

# A Legacy of Choice: Economic Thought and Social Policy in Australia, the Early Post-War Years

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**SOCIAL WELFARE RESEARCH CENTRE**

# **DISCUSSION PAPERS**

A LEGACY OF CHOICE:  
ECONOMIC THOUGHT AND  
SOCIAL POLICY IN AUSTRALIA,  
THE EARLY POST-WAR YEARS

Paul Smyth

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## ABSTRACT

This paper reports on aspects of research towards a PhD thesis on the history of economic thought and social policy from 1945-1966. Other aspects of the research have examined historical writings dealing with the 'Keynesian Reception' in Australia to 1945 in the light of my own reading of the literature published by professional economists during the war [see Smyth (1988)].

Nearly all the historical writing on the 'Reception' has emphasised the consensus which obtained within the profession regarding the new economics. Some also claim that liberal political principles, refashioned in the 1930s, were embedded in the Keynesian analysis and diverted the labour movement from socialist theoretical goals. A reading of E R Walker, D B Copland, H C Coombs, G Firth and Bruce Williams suggests that this 'consensus' concealed a significant diversity. The enlarging economic responsibilities of government since the Depression heightened uncertainties about the fundamental premises of neoclassical market economics causing some to attempt a revival of a 'political economy'. Even those who remained within the neoclassical tradition differed strongly over the potential scope of government intervention because of their contrasting social and political ideas and values. If 'consensus' is to remain a useful term for the period of the 'Keynesian Reception', these strands of diversity must be recognised if the postwar developments in economic thought and social policy are to be fully understood.

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## 1. INTRODUCTION

In Smyth (1988), it is suggested that the so-called 'Keynesian Consensus' of the war-time period concealed a diversity of political assumptions, social policy objectives and methodological premises. These features continued to characterise economic thought in the early post-war years. However by 1949, the year of the Labor government's defeat, a growing disagreement over the desired role of the state forced a parting of the ways among the Keynesians. The dominant Fabian vision of the Keynesian state as a prelude to a socialist Australia was challenged by a group of 'new liberals' who laid claim to the Keynesian state as the guarantor of a liberal capitalist Australia. The legacy of the 1940s proved less a legacy of consensus than a legacy of choice.

Smyth (1988) examined the impact on economic theory of the enlargement of government responsibility for the economy in the period from the Depression to the war. So interdependent were economic theory and political assumptions regarding the new role of the state that the direction of economic thought would be incomprehensible without some knowledge of the wider philosophical debate which occurred concerning the nature of the state. This paper begins with an account of that development as a background to the divergence of economic thought into Fabianism and the 'new liberalism'.

## 2. POLITICAL ASSUMPTIONS

The nexus between economic theory and social and political philosophy was understood by no-one better than E R Walker whose proposals for a renewed 'political economy' were discussed in Smyth (1988). In the final chapter of his major work, E R Walker (1947) considered 'Australia's Economic Future'.<sup>1</sup> From his 'political economy' perspective he proposed that the economic future depended as much upon 'the political and social framework of economic life as (upon) ... the statistical performance of the economic system'.<sup>2</sup> In this respect, the 'dominant question', he wrote, was whether the "mixed economy" ... would evolve radically in the direction of complete socialism, or would continue to offer a field for private investment'.<sup>3</sup> His own belief was that the end of the war would bring a growing reaction against government economic controls e.g., over manpower, prices, materials, priorities and capital issues; and 'businessmen bureaucrats' would 'hurry back to the higher material rewards and the greater personal freedom of private enterprise'.<sup>4</sup> Nevertheless despite this initial 'decontrol movement' he foresaw that the new ideas of government planning would survive.

'Full employment and a more complete system of social services' Walker thought, were now policy imperatives for any political party.<sup>5</sup> The question posed by Walker was whether the new 'mixed economy' was 'merely an uncomfortable "halfway house" between free enterprise and a planned economy' or a viable 'middle road' between these extremes, either of which he believed could lead to 'violence and confusion'. Economists, thought Walker, had expressed little on these issues but 'hopes and fears'.<sup>6</sup> He argued that since 'every economic system is part of a wider complex of social organisation and ideas' it was essential to develop and popularise a 'philosophy of the mixed economy' if such a system was to be stabilised.<sup>7</sup> Such a philosophy he wrote would help form a 'national pattern of ideals' and a 'clearer conception of national welfare' appropriate to the new institutions of 'social engineering'.<sup>8</sup> Not all economists were committed like Walker to the 'middle road' but his account indicates the flux in social and political thought in which economic theory was to evolve in the early post-war years.

Writing of Britain in the mid 1940s, Jose Harris (1987) challenged the view that in this period, 'framers of social policy ... saw themselves as mere technicians engaged in compromise, horse-trading and bland incrementalism'. On the contrary, she maintains, 'many of them believed that they were building a new kind of social and political order, rooted in a wholly new relationship between the citizen and the state'.<sup>9</sup> While Harris writes specifically in relation to social welfare her account applies equally to the project in which many Australian economists saw themselves engaged and pinpoints the fundamental issue of social and political philosophy which they faced. In Australia 'planning' and 'freedom' provided the key terms of the debate about the relationship between the citizen and the state.

