tax, or that, administratively speaking, a value-added tax is a good state tax). However the revenue collected with a national tax can be assigned to the states. Such taxes should not be administered by the states: they need a national administration. Hence, when such taxes are very important for a good tax system overall, then the logical conclusion is the one that most governments have accepted, except that of the United States. Such taxes have to be assigned to the national government, and the revenue has to be shared. The revenue-sharing needs always to be predicated, but to quite different degrees, on the efficiency consideration of providing adequate revenue sources to lower levels of government. And, secondly, it needs to include equity considerations in restoring a degree of fiscal equity between governments, depending on their revenue-raising capacity, and depending on their expenditure responsibilities. There can be substantial differences in this between lower levels of government. Such a policy makes the overall system far more efficient.

But this is arrived at from looking at reality, rather than taking principles from the dominant theory. The key theory is this notion of decentralisation of revenue and decentralisation of expenditure decisions, applying the individual choice paradigm to government, I think inappropriately on the grounds already mentioned.

Brian: Contemporary economics has been profoundly influenced by public choice theory with its heavy emphasis on government failure and the concomitant need for public sector reform and limited government. What are your views on these developments in public finance?

Peter: I must say that I never had a great deal of time for public choice theory in the field of public finance. But I'm fully aware of the dominance of that view, particularly over the last few decades. It rests on a false analogy between private choice and public choice, the key factor of the argument. And secondly, although there are many critical perspectives on government, particularly when some government activities are over-expanded, such criticism can be informed from other sources apart from the public choice literature. If you start from the general precept, which I've already mentioned earlier, that criticism is an essential part of the economist's toolbox that, of course, includes evaluating policy areas, then you can reach this type of criticism of the public sector without public choice arguments. Although it has produced an interesting literature, and the occasional insight, I do

not accept its extraordinary relevance for public finance debate, nor the claims which have been made on its behalf for the criticism of the public sector which have occurred in the last two decades.

The Direction of Contemporary Economics

Brian: What do you perceive the role of the economist to be?

Peter: I see it necessarily as twofold. First of all to investigate the economic nature of particular problems, and here of course we enter a very difficult definitional area, because we're asking what is the economic nature of particular aspects of particular aspects. But here I would give a very pragmatic answer. Most people would agree that there is an economic subject which is defined in considerable detail. Whereas if you argue the meaning of economics in an abstract manner, then you can argue until the cows come home, because there is no precise and clear-cut answer to that question. The meaning of economics has in fact changed over time, depending on all sorts of circumstances. The second thing, and here I'm thinking as an academic economist, you have to take responsibility for giving satisfactory economic teaching and satisfactory economic advice, in the sense that you believe honestly that these views are reasonable, sound and appropriate for the problem in hand, and can be defended.

I think that that has to be the position, that you are prepared to put your views on the line. Now I've done this, particularly in the context of public finance, where I've always been outspoken, and I have also tried to educate the public through my research, through elucidating problems about specific particular taxes, tax administration, and so on. And I think this is still an important social role for the economist. Thirdly, I think the economist should be aware that he is a social scientist, and that economics is part of the social sciences, and that it cannot stand by itself. The extent to which it can stand by itself is very problem-influenced, so that again it's difficult to generalise on that. But you have to keep it in mind in every thing that you do. I think there is also the characteristic of humility which has to be an essential part of the make-up of the economist, in the sense that economists can only present a partial picture of particular aspects of life, including of economic life. Nothing is ruled by economics alone, and abstraction is invariably dangerous if it is carried to excess.

Brian: In what ways have general perceptions of this role changed over the course of your career?

Peter: I might say that over the course of my career the public perception of the economist has changed. Economists have become more important in various ways. There is a far greater emphasis on the economic consequences or the economic background to particular issues than was the case in the 1950s. Now that speculative comment is based on casual empiricism, rather than on detailed research. But I think the fact that the public service contains far more economists than it used to do in the 1950s is something that is relatively well established, even though I cannot quote the numbers offhand. That I think has changed. Part of that has been due to the libertarian economic perspective, which we have already looked at. In addition, it is now more generally realised that there are economic implications in many of the decisions we make, and that economists have a peculiar perspective on this which their training has given them, and which people would be foolish to ignore, even though they may criticise the extent to which it applies in

the case of a particular problem. And that extent is generally flexible, and very difficult to specify, again particularly on *a priori* grounds. How far, for example, can you ignore social and political issues when you are discussing employment policy? How far can you ignore social issues when you are looking at monetary policy, trade policy or any other economic policy issue? You cannot ignore the social setting, and that limits the role of the economist to a very significant extent.

