

The permanent need for political economy

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... political science which does not at the same time include political economy is likely to be wide of the mark, and economic theory which is not based on live hypotheses is other-worldly.

Bruce Williams 1943

By trying to enforce conformity the university would endanger its essence.

Bruce Williams 1968²

Four recent publications have discussed the long Political Economy (PE) dispute at Sydney University from the late 1960s to the present — a chapter in a former Vice-Chancellor's memoir (Williams 2005), a section in a brief history of Sydney University (Williams 2006), a book by three PE staff members (Butler, Jones and Stilwell 2009), and a chapter in a history of the Faculty of Economics at Sydney University by a non-PE staff member opposed to the campaign (Groenewegen 2009).

My purpose here is to offer, in hindsight, an assessment of the significance of the dispute in terms of its two underlying issues — the nature of economics and the role of university ideals. I write as someone who was a student activist, both inside and outside official channels, from 1974 to 1977 during the first major phase of the dispute, who graduated with degrees in economics (BEC) and philosophy (BA) and who, supported by scholarships from Sydney University, took a doctorate in Economics at Cambridge prior to returning to Australia and an academic career.³ My views have matured over time, but apostasy has never tempted me regarding the principles of political economy. They appeared to me right then, and they still appear right to me now. I also believed, and still believe, that had those in administrative positions shown more leadership and less outright opposition, the dispute could have been resolved far more easily. Unfortunately, space limitations allow only brief and selective discussions of key issues.

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2 See Williams (1943: iv–v), and Williams (2005: 83) respectively.

3 Given the highly charged circumstances in the Economics Department at the time (which included one bad discriminatory precedent), I judged it prudent to do my honours year in Philosophy rather than Economics, the outcome being first-class honours and a university medal.

Two important distinctions need to be drawn at the outset. One is between support for PE in principle, and support for the various means chosen in its pursuit. People can (and did) support the former without endorsing all of the latter.⁴ The other is between an ideal PE program/department and actual PE programs/departments that evolve under historical circumstances and compromises. In my view, the idea or principle of PE is central, and separable from the different (but still important) questions of means and realisation.

What is Political Economy?

My answer, in brief, is that PE is the study of economic phenomena within a polity, where a polity is an organised society. Three implications follow, each connected to openness and progress.

Firstly, political economy is a social science that is open to, and engaged with, all disciplines relevant to the study of society — other social sciences, the humanities and even the natural sciences. This puts PE in fruitful, co-informing dialogues with history, politics, psychology, sociology, philosophy, language, thermodynamics, biology, climate science and so on. The contrast is with orthodox or neoclassical economics which, in viewing itself as self-sufficient and as ‘queen’ of the social sciences, isolates itself from learning from other disciplines. Secondly, given the permanence of controversy and debate in the study of economic phenomena over the last 250 years, PE recognises the existence and importance of competing schools of thought. This makes it intellectually pluralist in orientation. In the 1970s, the main schools that drew our attention were neoclassicism, (Post) Keynesianism, (Old) Institutionalism and (Western) Marxism. Nowadays, a more complete list also includes, *inter alia*, Ecological, Behavioural, Neo-Ricardian, Austrian and Feminist economics, all of which have significant arguments about market economies and the social science of economics. Note that, then, now and in principle, PE includes orthodoxy, for students need it as much as other perspectives in order to engage with the world. Again, the contrast is with the monism or fundamentalism of neoclassicism which portrays itself as the one true route for economic science. Thirdly, PE embraces different modes of analysis so long as they are logical and intellectually rigorous, and their strengths and weaknesses appreciated. More specifically, both discursive and mathematical reasoning are welcomed. This avoids the excessive reliance of neoclassical theorising on mathematics as the

⁴ A prominent example was Ted Wheelwright, a senior PE staff member, who did not support strikes as a tactic in universities (Butler *et al.* 2009: 51).

best way of distilling economic understanding. In sum, PE has an open, pluralist stance in which all schools, conceptual frameworks and modes of discourse are viewed as capable of contributing to economic analysis.⁵