The theme of planning has been noted already by Australian historians in relation to the 1930s. S Alomes (1988) suggests that planning ideas had been 'fashionable in 1934 as a reflection of current British debate' but went 'out of vogue thereafter'.<sup>10</sup> T Rowse (1978) suggests that the issue was more pervasive, if 'amorphous', and refers to a series of Summer Schools of the Australian Institute of Political Science at which 'social planning of some kind was on the offensive, and "economic individualism" and the laissez-faire doctrine of the state were pilloried and blamed for the social chaos of the Depression'.<sup>11</sup> This renewal of liberal theories of an 'ethical interventionist state' he indicates, was to be invigorated in the 1940s by Keynesian economics.<sup>12</sup> For R Watts the 'ideological rules' of the 1930s liberal understanding of the state were to prove a 'fatal legacy' inhibiting the Keynesian planners of the 1940s from interfering with the 'prerogatives of capital'.<sup>13</sup> My research suggests that what was a somewhat 'fashionable' and 'amorphous' discussion about planning in liberal intellectual circles in

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the 1930s entered a new and urgent phase in the 1940s with the war-time enlargement of government control. It will be shown that the imperative to 'plan' was met by the imperative of 'freedom' in a discourse dominated more by the principles of democratic socialism than the principles of inter-war liberalism.

The different phases of the planning controversy have been described by Harris in relation to Britain. Of the 1930s she writes that the movement for a greater economic and welfare role for government had been stopped in part by the strength of libertarian ideas about the role of the state.<sup>14</sup> The war however had brought not only a stronger role for government but a greater sense of community which some hoped would provide an existential grounding for a new understanding of the state.<sup>15</sup> Prior to the 1940s she writes, 'all social welfare arrangements derived their basic rationale from one or both of two systems of political thought i.e., the tradition of natural liberty with the implication that values, rights and duties were private with the role of the state merely as 'protector', and the tradition of the state as in some sense an 'organism' from which values derived.<sup>16</sup> After the fruitless clash of these traditions in the 1930s, the social conditions created by the war had provided fresh impetus to produce a new paradigm of the relation between the citizen and the state. Developments in Australia parallel the British experience. To comprehend the Australian ferment in political thought of the 1940s, some appreciation of its prelude in the 1930s is necessary, particularly in view of the claim by R Watts and T Rowse that Keynesian economic thought was encapsulated in the political philosophy of inter-war liberalism.

In *Planning the Modern State* (2nd Ed, 1945) F A Bland, then Professor of Public Administration at the University of Sydney, indicated that the interest in planning in Australia was a product of the Depression. Following the discussion of the concept in Britain and with the example of the New Deal in the USA many of its protagonists, according to Bland, fearing the Russian alternative hoped that 'national planning would draw the teeth of the socialists'.<sup>17</sup> A major source for the Australian response in the 1930s is the proceedings of the 1934 Summer School of the AIPS (see AIPS 1934). Already closely examined by historians, I draw on two contributions which convey the essence of the political perspectives which attached to the concept. Roland Wilson, then an economist with the Australian Bureau of Statistics, explained the motivation to plan: 'Idle hands, rusty machines, rotting ships, and silent factories. Slums, ignorance and empty bellies. A world praying for poor harvests. These are the things that turn men's minds to planning'.<sup>18</sup> The planning alternative to laissez-faire would require he suggested, a new 'social and political philosophy' rather than refinements of the 'technicalities of economics and finance'.<sup>19</sup> While 'socialist thought' had long espoused such a philosophy, he preferred what was called the 'newer planning' which



eschewed the 'authoritarian' methods of the socialists and recognised the limitations placed on planning by the need for democratic consent, by 'ignorant bureaucracy' and by the general imperfection of 'human nature'.<sup>20</sup> Wilson canvassed various policy proposals of the type associated with Salter's work in Britain which were based on a government initiated system of self-regulation by groups of businesses.<sup>21</sup> Wilson's paper lends credence to Bland's judgement that the early talk of planning was more a defensive manoeuvre against the socialists than the beginning of a crusade.

The socialist response was put to the Summer School by Lloyd Ross, then NSW secretary of the Australian Railways Union and a tutor with the WEA. Naturally Ross rejected any return to laissez-faire and found in the 'newer planning' of liberals like Wilson and Salter a fundamental failure to recognise that planning 'is not an intellectual exercise of the reasoning man in the study, but the result of the clash of social forces and the triumph of one class over another'.<sup>22</sup> Unlike the liberals, socialists faced squarely the fact that the failure of capitalist society lay in the 'private control and ownership of property'.<sup>23</sup> Liberals he maintained avoided the issue of power and demonstrated a 'multiminded' willingness to please whoever was on the winning side.<sup>24</sup> Socialisation of the economy, he thought, should follow the model of Soviet Russia and utilise the theories of 'collectivist economics' fashioned by Cole, Dickinson and Dobb in England.<sup>25</sup> Inspired by Lenin's *Preparing for Revolt* Ross rejected the liberal planners' 'limiting bias' towards private property and urged on his audience the lesson of the Bolsheviks.<sup>26</sup> It is likely, as Rowse argues, that the Bolshevik lesson was somewhat academic for Ross, but coming from one of the most informed labour controversialists of his day this paper indicates the theoretical distance separating liberal and labour views on the idea of planning.<sup>27</sup>