Brian: Do you see any problems with these developments?

Peter: There have been problems with these developments in the sense that sometimes economists have been too frequently listened to, and sometimes they have been too infrequently listened to. But you have to argue this by presenting specific case studies, rather than by pontificating from a broad point of view. I think it is an interesting question to debate: what is the extent of the harm done by economists' views on particular issues? As soon as you raise that question, you have to get into the nitty-gritty of what harm means in the specific context, and harm is a very relative concept. Also you have to define what 'good' means, the other side of that problem. And again this can only be done with any degree of accuracy in specific cases, and with specific sorts of arguments and from specific premises. In my view, it makes economics a very pragmatic art. You cannot live by the rule book in this matter, and in so far as some economists tend to be rather more dogmatic, and wish to live by a rule book, then errors are made and difficulties are encountered.

Brian: What is your assessment of the advice economists tend to give policy-makers?

Peter: I think that's a very broad question. I think sometimes that their advice has been too narrow. Sometimes it may not have been narrow enough. But often it has been of very high quality, and I think here especially of some of the reports of economic inquiries which we've had, and which have been inspired by governments, and in which economists have had a lot of input. One of them was the Vernon Committee Report, which was requested by Menzies, but which was largely ignored by his government when it was received. But it became an extraordinarily useful source for teaching much applied economics, particularly from an Australian perspective, for many, many years afterwards. I thought it was a very useful contribution.

The same can be said of the Taxation Review Committee. Theirs was a very useful report, a very insightful report, on which economists had considerable influence. But again it was largely ignored with respect to implementation, even though it may have achieved some tax reform in the end. To what extent are we judging economic policies in such cases? Are we judging them by their fruits, and in many cases this is a very arduous exercise, because the fruits can often be reaped only after a very long period indeed. Or they can be reaped continuously over a very long period with different type of changes. Hence, generalisations in this area are often not rewarding.

Brian: In your opinion what have been the most significant theoretical developments in mainstream economics over the past 40 years?

Peter: This is your toughest question, because I find it very difficult to pinpoint the most important contributions in economics. I think one of the contributions of which I'm very conscious, and that reflects very much my education in the 1950s,

is the theory of economic growth and the theory of economic development. They were very rudimentary then, and have become much better, and much more valuable, and I think that that literature has been very important. It is of course a very heterogeneous literature. It covers a multitude of sins and praiseworthy characteristics. But that, I would personally argue to be one of the major developments.

Now there have been all sorts of theoretical developments since then, particularly in the theory of decision-making. I am less *au fait* with the finer technical points of these, and I would find it more difficult to identify their specifically noteworthy aspects. However, there is a further important theoretical development which I should note. This is a negative theoretical development that was brought home to me during what I regard as one of the most significant economic literature debates of the period when I was an academic economist during the 1960s and the 1970s - the issues raised by the so-called 'Cambridge controversies' in the theory of capital. They had a special relevance for Australian economists because Geoff Harcourt was invited to survey them for the *Journal of Economic Literature*, which he did in an exceedingly interesting and useful manner. It put his name on the international map of economics to a very large extent. I became involved in these debates as a person who taught aspects of them. But it tended to illustrate that, in this case where valid theoretical propositions were established, and there can be no doubt that from the logical point of view these were the equivalent of valid theorems, truth does not always triumph in economics. The theoretical battle was won by the Cambridge, England, group, and not by Cambridge, US, group. However, the actual results of the debate have been totally ignored in most of the North American literature. The literature has happily continued as if these debates had never taken place. This gave me an early appreciation of the futility of much economic argument and of much economic debate. When the profession as a whole (and the profession as a whole is now essentially North American, or rather, is driven from the United States of America, or you can almost say from half a dozen schools in the United States) does not take up an issue, then that issue flounders. It becomes part of the periphery, and I think that this is a rather disastrous feature in the contemporary development of economics, including economics education. I presume this is what makes me a dissenting economist; I uphold the view that valid criticism generally receives insufficient recognition by the corpus of theory. In applied economics, such criticism has to be taken into consideration, and although lip service is frequently paid to the theorems, their actual application tends to negate crucial aspects of them.