Dissatisfaction with neoclassical economics, and the way it was taught, were key factors initiating the PE dispute.⁶ From a student viewpoint in the 1970s, much of it lacked relevance to the real world, mathematical representation was over-emphasised, it was ideological in giving too much comfort to conservatism, it had little interest in self-examination, and it was antagonistic to the exploration of alternatives. With the passage of time, the critiques have sharpened, with several highly knowledgeable, eminent economists expressing their views in forthright terms. Coase (1992: 714) notes ‘the growing abstraction’ of analysis which does not call for detailed knowledge of actual economic systems: ‘What is studied is a system which lives in the minds of economists but not on earth.’ In Blaug’s judgment (1997: 3), ‘Modern economics is sick’, having become ‘an intellectual game played for its own sake and not for its practical consequences for understanding the economic world’. Krugman (2009) locates the source of the widespread failure to foresee the present global crisis deep within the theoretical edifice of orthodoxy — in its foundational propositions about agents and markets. And Colander *et al.* (2009) argue that the current crisis represents a systemic failure of the economics profession, the roots of which lie in orthodox models that exclude key forces in real-world markets and rule out macroeconomic behaviour independent of microeconomic foundations. This small sample (from a much larger set) indicates the need for economics to expand its boundaries by embracing alternative approaches.

Political economy, with its focus on the serious study of multiple economic perspectives, seeks to do just that, not merely at the level of research but also at the level of undergraduate and postgraduate curricula. Current and future generations of economists need to be better prepared for the unprecedented and alarming challenges ahead.

University Ideals, Power and Authority

In its early years, the PE movement learned a vital lesson. One may have excellent intellectual arguments, but when power in a discipline or institution overrides reason, rational argument can make no further progress unassisted. Where reason is necessary but insufficient, people with resolve also campaign

5 Intellectually, Williams never understood PE at Sydney University, pejoratively viewing it as ‘politicised economics’ and of no relevance to ‘practising economists’ (2005: 103–7).

6 For background to the dispute, see Butler *et al.* (2009: ch.1); Groenewegen (2009: 92–3, 108, 115–9, 128–30, 145–6, 155) and Lodewijks (2007: 446–7, 450–2, 458).

on the terrain of power and decision-making. The sources of power to which we turned for assistance lay outside the Economics Department — the power resident in some of ‘the official channels’ (the Economics Faculty, Academic Board and Senate), and the power of ‘the people’, the power of an organised student movement. Our struggle was on two fronts — that of reason and the intellect, and that of power and authority.⁷

Bruce Williams, the Vice-Chancellor (VC) at the time of the philosophy and PE disputes, entitled his memoir *The Making and Breaking of Universities*, strongly implying that he belonged to the ‘makers’ and the radicals opposing him to the ‘breakers’. This is a caricature. The protagonists in both disputes never sought to ‘break’ the university but sought exactly the opposite — to strengthen it by upholding the central ideals of free enquiry, independent thought and critical scrutiny. As a minor but indicative example, take my submission to the 1976 Academic Board Committee of Enquiry into PE which began with the following quote from Cardinal Newman on the idea of a university:

[A University] is pledged to admit without fear, without prejudice, without compromise, all comers, if they come in the name of Truth; to adjust views and experiences, and habits of mind the most independent and dissimilar; and to give full play to thought and erudition in their most original forms, and their most intense expressions, and in their most ample circuit. ... It maintains no one department of thought exclusively, however ample and noble; and it sacrifices none. (Newman 1960/1873: 344–5)

The claims of PE fitted Newman’s remarks perfectly. Along with acquiring knowledge of orthodoxy, we wanted to study non-neoclassical perspectives, enter into debates over these schools and explore associated methodological issues. We were intellectually alive, active and hungry, desirous of exposure to broader ideas and paradigms than those we were expected to imbibe without deep probing. Which is the better way to engage intelligent people thirsty for knowledge? Is it to say ‘no’ and impose professorial/Vice-Chancellorial agendas; or is it, as befits a university, to engage in conversation and debate to work out sensible solutions that enrich educational experiences and professional expertise? From this standpoint, we were the ‘makers’ and those opposed the ‘breakers’. Had our intellectual aspirations been more respected and not so vigorously resisted, the dispute would not have endured and taken the forms that it did.

7 A key figure in the dispute once argued that to have ‘knowledge of what needs to be done ... implies, in a healthy person, the will to action’, adding a line from Blake in support: ‘He who desires, but acts not, breeds pestilence’ (Williams 1943: v, 72). Knowledge and health we certainly had, along with no love of pestilence.

There was one thing, however, that we certainly did seek to change or ‘break’, and that was the use of administrative power which resisted legitimate disciplinary initiatives and deflected the university from its ideals. The PE movement could only be viewed as a destructive element by someone who equated the institution of the university with their own authority.