Other papers delivered at the Summer School illustrate more clearly the novelty of the notion of planning in Australia in 1934 - some contributors expressing difficulty in defining the term.<sup>28</sup> What is unquestionable is that by the mid 1940s, from being a rather novel term borrowed from a British debate, planning came to denote a central imperative of Australian political life. What was perhaps a defensive stratagem against socialist ideas developed into an enthusiasm common to all economic thought - albeit in varying degrees. However planning had been joined by an imperative of equal force, freedom, and the attempt to reconcile the two became, as Harris indicated, the intellectual challenge of the 1940s.

The emergence of freedom as an a priori for economists at the end of the war is clear but to date, the matter has received little attention from historians. R Watts (1987) simply observes that 'the will to plan sooner or later encountered a contradiction within

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the liberal terrain' and here he refers to the 'symbolics of freedom'. For Watts, freedom seems to have been a purely liberal concern and his only illustration of the encounter is in a reference to what he calls R I Downing's 'residual lament for the virtues of freedom'<sup>29</sup>. Perhaps in his emphasis on the continuity of Reconstructionist political thought with the liberalism of the 1930s, Watts overlooked the central place freedom came to assume in socialist thought - a development as significant for the evolving political assumptions of economic thought as the shift among liberals to a more positive appraisal of planning.

That a new inflection had entered the discourse about planning in the mid 1940s was noted by F A Bland in the introduction to the second edition of his *Planning the Modern State* in 1945. That title, he wrote, when originally published in 1934 had simply indicated 'rationalising' the machinery of government to cope with the new demands of 'the Social Service State'. But now, he continued, 'the word has a new connotation' i.e., 'the deliberate choice of the method of central direction of all economic effort'. While concerned with what he saw as the inefficiencies of government controls, Bland was more worried that such methods were 'freely borrowed from totalitarianism' and were incompatible with the 'enjoyment of popular liberties'.<sup>30</sup> He concludes his introduction with an extensive quotation from Hayek to the effect that any form of central planning would 'inevitably' lead to 'the suppression of individual liberty and spiritual freedom'.<sup>31</sup> Hayek's *The Road to Serfdom* had been published the previous year. A reviewer of Bland's second edition thought the issues referred to here 'supremely important' particularly in the light of 'the momentous referendum of 1944' concerning the extension of government powers.<sup>32</sup>

Hayek's impact on liberal political thought in Australia was major. According to M Simms (1982), both Keynes and Hayek 'provided the intellectual tools for the reformulation of Liberal policy in the mid 1940s'; a view supported by Kemp (1982).<sup>33</sup> The Australian reception of *The Road to Serfdom* was referred to by K Baier and F Gruen (1945) in relation to what they saw as a 'crusade against planning'. This 'recent' development they wrote, could be traced to the works of 'apostate communists like Burnham, Eastman, Koestler and professors of classical economists' among whom 'undoubtedly the most eloquent had been Professor Hayek'.<sup>34</sup> Baier and Gruen noted the phenomenal distribution of *The Road to Serfdom* overseas as well as the alacrity with which an Australian edition had been made available shortly before the 1944 'Powers' referendum and which had now already been followed up by a second cheap edition.<sup>35</sup> It is significant that Baier and Gruen devoted most of their paper to a response to Hayek's political theory that the extension of government planning would lead to the corruption of the Rule of Law producing a new despotism, rather than his

related economic arguments for the rehabilitation of the free market. Hayek seems to have made little direct impression on economic thought in Australia in this period.

If there was little comment from economists on the work of Hayek in the published literature, a steady stream of articles and book reviews in the more politically oriented journals such as *The Australian Quarterly* and *Public Administration* indicate the course of the Australian debate over the relationship of the citizen to the state. The main lines of argument can be illustrated from two exchanges of views which occurred in these journals. The first began with an extended review in *Public Administration* by Professor P H Partridge of *Freedom Under Planning* (1945) by the British economist, Barbara Wootton. Partridge was then professor of government at Sydney University. Against Hayek, Wootton had argued that there was no need to assume that planning assumed a 'unitary end ... refusing to recognise autonomous spheres in which the ends of individuals are supreme'.<sup>36</sup> Taking the Hayekian view Partridge argued on the contrary that planning was less a technique of government than a 'movement in contemporary culture' which had socio-cultural as well as economic priorities.<sup>37</sup> The independence of the non-economic spheres would be in danger if, as he claimed Wootton had argued, it depended merely upon the 'benevolence' of a government in control of the economic life of the society.<sup>38</sup> At a more fundamental level, Partridge rejected Wootton's attempt to formulate a 'concept of the State as the bestower or defender of liberty'.<sup>39</sup> At the same time he also found Hayek's argument from the corruption of the Rule of law alien, preferring the tradition of natural liberty, whereby there is a 'vast area of free, spontaneous social life' outside the state whose role remains primarily the protector of this natural freedom.<sup>40</sup>

