

***Monetary Reformers, Amateur Idealists and
Keynesian Crusaders***

**Australian Economists' International Advocacy,
1925-1950**

by

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BEC (Hons)

A thesis submitted in fulfillment of the requirements
for the degree of

Doctor of Philosophy

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1999

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Abstract

Between 1925 and 1950, Australian economists embarked on a series of campaigns to influence international policy-making. The three distinct episodes of these campaigns were unified by the conviction that ‘expansionary’ economic policies by all countries could solve the world’s economic problems. As well as being driven by self-interest (given Australia’s dependence on commodity exports), the campaigns were motivated by the desire to promote economic and social reform on the world stage. They also demonstrated the theoretical skills of Australian economists during a period in which the conceptual instruments of economic analysis came under increasing pressure.

The purpose of this study is to document these campaigns, to analyse their theoretical and policy implications, and to relate them to current issues. Beginning with the efforts of Australian economists to persuade creditor nations to enact ‘cheap money’ policies in the early 1930s, the study then explores the advocacy of F.L. McDougall to reconstruct agricultural trade on the basis of nutrition. Finally, it examines the efforts of Australian economists to promote an international agreement binding the major economic powers to the pursuit of full employment.

The main theses advanced in the dissertation are as follows:

Firstly, it is argued that these campaigns are important, neglected indicators of the theoretical positions of Australian economists in the period. Hitherto, the evolution of Australian economic thought has been interpreted almost entirely on the basis of *domestic* policy advocacy, which gave rise to the view that Australian economists before 1939 were predominantly orthodox in theoretical outlook and policy prescriptions. However, when their *international* policy advocacy is included, a quite different picture emerges. Their efforts to achieve an expansion in global demand were aimed at alleviating Australia’s position as a small open economy with perennial external sector problems, but until such international policies were in place, they were forced by existing circumstances to confine their domestic policy advice to orthodox, deflationary measures.

Secondly, the campaigns make much more explicable the arrival and dissemination of the Keynesian revolution in Australian economic thought. A predilection for expansionary and proto-Keynesian policies, present within the profession for some time, provided fertile ground for the Keynesian revolution when it finally arrived. Thirdly, by supplying evidence of expansionary international policies, the study provides a corrective to the view that Australia’s economic interaction with the rest of the world has largely been one of excessive defensiveness.

Originality is claimed for the study in several areas. It provides the first comprehensive study of all three campaigns and their unifying themes. It demonstrates the importance to an adequate account of the period of the large amount of unpublished material available in Australian archives. It advances ideas and policy initiatives that have hitherto been ignored, or only partially examined, in the existing literature. And it provides a new perspective on Australian economic thought and policy in the inter-war years.

Acknowledgements

In undertaking a project as large as this, I have acquired a great many debts to a great many people. Most of these debts are far too big and intangible ever to be repaid. One of the nice things about doing a Ph.D thesis, however, is that you can make a small down-payment by thanking some of these people in print.

First of all, I would like to thank my supervisor, Professor Rod O'Donnell. A great teacher and scholar, Rod had to endure quite a number of drafts of this work, and his advice and suggestions on these is greatly appreciated.

Two other members of the Economics Department at Macquarie University, Michael Dobbie and Bill Junor, also read this thesis in its entirety. Both put aside work that was far more urgent and undoubtedly more in their personal interests in order to do so. Their generosity is more appreciated than I can say.

I would like to single out the 'lunchtime mafia' of Associate Lecturers in the Economics Department for special thanks. Wylie Bradford, Michael Dobbie, Craig Macmillan, Joe Macri and Alison Vicary have helped me in more ways than I suspect they can imagine. First class intellects all, their generosity of spirit, their myriad of kindnesses, the general joy I have experienced in their company, kept the dark times at bay and gave to me the things that only true friends can give.

Three great friends (and former housemates), Tinzar Lwyn, Leanne Ussher and Alison Vicary, had to live with this project for such a long time that it must have seemed that Frank McDougall himself was a member of the household. My time with them is something that I will treasure always.

Friends generally have been of great assistance to me in completing this work. Ross and Maureen Brown, Tony Bryant, Hester Barrington-Ward, David Maher, Justin Myatt, Gary Pflugrath, Lynden and Marelle Sharpe, Kathryn Matthews, Hermyleen Walker - and many others whom I have undoubtedly, and unforgivably, forgotten to mention, have helped me in myriad ways. I would also like to thank former colleagues at the Reserve Bank of Australia for getting me started. I would like to especially acknowledge Glenn Worley for a friendship that has lasted all my life.

Above all I would like to thank my parents, Peter and Diana Turnell, for making possible the extraordinary idea that their son could work towards a Ph.D. They sacrificed much to ensure that I had the opportunity to receive an education that made this possible. More than this though, they created a loving and liberal environment in which anything that was good and decent was seen to be possible. My sister and brother-in-law, Lisa and Michael Brandt, occupy a similarly central place. To the thrill of all, my new nephew, Timothy, arrived just in time for the party.

Notwithstanding the help I have received from all of the above, this thesis remains solely the responsibility of its author, who therefore deserves and accepts the blame for any of its deficiencies.

This work is dedicated to

Peter and Diana Turnell

and to the memory of

William and Jessie Turnell

and

Reginald and Dulcie Fraser

The belief that we have come from somewhere is closely linked with the belief that we are going somewhere. A society which has lost belief in its capacity to progress in the future will quickly cease to concern itself with its progress in the past.

E.H. Carr, 1961