Williams’s accounts of the dispute (2005 and 2006) are unbalanced and one-sided. Firstly, he focuses on issues concerning power, authority and order and says little about the more important issues concerning intellectual disagreement and rational debate. There is little or no discussion of arguments for or against PE, or of the implications of the dispute for free enquiry and critical analysis. We saw these as the central issues but in his accounts they are relegated to the background. What we wanted, to borrow the title of Williams (2006), was ‘liberal education and useful knowledge’. Secondly, he writes from the administration’s perspective, with no attempt to understand the student viewpoint. This leads to a quite peculiar portrayal of student activists. On the one hand, we are presented as reasonable people — in his meetings with students, he recounts how, after a while, we drifted away, apparently ‘satisfied’ with his explanations (2005: 115). (In fact, we drifted away when it became clear he wasn’t serious about listening to us or resolving the dispute). Yet, on the other hand, we are portrayed as discontented, disruptive and uncivilised elements with a proclivity for force over argument, which is again far from the truth. Both his accounts display an unfortunate underlying tone of patronising mockery towards students.⁸ Thirdly, the saga is characterised as a process of ‘decision by exhaustion’, not a reliable basis for good decision-making (2005:118–9). This, however, raises questions of leadership. Do good leaders seek to resolve disputes before exhaustion arrives? Do they seek to uphold academic ideals and prevent their restriction? Do they put aside their personal views (as an orthodox economist) and pursue the goals of the university?⁹

Such struggles over power and governance may seem outdated nowadays. Universities have changed dramatically over the last few decades as managerialism and commercialism have displaced academic and educational values, and balances of power have shifted from staff and students to managers and executives. The question of whether liberal higher education can survive is on the table. Barnett has argued that the powerful forces currently undermining

8 As a student and young academic, Bruce Williams displayed outspoken socialist tendencies, criticised orthodox economics, became angry at a negative university decision on a staff member’s promotion, had the courage to stand up to a Vice-Chancellor, favoured broadly-based first degrees and interdisciplinary work, and did not shrink from pioneering changes. Such attributes he shared with many later PE staff and students, and it is a pity, in dealing with the dispute, he did not recall his younger days. See Williams (1943) and (2005: 14–5, 19–23, 31–2, 42–4).

9 It seems the VC expected student activism at Sydney University to die out as quickly as it apparently had in the United States (Williams 2005: 80). In this, he badly misjudged the commitment of PE students because he failed to realise that the PE issue was quite separate from Vietnam War protests.

liberal higher education can be resisted, but only if robust educational strategies are implemented in which critical thinking, independent enquiry and student engagement play central roles; in his view, 'the emancipatory conception of higher education is ultimately founded on the right to criticize, and on the right to dissent' (1990: 205). By contrast, Williams believes that free enquiry and critical learning can flourish by conservatively following a set of past practices (2005: 314) — as experience has shown, however, these are insufficient.

Peter Groenewegen, for whom I have the greatest respect as a researcher, teacher and scholar, contributed many wonderful things to my education, including a love of the history of economic thought, respect for the importance of history, and an appreciation of the careful interpretation of ideas. Although on opposite sides of the PE dispute, we never exchanged a cross word, then or since. Yet to many students his stance was puzzling. On the one hand, his intellectual views indicated openness to, and acceptance of, the ideas of political economy.¹⁰ But on the other, he opposed the PE cause and supported a status quo dominated by orthodox courses. It seemed his opposition was based on other than intellectual grounds which were mysterious to most of us at the time. Unfortunately, despite the valuable contributions in many areas made by his history of the Faculty of Economics, I think these other grounds have influenced his portrayal of the PE episode. While not seeking to present a history of the dispute, Groenewegen (2009) discusses some of the key issues in ways which do not always lead to balanced understandings. Firstly, this was an *unprecedented* period in the faculty's history — the combination of deep intellectual divisions, the quantum of dissident staff, the alliance between staff and students, the size and engagement of the student movement, and the 39-year duration of the dispute formed a remarkable, and probably unparalleled, episode in Australian university history. Secondly, there is little exploration of the intellectual roots of the divisions that emerged so strongly. Thirdly, the dispute is portrayed as imposing enormous costs and generating no benefits. On the one hand, it is claimed that the 'full costs attributable to the dispute were in fact enormous' (2009: 159, 139) while, on the other, no mention is made even of a single benefit; it is left to the reader to draw the inference that the benefit-cost ratio is zero. But whatever one's assessment of this ratio, surely it is well above zero. Are there not large benefits in having programs of study, whatever they are called, which explore a range of important economic frameworks (both orthodox and non-orthodox) and which are open to interdisciplinary connections? Finally, questions may be raised about the origins of the costs — was it merely persistent PE advocacy, or was it institutional resistance and inflexible pedagogical agendas? In retrospect, there have also been huge costs in supporting orthodoxy. Quite apart from its antipathy to pluralism, the dominance of American-style neoclassicism in