R S Parker (1947), an economist at the Canberra University College, agreed with Partridge that this was one of 'the major issues of our time' but thought 'much brilliant intellectual effort' had been wasted on *The Road to Serfdom*. It was impossible to put the clock back he thought, in an age when large scale industrial organisation was here to stay. Planning was now a fact of life.<sup>41</sup> Parker disagreed with Partridge's opinion of planning as an all embracing movement. Parker thought it a technique adaptable to a variety of ends. It did not necessarily imply socialist values or central economic direction.<sup>42</sup> Parker's pragmatic evasion of the underlying philosophical issues regarding the relation of the individual to the state typified the course of the debate in Australia.

A second exchange of views began with an article by Lloyd Ross headed 'A Socialist on Democracy' in *The Australian Quarterly* (1947). For Ross, socialist theory had undergone dramatic changes since delivering his lesson on the Bolsheviks at the 1934 Summer School. Now, he began, that the tumult of the 1944 and 1946 referenda had

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abated and Hayek had 'followed Marx to the bottom shelves of the library', it was time to ask objectively whether 'planning and liberty' were irreconcilable? <sup>43</sup> Ross produced a catalogue of international authors - including Isherwood, Strachey, Cripps, Gollancz, James Farrell, Auden, Spencer, Malraux, Anatole France, Ignazio Silone - to illustrate the 'rush from authoritarianism' among socialists. <sup>44</sup> How to uphold their new 'emphasis on respect for the human personality' and democracy without returning to the chaos of capitalism was for Ross an issue of extraordinary moment: 'We stand at the crossroads, both frightened and tempted - Party discipline is regimentation; freedom seems to be futility. One road leads to the edge of a cliff; we start back terrified, and stumble along the path to the sinking sands...'. <sup>45</sup> The paramount need he suggested, was for a 'new synthesis' of socialism and democracy. <sup>46</sup> To this end he concluded with some suggested 'techniques of democracy and planning'. <sup>47</sup>

A conservative rejoinder by A J Lowndes, a director of the Australian Institute of Political Science (AIPS), entitled 'A Democrat on a Socialist' drew the fire of J D B Miller then a staff tutor in the Department of Tutorial Classes at the University of Sydney. <sup>48</sup> Miller reckoned that Lowndes' case was based on 'the Hayekian, von Mises dream of a completely free enterprise system' which Miller thought a 'Laputa-vision' from a 'text book world'. Miller considered the totalitarian alternative of the Perons and the Communists as undesirable as laissez-faire was impossible. He claimed that the 'chains of the past- especially the recent past' meant that enlarged post-war responsibilities for the state were inevitable. Those responsibilities, he thought, should be administered in such a way as to preserve personal liberties while keeping in check 'the managerial and totalitarian elements'. While Miller thought that the 'middle way' of the mixed economy was the only conceivable option in Australia he pointed out that 'profound' differences of political philosophy still existed among its adherents. <sup>49</sup>

The views of Partridge and Parker, Ross and Miller indicate that while that need for a new philosophy of the mixed economy articulated by Walker was widely recognised, it was far from satisfied. A larger role for the state ran against the grain of liberal adherents to the 'tradition of liberty', while freedom for the individual proved a dilemma for those proposing a more 'organic' view of the state and society. The Australian experience matched the British. According to Harris, the hope of 'reformist intellectuals in Britain that the war would generate a new and lasting paradigm in political thought ... proved largely unfounded'. The natural libertarians 'persisted tenaciously', while progressives 'wobbled uneasily' between 'embracing the state as the highest expression of communal life' and rejecting statism on moral and political grounds. In part, she observes, the outcome reflected the temporary eclipse of the subject among moral and political philosophers. In a conclusion which might apply equally to Australia she states

that the outcome left progressives with a de facto continuation of a greater role for government but without a supporting philosophy. This was to leave the welfare state 'peculiarly vulnerable' to later shifts in the political and economic climate and open to attack from more vigorous and dogmatic rivals.<sup>50</sup>

A final twist was given to the Australian debate by A Campbell Garnett (1949). For Campbell Garnett - who had lived half his life in Australia but was now resident in the United States - the compromise reached on these issues had a peculiarly Australian character. The lack of a political philosophy for the new 'Keynesian' state could be construed, he thought, as an indication of a healthy Australian political pragmatism. This variation on an old theme extending back at least to the observations of other overseas visitors earlier in the century e.g., Metin and the Webbs was to dominate historical interpretation in the 1950s e.g., Crawford's *Australia*. 'If there was any meaning to be read in Australian history' according to Campbell Garnett, it was that Australians were neither individualist nor socialist.<sup>51</sup> There was, he said, a typical Australian readiness to use the state, but democratically in order 'to open safe channels for the activity of the individual'.<sup>52</sup> Since the war, the 'function of the state as policeman', he wrote, had become overshadowed by its functions as an 'instrument of economic and cultural activity'.<sup>53</sup> The new Australian policy Campbell Garnett thought was best described as a 'Cooperative Commonwealth'. In such a commonwealth he concluded, that 'class conflict' which had been 'manifest ... from the beginning' of Australian history would be 'outgrown'. 'Poverty would become permanently and completely abolished' from the shores of an Australia which he believed was already unparalleled in its even distribution of wealth.<sup>54</sup>