However, I think the theoretical literature, by ignoring what were fully admitted, logically accurate findings, has been very remiss. This is a matter in the logical domain, not the empirical domain. The debate involved key people (as shown by Samuelson's heroic summing up at the end of the reswitching symposium) but the conclusions have since then been ignored. I think that if you asked many students today, 'what are the Cambridge controversies?' they wouldn't be able to answer you, unless they've been lucky enough to have had a teacher who has mentioned that particular debate in their lectures. But I believe on the basis of very casual empiricism that the numbers of such teachers would be very few.

Brian: What are your views on the trend towards 'economic imperialism' of cognate social disciplines and social problems by economists?

Peter: To some extent I have already addressed that question. I think that if economists are sufficiently and suitably humble, as Keynes invited them to be in one of his *Essays in Persuasion* in the 1930s, then I think that the question of social science imperialism would not arise. My own perspective is that, although economists can export some useful arguments to other social sciences, this has to be done with courtesy and with respect. At least a real attempt to understand what the other social sciences are trying to do, and are interested in doing and their methodology, has to be present. In many cases when specific tools are taken over and exported, this has to be done with a considerable amount of modification and adaptation in order to make them suitable for a specific application. I think economics is a social science. It should be part of the social sciences. However, economics should not believe it has a dominant role in the social sciences, in the sense that it is the only real social science, which is the key proposition for economic imperialism. Such a belief has developed from the argument that over its centuries of existence economics has the best techniques for handling social data and presenting social arguments.

In many cases such an economics approach is totally irrelevant to very relevant social science problems that arise in other social sciences. Economic imperialism in this sense is generally misguided and misdirected. Economists ought to consider themselves as being within the social sciences and thereby benefiting from lessons that other social sciences can provide, either by cooperating with other social sciences, when this is essential for the research, or by doing a bit of reading in these areas, and thereby attempting to understand them more fully. Interdisciplinary aspects are crucial for good social science research. I think that most leading economists, even if it's not immediately apparent, have in fact that wider interdisciplinary background. This is reflected in their own study and their biographical background. This is another reason why it is important to look at the biographical, and other, background of good economic practitioners.

Brian: What are your views on the current state of neoclassical economics?

Peter: I think I've already said a great deal about this topic. I think that some neoclassical economics is very sterile. It constitutes puzzle-solving within a particular paradigm and using accepted formulae. The results, even if logically correct when the argument has been carried out well, add very little to policy debate or policy advice, or even to understanding the problem in hand because they are so often limited by the amount of information they have abstracted from but which are known to be relevant and important. The results are trivial or completely unimportant, in the sense that they neglect far too much. I think the Post Keynesian critique of economics had indicated many of these problems with marginalist economics and the mainstream theory, particularly in their treatment of major economic issues. The treatment of time in economic analysis, the treatment of the implications of equilibrium, are two good examples.

Brian: How do you foresee future developments in orthodox economics?

Peter: I find that also a very difficult question. My pessimistic forecast would be that we are in still for a period of very steady refinement in the literature, if I read my literature correctly, where we see new work developing in this very narrow way. Occasionally you get broader perspectives and broader arguments in the literature. It would be very foolish to predict when the next revolution in economic

ideas will take place. I'm sure that there will be one, but when it comes and what precisely it would be about, I wouldn't care to predict at this stage.

Australian Economics

Brian: Your book with Bruce McFarlane, A History of Australian Economic Thought, published by Routledge in 1990, created some controversy in its appraisal of Australian economics. Do you think there is a distinctive Australian approach to economics?

Peter: I have covered much of this in answering earlier questions. I do think there is room for an Australian approach largely because of my institutionalist perspective, to put it very succinctly. The second thing, and this is what I think raised the greatest controversy when that book was published, was our view such national impacts on economics were significant. Furthermore, our view that the dominant American economics could sometimes have detrimental consequences, could lead to a fatal embrace, was also regarded as quite wrong in some circles, particularly from international science and international understanding perspectives. I still think that our position was quite correct. I think that frequently the national perspective is quite important. I think that Heinz Arndt who, for me, remains a major Australian economist, has himself grasped this truth. Though he was not fully happy with some of the arguments in our book, when he himself talked about a small economy, a small dependent economy, that is precisely what Australia is; that is its place in the world. The nature of the dependence may shift, but it colours your views on Australian economic policy to an extraordinary extent. You can't get away from it, and such characteristics make the institutional aspect crucial.

