Preface

This book focuses on the transformation in Australian economists’ thought and ideas during the period 1929–39. In a decade marked by depression, recovery and international political turbulence, Australian economists moved from a classical orthodox economic position to that of a cautious Keynesianism by 1939. In the international literature on the diffusion of Keynesian economics, there has been little recognition of just how extensive the prewar conversion of Australian economists actually was. That advance in theoretical insight was channelled into policy.

Since its inception, the Australian economic profession has always been a publicly focused one. This book looks at how economists tried to influence policymaking in the 1930s. Having devised a unique macroeconomic stabilisation package in 1931, economists felt obliged to seek changes to the parameters as economic conditions altered but, more importantly, as their insights about economic management changed. This aspect requires an insight of the interplay between economic ideas, players and policy. This approach aids our primary thesis by teasing out the growing divide between the perspectives of economists and that of policymakers.

There are three related themes that underscore this study. First, the professionalisation of Australian economics took a gigantic leap in this period, aided in part by the adverse circumstances confronting the economy but also by the aspirations economists held for their discipline. This necessitates looking at the activities of the economists through the 1930s as they tried to enlighten preconceived economic ideas and conventions among policymakers.

A second theme relates to the rather unflattering reputation foisted on interwar economists after 1945. A consensus was formed that their anti-depression advice was unfortunate, inappropriate and mistimed. This view will be strongly contested by showing how, in fact, Australian economists moved quickly and radically away from the analytical framework that underpinned their earlier advice.

That transition underlies a third theme of this book—namely, that Australian economists were emboldened by John Maynard Keynes’s General Theory to confidently push for greater management of economic activity than hitherto. By 1939, and perhaps earlier, Australian economists conceptualised from a new theoretical framework, from which they advanced comment and policy advice. When the committee that advised P. C. Spender was first appointed in 1939,
it drew one economist, E. R. Walker, to proclaim that ‘[t]he value of economic science was at last recognised’ (cited in Brown 1994:93). This book therefore will rehabilitate the works of Australian interwar economists, arguing that they not only had an enviable international reputation but facilitated the acceptance of Keynes’s *General Theory* among policymakers before most of their counterparts in the northern hemisphere.