While no 'new paradigm' of the social and political philosophy of the state emerged in the early post-war years to underpin the perceived shift to a 'mixed economy', it is also clear that to the 1930s imperative of planning had been added the a priori of freedom. These dual political assumptions removed from debate the extremes of laissez-faire and authoritarian socialism, leaving an as yet ill-defined middle ground for contest. The direction of economic thought is inseparable from these trends. The literature at the end of the war had not included any of what Copland called, 'Worshippers of the Manchester School' nor was there interest in the lesson of the Bolsheviks. Yet as J D B Miller noted, those on the middle ground could differ profoundly. In the years until 1949 most of that ground among economists was occupied by 'planners' with an egalitarian or socialist philosophy. At the end of the period however, the reluctant Keynesians, with liberal political convictions launched a counter attack.

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### 3. ECONOMIC THOUGHT - DEMOCRATIC SOCIALISM

Smyth (1988) discussed the theoretical dilemmas posed for economists trained in neoclassical theories of the market by the prospect of an unspecified extension of government planning of economic life. Some like E R Walker and Bruce Williams proposed the revival of the tradition of 'political economy' including elements of political science, sociology and ethics in economic analysis. Walker in particular attacked the neoclassical understanding of economics as a value free science. The quest for a 'political economy' was to prosper no more than the search for a new paradigm of the state in political theory. Most economists handled the theoretical dilemmas by prefacing their analysis with some statement of their own political assumptions about the likely future role of government as a prolegomena to a purely technical economic analysis. The political assumptions of Democratic Socialists and Liberals led to sharply diverging social policy proposals. The decade not only left a legacy of choice in relation to policy, but the failure to evolve a 'political economy' undoubtedly hastened the return to the positivist understanding of economic method in the mid 1950s.

An account of Bruce Williams' socialist political economy is given in Smyth (1988). The democratic socialists of the early post-war years did not develop a socialist economic theory. Rather, their own political values and judgements about the likely course of events led them to propose that socialism was Australia's inevitable goal. In the meantime Keynesian theory provided weapons both to discredit the neoclassical tradition and press claims for increasing government economic intervention. However they insisted that the fundamental weaknesses of the capitalist system could not be cured by purely Keynesian means.

H W Arndt (1985) recalls that 'the perspective of most of my generation of academic economists' was 'Keynesian-Fabian'.<sup>55</sup> Arndt had come from the London School of Economics in 1946 to take up a lectureship in economics at Sydney University. To have been a Keynesian-Fabian, he writes, meant 'first of all that we condemned capitalism as inefficient and immoral but rejected revolution as the means of bringing about socialism'.<sup>56</sup> In earlier years Arndt had been a member of the Communist Party and his transition to democratic socialism clearly follows that general shift in socialist thought in the 1940s described by Lloyd Ross. Included among the Australian economists recalled by Arndt as Keynesian-Fabians were - Cochrane, Downing, Boxer, J F Cairns (for a time) from Melbourne University; and fellow founders of the NSW branch of the Fabian Society (1947-), Noel Butlin and Kingsley Laffer.<sup>57</sup> The general features of the democratic socialist perspective on the mixed economy can be illustrated from the

writings of Arndt and R Mendelsohn, together with the 1949 election year pamphlet of the NSW Fabian Society, **Towards a Socialist Australia**.

At the Economic Society's 1947 forum on 'Social Services, "What shall they Profit us?"', Arndt proposed as a political assumption: 'The acceptance of social security as a major social objective is one of the characteristics of our time'.<sup>58</sup> A large part of his paper was given to establishing this as a 'political datum' which economists ought accept as their starting point for analysis.<sup>59</sup> The growing demand for social security, he believed, had been the result not so much of an increase in the objective need for special measures of protection but of the long march to political power of the 'working classes'. Other factors included the 'social conscience of reformers' and the weakening of that 'social code' of self help and independence which had been 'inculcated' in people by all the 'forces of moral suasion' such as school, church, press and political platform.<sup>60</sup>

Having established 'social security' as an a priori, the Fabian Arndt took up his Keynesian weapons to deal with the objection that such a goal was incompatible with economic progress. This argument had become popular through the writing of the expatriate, A G B Fisher; see Fisher (1945). Fisher is described by Arndt as a 'distinguished economist', 'a courageous Australian'. Fisher had argued that economic progress required the 'more or less continuous transfer of the resources of production', and that the dynamics of this conflicted with a natural reluctance of people to change as well as their desire for social security. To encourage the latter tendencies Fisher thought, would inhibit progress which would ultimately be to everyone's detriment. Arndt pointed out that Keynesian employment policies were directed against economic depression and were thereby a precondition for progress. Fisher's argument, he said, was relevant only to 'structural' unemployment caused by ordinary redeployments of capital. He argued further in relation to social services that most were provisions for 'hazards' which had nothing to do with progress as defined by Fisher e.g., old age and sickness.<sup>61</sup>