Brian: You made some decisive contributions towards the institutional development of the study of economics in Australia. Apart from the establishment of the Centre for the Study of the History of Economic Thought at Sydney University and other activities, you were instrumental in founding the History of Economic Thought Society of Australia (HETSA) and its flourishing journal, History of Economics Review. You must be well pleased with your efforts in this regard?

Peter: I'm very pleased with these developments in the history of economic thought. I wouldn't say that they were necessarily my efforts. I assisted in these efforts. I would like to put on the record my considerable appreciation to John Pullen, to Ray Petridis and to John Wood for initiating HETSA as a whole and for organising the first conference. John Wood edited the first newsletter and things have developed from there. My Centre has only had a fairly minor influence on the history of economics in Australia. It has produced a number of books, and provided a forum, and it has completed a series of reprints which have been quite successful. But the positive impact on the Australian history of economic thought in the last two decades has been largely via the regular conference, and the steadily improving journal, for which I cannot personally take any credit, even if I gave these ventures strong support. I look forward to celebrating the anniversary conference in Armidale next year, when the Australian history of thought conference returns as it were to its foundation place.

Brian: What are your thoughts on the contemporary teaching of economics in Australian universities?

Peter: I've already given some views on this issue, so I can be very brief and blunt. The first thing is that I feel that, given the dominance of American textbooks, there will be a great deal of mechanical economics teaching in Australia. But this is a guess; it is not something that I have observed systematically or studied recently in great detail. But the pages of recent issues of the *Economic Record* bear out the validity of my pessimism on this point.

The second thing is that I find increasingly, with the international market for academics, that many people now come to teach in Australian universities who do not possess the necessary Australian background. They may be able to teach international trade theory or public finance theory from a profound theoretical perspective. But to have a real impact on your students, which is not the immediate impact of getting them through their exams, but the longer-term educational impact, you need to be able to present the material within the relevant national context. Now that context has to be internationalised to a degree, with the large influx of overseas students in many of the economics departments. But at the same time I think for the still very dominant Australian component of your classes you need to have satisfactory Australian content. That is a big demand on teachers, and when departments become dominated by non-Australian teachers, then there can be serious dangers for satisfactory teaching of the subject. This gets back to the internationalisation-Americanisation issue Bruce McFarlane and I raised in our book on Australian economics.

Brian: What are your views on the standing of the history of economic thought in the economics curriculum at Australian universities?

Peter: Again I'm not as fully informed as I should be on this. When I talk to colleagues I find that HET is under threat in many places, and not getting the large enrolments which it ought to have in order to provide, what I still consider to be a necessary input into a broad economics education. This issue is currently being researched by John Lodewijks. I haven't seen all of his findings as yet, but I think he has discovered several dangers to maintaining an adequate position for HET in Australia. At the same time we should also say that the policy that Sydney University had when I was a student - that the history of economic thought was compulsory for all economics graduates - would not be a workable system at the present time. For most present-day students that would be an intolerable imposition. And I might indicate that when I became a major teacher of the history of economics at Sydney, from the mid-1960s onwards, one of the first things that I did, because I found it was adversely affecting my teaching, was to eliminate some vestiges of that previous compulsion, namely history of economic thought as a compulsory course for all Honours students, whether in Accounting or Political Science or Economics or Economic History. I strongly supported the abolition of compulsion in this aspect of the syllabus.

I think, however, that HET ought to be part of any economics syllabus. You ought to give students the opportunity to take it. I think it should be taught in a diverse way, and I think, generally speaking, it should also be included in ordinary theory courses. Students need to be taught that propositions did not fall from trees over the last ten years, but frequently have a very long history. Illustrating your discussion of a particular theoretical concept by some of that history can often have exceedingly beneficial consequences for indicating both the strength and the weaknesses of the theory. That is of course a matter for individual teachers in their relation to total economics teaching, but I personally think it is very useful. In any

case, I would dread the total elimination of HET from economics syllabuses. I recently received a copy of an anonymous reader's report for the second volume of my collected essays in the history of economics which mentioned that there was virtually no systematic undergraduate teaching of the history of economics in England any more. He obviously thought this was a disaster, but he also accepted it as a fact of life. Now whether Australia will be like that in, say, the next 20 years, time will only tell. I think it will impoverish economics teaching to a very large extent.