10 See, for example, Dollery (2002) and Groenewegen and McFarlane (1990: ch. 10).

recent decades has led to the tragic eliminations of the history of economic thought, economic history and methodology from most economics degrees in favour of yet more formal analysis. These losses of historical perspective and self-awareness have suited the context-less, monist character of orthodoxy, but have imposed great costs on intellectual enquiry and humanity.

The Issue of Violence

In reality, violence was a very minor part of the dispute. However, since its role has been greatly exaggerated in some accounts and since it arouses strong feelings, it is important to put the issue into proper perspective. Williams's memoirs, in particular, give violence a very prominent role, the two 1970s occupations being cited as prime examples. A brief, but more accurate account is as follows.

In the 1970s, roughly 99 per cent of the time and energy of the student movement was expended in constant talk, argument and promotional activities — meetings, debates, pamphlet-writing, poster-creation, politicking, signature collection, electioneering, advising students, educational events, pavement-chalking and so on. Only about 1 per cent of our time was spent in demonstrations or marches, nearly all of which were peaceful. Our main focus was on advancing the cause through argument and persuasion, not through physical violence. Demonstrations and occupations only occurred when anger reached high levels. Those in authority, who observed very little of the former but saw, or heard of, most of the latter, could easily form distorted pictures. The photographic record also biases the dramatic over the prosaic.

The following, I submit, is a more accurate portrayal of the issue of violence over the 39 years of the dispute:

i) Occupations by the organised student movement were rare events — only five occupations occurred, clustered into two periods (1975–76 and 1983).¹¹

(ii) In these occupations violence was done to property, with no staff being assaulted on any normal definition of the term.¹²

11 Graffiti sprayed outside residences in 1975 and 1976 was not authorised or perpetrated by the organised student movement; see Butler *et al.* (2009: 44–5).

12 To my knowledge, only two people were hurt during PE occupations and demonstrations in the 1970s. One was Mrs Sim, the VC's secretary, who sustained a slight arm injury in 1975 trying to prevent students from entering the VC's office. Once the student leadership became aware of this, a card and flowers were sent the next day; our argument was with the VC, not his secretary. The other was a student whose arm was deeply gashed when a staff member forcibly closed a glass door on him. Contrary to the impression created by Williams (2005: 112), he never 'suffered direct physical violence' during the PE occupations of 1975 and 1976 as he was absent on both occasions. Nor does his memoir provide any details or evidence for his allegation that 'threats of further violence' were uttered.

(iii) Any damage done to property was relatively minor — only easily repairable/replaceable items were damaged (such as doors and grilles), not structural ones.¹³

(iv) Violence only occurred in extreme situations when, after an accumulation of negative decisions by the administration on key issues, anger and frustration among students reached high levels. To focus on the issue of violence is to miss, and misrepresent, the central issues which always concerned intellectual differences over economics and university ideals.

Williams (2005: 109) claims the 1975 occupation of his office was a 'commando-style operation'. In fact, the student movement had no premeditated plan for, or even prior discussion of, an occupation. The background and events were as follows. The preceding 15 months had seen, from a PE viewpoint, an accumulation of major grievances against the administration — the Mills Committee recommendation for a separate PE department and program was refused by the VC, a staff petition for an elected head of department was ignored, two PE tutors received discriminatory treatment, a PE student was suspended, the VC showed no intention of resolving the dispute at a public meeting, Ted Wheelwright was passed over in favour of an academically inferior orthodox candidate for an economics chair, and there were delays in approving the third-year PE courses.¹⁴ A front lawn meeting was organised in July, following which we marched to the VC's office to present our motions. Knocking did not result in the door being opened and, in the heat of the moment, two angry students at the head of the procession broke open the two doors leading to the office. Students then occupied the office but did very little damage.