Having rescued Keynesian full employment policies and the social services from Fisher's neoclassical critique, Arndt allowed that the critique retained a residual cogency so long as the economy remained fundamentally capitalist. For example, might not social security weaken incentives for labour mobility, or, create problems with 'industrial discipline'. From a Keynesian perspective, Arndt proposed a number of policies that could be considered e.g., mobility could be promoted by worker re-training, re-housing and the provision of travel expenses; while the involvement of workers in the management of the work place and the economy generally, could foster self-discipline. But from a socialist perspective, Arndt believed that the root of these problems required

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more than a Keynesian remedy. In Australia, he thought, that so long as industry was controlled by private capital, workers would not accept that such policies were really in their own interest. Real progress, he believed, would require the release of 'enormous moral energies' after the example of revolutionary Russia. To generate a 'new social inspiration' Australia had no other alternative but a 'convincingly progressive policy in every field' including the transfer of industry from private monopoly to public ownership.<sup>62</sup>

A broad range of such 'progressive' policies was canvassed by R Mendelsohn in his popular economic writings for the *Labour Digest* of the Henry Lawson Labor College; see Mendelsohn (1945-1946). My account draws on the serialised 'Economics for Australian Workers' and an article written in response to the *White Paper on Full Employment*. Some discussion of Mendelsohn's contribution to social policy in the period can be found in R Watts (1987) in relation to his work as research officer to the Joint Parliamentary Committee on Social Security, and in R Kuhn's reflections on his contributions to the *Labour Digest*. For Watts the socialism of Mendelsohn was 'indistinguishable from ... liberal doctrine', while for Kuhn it was a mere rhetorical device for 'selling Keynes' to the workers.<sup>63</sup> Such interpretations exacerbate the false unity ascribed to the Keynesians and bear little relation to the substance of Mendelsohn's published writing in the period.

Mendelsohn's political assumptions were democratic socialist. Following Marx he considered that the 'historical role of capitalism' was to prepare the 'requisite economic conditions for socialism'. This role had 'played itself out' and 'multiplying social and economic difficulties' indicated the need for a 'new rational collective order'.<sup>64</sup> His 'Economics for Australian Workers' was addressed to 'the overthrow of capitalism' but because the revolution 'had proved to be long in coming' he sought 'in the meantime ... any genuine steps' which would further the aims of security and equality for workers.<sup>65</sup> While Mendelsohn's political assumptions were 'socialist' he opted not to develop an analysis based on 'Marxist or other socialist writings' but to develop a critique of 'orthodox economics' from within.<sup>66</sup>

Responding to the *White Paper on Full Employment*, Mendelsohn acknowledged its basis in Keynesian economics and Beveridge's claim that it bypassed the socialist-capitalist controversy. He accepted that a Keynesian policy which provided 'more jobs than men' must be a genuine step towards socialist goals but shared a Fabian scepticism about its long term success. Wide ranging political controls over business would be necessary as well as union participation 'at every level of the plan' - outcomes he considered unlikely.<sup>67</sup>



In his 'Economics for Australian Workers' Mendelsohn analysed the impact on social objectives of a range of capitalist institutions. An essay on 'Wages' explained the possible outcomes of different systems of reward in capitalist and socialist societies and suggested the wage policy instruments most likely to deliver a fair wage.<sup>68</sup> In 'Money', Mendelsohn explained the rationale for credit control and applauded the Labour Party's banking policy of a socially responsible central bank committed to the goals of a stable currency, full employment and welfare of the people.<sup>69</sup> The different equity implications of direct and indirect taxes were indicated in the paper on 'Taxation' where Mendelsohn argued for a tax on inheritance as 'the principal weapon in the approach to socialism, apart from nationalisation'.<sup>70</sup> 'The Profit Motive' he regarded as an irrational means of determining production: useless luxuries are created for some while basic needs of others go unmet and it had failed as a market signal leading to booms and slumps in production. He called on 'the six Labor governments of Australia to overthrow the profit motive and establish 'a collectivised system'.<sup>71</sup> The war time lesson of 'Price Controls' suggested to Mendelsohn a means of ensuring the production of sufficient basic utilities for all and of encouraging a 'service' attitude among businessmen.<sup>72</sup> Finally, 'Social Services' provided a brief historical overview, an outline of their extent and a comparison of the relative merits of taxation and insurance as funding arrangements. Mendelsohn expressed the Fabian caution concerning such welfare policies as a means to further socialist objectives: 'if we strive for social security measures within the capitalist framework, in such a way that the measures are introduced as steps towards socialism, the gain may be real'.<sup>73</sup>

In the late 1940s Arndt was Research Director for the New South Wales Fabian Society, Kingsley Laffer its secretary, and C E Martin (a former attorney general in the Lang government) its president. From a series of the Society's pamphlets published between 1947 and 1951 [including **The Case for Bank Nationalisation** (1947), **Fighting Inflation** (1949), and **Workers Control** (1950)], **Towards a Socialist Australia** (1949) allows us to see in general terms the democratic socialist economic perspective.