I find it rather paradoxical that this is happening, because at the same time there has been a proliferation of special research interest in the history of economics. When I started in the early 1960s there were no specialist journals. All of these journals were founded after I had started to specialise in HET research. There were no special societies for HET. The presence of specialist journals had the positive feature of providing a potentially wider avenue for publishing research. But it also had a major negative, in the sense that it placed HET on the periphery of the discipline as a whole, particularly by giving editors of key economic journals the excuse to eliminate HET more or less from their pages simply on the ground of subject matter. And that can be seen as a self-inflicted wound by the HET profession. My Ph.D. supervisor, Bernard Corry, was one person who emphasised that very, very strongly at the London School of Economics in a paper he circulated which came under the marvellous title, 'Should we Abandon HOPE?'

Brian: How do you perceive recent developments in higher education in Australia, especially in regard to economics?

Peter: Here again there are pluses and minuses. Let me concentrate on what I regard as some minuses. I think that one of the minuses is that we are over-teaching in economics, in a formal manner, relative to what is required for good teaching. I think there's far too little reading by students, very largely for the very valid reason that they have too little time for it. The system of continuous assessment and tutorials has probably also been less successful than it appeared when it was first introduced. Now there is another side to this story. For a lot of students, tutorials have been an exceedingly helpful phenomenon, in the sense that many of them would otherwise not have grasped many of the intricacies of the subject. Tutorials are particularly good for students if they have good tutors, which tends to be a bit of a gamble in most large departments. I think most students also benefit from the more formal structured learning which lecture courses tend to give.

Now for a personal perspective, based on my own tastes. I myself was never a keen lecture attender, even as a student, and I was a much greater reader. I spent my time in the library and I read from a provided reading list and outside that reading list according to my interests. This gave me an enormous advantage when I started in research, because I had learned by doing where to look for information. That's one point. The other point is that I think that the syllabus has become too crowded in key respects. The general overview of economics has often been lost, largely because there's too much detail crammed into the courses and into the textbook. But at the same time, and to some extent conflicting with the previous proposition, the detail has not been sufficiently extensive, by failing to provide real illustrations of the problems and in stressing the difficulties in application. I also think many courses, supplementary to the micro-macro core, are taught in too abstract a manner, without presenting the factual background which makes it alive for students. That again is a broad generalisation.

Brian: It is often said that modern graduates of economics have little knowledge of economic history and receive professional training that is almost devoid of historical content. They are thus especially susceptible to doctrinal beliefs that may not always accord with the historical record. Would you care to comment on this observation?

Peter: I think that by and large this is very true. I think that history as such is ignored in many discussions of economics. There is a presumption that there is universal validity to many of the propositions that are being presented. This is assisted by the manner in which they are presented, which is often in the guise of mathematical theorems. There is then a degree of truth attached to it arising from the validity of the mathematical argument which makes it all the more dangerous. But such validity derives only from the quality of those statements as mathematical theorems, not as economic arguments.

I would distinguish propositions, which are applicable to real life, very much from the theorems, which, at best, would be only indirectly applicable to real life. When a sense of history is missing, students do not sufficiently see that point. Not many universities at present offer courses in economic history. Economic history courses have become a dying breed. They are often very difficult to fit in for students in syllabuses with an emphasis on business studies, and the associated fields of finance, accounting and commercial law. Economic history is given very little room. This is why I argue that good economic teaching should always have some historical perspective on the material being taught, largely to give students that critical acumen. This comes from a realisation that certain propositions have not been quickly or easily accepted, that they have had to fight their way into the literature. The explanations of such struggles often follow from giving a useful historical perspective. Secondly, it brings out the historical relativity of certain economics propositions. Many propositions in economics derived from specific events, which may have had a long lifetime, and which may partly stay relevant, but where there have also been subtle changes that moderate the likely effects from such propositions.

The third point is that history gives people a sense of time, in what is largely a timeless world of most of the preliminary theory that they get. Once they put these things together, they will be better equipped to criticise timeless doctrines. Time is invariably a crucial factor in their own lives, and in the economic behaviour of the entity which they are studying, whether it's firm, country, individual and so on. So I regret inadequate stress on time and hope that it is fought against. However, I believe that there is sufficient impetus among many people in the profession to realise that this factual consideration involving time is very important, and that, if it slips too much to the side, it will be retrieved. There may even be a historical revolution in economics, in the sense of a revival of historicist economics. But that is a prediction to which I would not really like to be held.