The 1976 occupation followed a similar pattern, the largest additional grievance being the VC's refusal to implement the Academic Board's recommendation to establish a separate (temporary) Unit of PE. We saw this as a highly provocative rebuff displaying an underlying determination to give nothing to PE. Our use of the proper channels had resulted in a considered compromise which gave the PE movement some benefits, but even this was rejected. Prior to the ensuing front lawn meeting, there was no prearranged plan to occupy any offices, and the meeting itself did not call for an occupation. At its conclusion, we marched to the VC's office to deliver the passed motions but the door to a common thoroughfare near his office had been locked prior to our arrival. This further rebuff raised already high feelings. The lock was broken, and subsequently a group of students took matters into their own hands and occupied the

13 Groenewegen (2009: 147) claims that in 1976 'considerable damage' was done and that three senior administration figures were 'assaulted'. The former is incorrect (no source is provided), and the latter, as indicated below, is incorrect if normal language is used.

14 For details, see Butler *et al.* (2009: ch.2).

Registrar's office.¹⁵ Some other damage was done to property (not extensive) and some administration staff were jostled in crowded spaces. Initially, three students, including myself, were suspended and required to face Proctorial Board hearings. After submission of all the evidence and quasi-legal argument, I was acquitted on all charges. Despite my having the distinction of being the only suspensee named in the VC's memoir, this outcome was omitted from his account.¹⁶

Games are also played with the word 'assault' in the memoir. This has two meanings — a normal meaning in which physical contact is made in order to inflict injury, and a much broader legal meaning covering both the normal meaning and various other actions, including some not even requiring person-to-person contact. Williams initially (and dramatically) claims that staff were assaulted in the 1976 occupation, but more accurately later acknowledges that violence against persons 'did not happen'; in his words, 'the force was designed to push the porters out of the way but none of them suffered physical injury. There was even some humour involved.' (2005: 111, 113). Jostling and pushing certainly did occur, this being inevitable in crowded areas as people tried to find places to stand or to move forward, but no attempts were made to assault anyone in any normal meaning of the term.

Skill Sets and Employability

In the early years, critics spread fears about the employability of PE students. These fears have proved to be unfounded as thousands of PE graduates have continued to develop successful careers. Indeed, Ross Gittins, the widely read economics editor of the *Sydney Morning Herald*, prefers to employ PE graduates because of their broader perspectives, greater understanding of the real world, and good communication skills.¹⁷

Alongside their discipline knowledge, the skill sets that students take into the world are vital determinants of their achievements after graduation. Nowadays, employers, governments and universities the world over want graduates to develop specific skill sets, the desired attributes embracing creativity, critical thinking, communication skills, independent learning, problem-solving, teamwork and interpersonal skills. In economics, it can be shown that well-

¹⁵ Groenewegen (2009: 147, 157) incorrectly states that both the VC's and Registrar's offices were occupied in 1976.

¹⁶ My recollection is that one other student was also acquitted on all charges, but this needs verification. Subsequently, another three students were suspended. It is currently impossible to access the university archives on the charges and outcomes for the other five 1976 suspensees because all Proctorial records at Sydney University are closed for 50 years.

¹⁷ See Butler *et al.* (2009: 154–5).

designed pluralist courses are superior to orthodox courses in providing graduates with the full skill set, especially in relation to the fostering of creativity and critical thinking.¹⁸ Disciplinary openness, multiple perspectives and the rigorous exploration of alternatives provide learning environments which enhance creative and critical capacities, while Neoclassical economics, with its monism and self-sufficiency, generates environments which constrain them. Discursive reasoning also enhances communication skills more than mathematical reasoning, while reflective pluralism supports core university ideals such as free enquiry, critical thinking and the broadening of horizons.

Conclusion

The final outcome of the dispute was the establishment in 2008 of a separate Department of Political Economy in the School of Social and Political Sciences in the Faculty of Arts. This would not have eventuated without the commitment of generations of PE staff and students in a protracted and sometimes arduous struggle.

Why is there is a permanent need for political economy? At least five reasons may be given. Firstly, it is a powerful way of broadening, deepening and enriching economic understanding beyond the narrow confines of orthodox economics (which PE includes). Secondly, it is more open and welcoming to interdisciplinary exchange. Thirdly, the improved understanding that it generates leads to better decision-making in both public and private sectors. Fourthly, it has a greater potential than orthodoxy for developing highly desirable graduate attributes. And finally, it embodies vital university ideals such as liberal education, free enquiry and critical thought, none of which can ever be taken as guaranteed.

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18 See O'Donnell (2009).

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