First, their policies were based on a socialist ethic. 'They want', the authors wrote, 'a society which will emphasise personal worth rather than wealth, co-operation rather than competition, a sense of social responsibility rather than the pursuit of individual success'. Their most profound objections to capitalism were thus moral. Capitalism, by promoting selfishness, greed and anti-social activity was the enemy of what the authors called 'The Good Life'.<sup>74</sup> Their social philosophy informed a consideration of the economy under three aspects: employment, production and distribution.

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The consideration of 'Employment' in *Towards a Socialist Australia* reveals a second characteristic of the Fabian outlook: a sceptical endorsement of Keynesian measures for full employment and social services. While applauding the goal of full employment, the authors, like Mendelsohn, doubted whether policy instruments such as those proposed in the Australian White Paper on Full Employment - with their lack of effective control over private investment could succeed. If such control was not available democratically, they proposed that the government should begin establishing competitive publicly owned enterprises. So long as the economy remained predominantly privately owned however, these measures together with public works, price subsidies and limited redistribution through social services would not prevent the inevitable cyclical slumps of a capitalist economic system.<sup>75</sup>

Insistence that the long term solution to the problem of economic insecurity lay in the socialisation of production and distribution was the third major characteristic of Fabian thought in the 1940s. Socialisation of production implied not only the public ownership of key industries and public utilities, it meant, according to the pamphlet, 'no less than the planning of industry as a whole to meet community objectives'.<sup>76</sup> Under a socialist system of distribution, 'unearned' incomes based on the ownership of property would disappear as would the profit motive. Any inequality would be based solely on differences in work done.<sup>77</sup> The last major Fabian characteristic demonstrated in *Towards a Socialist Australia* was a commitment to democratic freedom. The writers accordingly rejected revolutionary methods and argued further that a socialist economy far from being authoritarian would be more truly democratic, since it would remove from political life the 'disproportionate power and influence which goes with the possession of wealth'.<sup>78</sup>

The writings of Arndt, Mendelsohn and the Fabian Society indicate the social and political philosophy and the perception of working class political power which led many Australian economists in the 1940s to propose democratic socialism as the 'political datum' of economic analysis. Their economic theory however was not socialist. They relied primarily on Keynesian techniques to criticise neoclassical theory from within. At the same time the Fabians were sceptical about the potential of Keynesian policies associated with full employment and social services to effect lasting reform. According to Arndt in his autobiographical essay 'Three times Eighteen', the Keynesian-Fabians faced the end of the decade with every confidence of future success. Equipped with planning ideas of 'the Soviet type' and a list of the 'first batch of industries to be nationalised', it seemed, he recalls, that under the political climate of the Chifley-Atlee era 'the road to socialism' was 'wide open'.<sup>79</sup>

#### 4. ECONOMIC THOUGHT - LIBERALISM

While Keynesian theory was valued by the Fabians as a weapon to advance the cause of socialism, for others Keynes' ideas appealed as a means to defend a liberal social order. At the end of the war the voice of Keynesian-Liberalism was the voice of conservatism in an economic profession dominated by the notions of planning and democratic socialism. An initial Hayekian assault on the ethos of planning provided a first line of defence but by 1949 the Keynesian-Liberals strove to steal the socialists' initiative by positively espousing limited government intervention to ensure 'social security' while reviving the claim that overall economic progress could best be delivered by the free market.

At the 1946 forum of the Economic Society devoted to 'The Life and Work of Lord Keynes', the economic historian, Professor S J Butlin of Sydney university delivered a paper which appears to reflect the estimation of Keynes of an older generation of liberal economists. For Butlin there was no doubt that Keynes' novel analysis of the 'conditions of depression' produced concepts and a way of analysing the economy which would be of lasting significance.<sup>80</sup> Nevertheless he reminded 'Keynes worshippers among the young men' that the General Theory dealt only with the 'special case' of depression leaving the main body of 'particular equilibrium' theory untouched.<sup>81</sup> Butlin also noted the 'irritating and provocative discipleship' of those 'young men' who emphasised Keynes' stress on the 'non-automatic nature of capitalism' and entertained dangerous thoughts about 'conscious and purposive planning by the state'.<sup>82</sup> Keynes' impact ten years hence Butlin suggested - citing *The Economist* - would be the liberal rationale he provided for state economic intervention. Indirect regulation of the market through banking and fiscal policies would bring economic stability while preserving the 'eternal liberties of the unorganised individual'. For Butlin - again quoting *The Economist* - Keynes was a 'liberal' whose 'philosophy was to control the economic weather, not to issue detailed instructions about who should have umbrellas'.<sup>83</sup>