Brian: Finally: you have commented that during that your time as a student at Sydney University formal study was characterised by relatively few contact hours, annual examinations and wide reading lists, in contrast to the present emphasis on continuous assessment and a greater number of lectures and tutorials. What is your opinion of these developments in pedagogy?

Peter: I have indicated my views on this in answering some of the previous question. Let me pull some of this together. I basically have three regrets in the institutional framework under which I have worked as a teacher of economics. The

first one is a general factor, which applies to all university education, irrespective of subject matter. This was the abandonment of terms and the adoption of the North American device of semesters. I find that the teaching slab of semesters (from 13 weeks - 14 weeks in some cases) compared to the eight-to-nine-week slot of the former term - is far less manageable for students, and far less useful for presenting a coherent picture of a specific element in an economic discourse. I regret the passing of terms, therefore, for a very good reason. It is bad for the students, because it requires undue stress on their powers of absorption of the detailed material presented to them. It is also bad for teachers. Teachers become tired towards the last weeks of a semester, and there's definitely a diminishing marginal effectiveness, if you're teaching the same course for 14 weeks. You lose the students, and to some extent you lose yourself, no matter how well prepared you are. That's one aspect.

The other aspect is the emphasis on additional forms of teaching, with essays and tutorials inherent in the continuous assessment framework. This induces, particularly in economics, a cost/benefit strategy which students operate on. They're either going to write a good essay, or they're going to do a good exam. They make that decision, generally speaking, because they are risk-aversers. After the result of the essay has come back, which is why they want that essay first, and they want the result first, they often calculate how well they need to do in the exam for the result they want.

In some of the courses I've taught, particularly for the large middle range of students, there is a good correlation between the essay result and the exam result. If the essay has been really good, the exam tends to be woeful, and if the essay has been bad then the exam results tend to be much better. So you end up with an overall mediocre outcome as a result of continuous assessment. This makes the nature of that assessment dubious. It fails to signal student ability in writing essays, or their ability to do a very good exam. The overall result makes them look mediocre. Essay writing is important; essays should be marked, and given comments. Essays should be regarded as an important part in student training, but they should not have that overbearing weight which they now often have in total course assessment. I think a single exam paper with well-set questions, and a limited choice, is a very much better assessment procedure, particularly if emphasis in that examining is not on memory, but on attempting to solve problems under a time constraint. Most students of economics who are going to apply that economics are going to experience that type of problem in their working life. So it is useful experience for them, while essays are treated as part of the learning process only.

Rote learning ability ought not to be examined. I gave courses on the Commonwealth budget for many years and I used to let students take the main budget paper into the examination room. Why should they learn budget data by heart? It was also part of the testing how quickly they could look up their budget document in order to supply their answer with the requisite factual illustrations. Or if I ran exams on Marshall's *Principles* (which I have done for many, many years in my classics seminars) I allowed students to take in their copy of the *Principles*. The good students knew where to look, and therefore it wasn't a hindrance for them. But they didn't have to memorise passages, which would have been a very fruitless exercise on their part. Most of the bad students did not draw advantage from this policy, because they did not know how to look up the book quickly. Your answers, generally speaking, are improved. In any case, I think there is room for more selective examining, and for less reliance on continuous assessment.

There are administrative problems when you have large classes. Essay marking is very labour-intensive particularly when substantial comment and personal follow-up with the students is provided. Without such comments and follow-ups, essay writing is a less beneficial form of teaching. This labour-intensive treatment of essays is not affordable in most departments, particularly in the subject areas where it can do most good, that is, the basic micro and macro courses. The device to resort to objective tests in economics, which may be useful for certain aspects of the course, and therefore ought not to be dismissed out of hand, should never be taken as a crude labour-saving device. It should just be treated as a specialist technique, where it is relevant in relation to assessment. But I'm sceptical of this tendency, though I can understand it. It is also an issue to get satisfactory overall results in relation to the subject, which we are now increasingly expected to produce. A very sensitive topic given the current debate and controversy over examining at tertiary institutions, but one that ought to be more frequently addressed, and addressed with more diligence than it has been. There are advantages as well as disadvantages to greater transparency.

Brian: Thank you.

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