Publications by professional economists in the period contain few examples of opposition to the tide of 'conscious and purposive planning'. It is notable that in the papers of the Economic Society the clearest examples were offered by outsiders to the profession. Thus at the 1945 Winter School on 'Full Employment', R Thompson M L C representing the employers' view, expressed his constituency's annoyance at the 'peculiar ideas' of the 'planners' and 'controllers' in government and bureaucracy and warned that employers were determined not to be used as 'guinea pigs'. He suggested that the result of the 1944 referendum ought remind economists that talk of planning was but 'fond' imagination.<sup>84</sup> An equally bracing message was offered to the 1947 forum

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dealing with social services. In Hayekian vein, W C Wentworth M H R argued that all policies which increased the power of the state raised the spectre of totalitarianism. The doctrine of Original Sin meant that state authority would be corrupted by human nature, thus demonstrating for Wentworth the impossibility of democratic socialism. Proponents of increased measures of social services, he continued, had forgotten Aeschylus' lesson on the 'teaching urge of pain as the "mercy of God"'.<sup>85</sup> The socialist trend in economic thought over the previous forty years, welcomed by Arndt at the same forum, had led society, according to Wentworth, to the brink of an 'abyss': 'The initial slope was gentle and innocent, so that the first part of the descent could plausibly be presented as progress. Gradually it steepened; the nations which have gone furthest are already over the cliff into the Totalitarian Sea'.<sup>86</sup>

Arndt (1969) recalls that in those early post-war years 'the cries of the Hayeks' that democratic socialism represented the 'Road to Serfdom' seemed 'ludicrous scare-mongering, if nothing worse'<sup>87</sup>. So out of favour were conservative political principles among economists, that the task of refurbishing liberal economic thought in Australia was largely begun outside the profession. The key role of the Institute of Public Affairs in this regard has received some attention from historians. Hay (1981) has analysed the IPA publication *Looking Forward* (1944) - being the business community's major contribution to the Post-war Reconstruction debate.<sup>88</sup> In 'Liberalism and Conservatism in Australia' D Kemp briefly considers the role of the Institute in equipping the new Liberal Party of Australia with economic policies for their assault on 'socialism'; while M Simms (1982) provides a more extended treatment of the same theme.<sup>89</sup> Simms sums up the post-war policy goal of the IPA as the creation of a 'new liberalism'. Quoting Menzies she explains: 'Anti-socialism was not in itself enough ... A positive policy of liberalism was necessary'.<sup>90</sup> These accounts were not concerned with the detail of the developments in economic thought.

According to Simms, the Victorian branch of the IPA played the major role in remaking Liberal party policy. Established in 1943 to 'conduct public relations on behalf of the manufacturing industry', the IPA (Vic) followed *Looking Forward* (1944) with a series of publications on economic policy: *Taxation in the Post-war Years*, *Increased Production, Profit Income and Living Standards*, *A Report on the 40-Hour week*, before commencing in 1947 the journal, *The IPA Review*. D Kemp (1988) indicates that the 'principal policy work was done by C D Kemp 'an economist who had studied at Melbourne University under D B Copland and L F Giblin'.<sup>91</sup> With Kemp on the editorial committee of the *Review* were G H Grimwade, F E Lampe, and G R Mountain. *The IPA Review*, while populist in character, presents a particularly valuable source of the business community's perception of the need to take the post-war initiative in social

policy from the 'socialists' by recasting the 'Keynesian Revolution' in the mould of a 'new liberalism'.

In 1948, said the **IPA Review**, the political pendulum had for 'so long and so decisively pointed to the left' in Australia that many had thought it would never again return to the right.<sup>92</sup> This leftward move, the authors believed, with its 'socialist' goal of a planned economy would not have been possible without the 'inspiration' and 'technique' of the economists. The Labor government had relied heavily on a profession whose ideas the business community found alien. In the previous ten years, the **Review** claimed, it was a rare economist who espoused the 'virtues of old time liberalism' or contested the 'socialist view of society'.<sup>93</sup> This view of the political character of the profession is in accord with Arndt's recollection noted earlier. But in 1948, believed the **Review**, there were 'signs and portents' of a change in the political climate.<sup>94</sup>

In particular the **Review** observed what it called the beginnings of an 'intellectual revolt' against planning in the work of four British economists: D H Robertson, Lionel Robbins, R H Harrod and J Jewkes. Their writing highlighted what they saw as significant failures in the post-war British planning experiments. The **Review** hoped that such a critique would prove more damaging than Hayek's more philosophical reflections on the nature of freedom. The new criticism focussed on the difficulties government had experienced in gaining the same cooperation from interest groups in peacetime as had been received in war, and the dire consequences of policy errors when decision making was excessively centralised. The attraction of the 'revolt' politically to the **Review** lay in the fact that these economists made no plea for a return to the pre-war relationship between private enterprise and the state. Governments, they thought, could rightly plan to guarantee full employment and social security by fiscal and monetary controls, some public works and a measure of social services; but, it was now argued, experience had now shown that too much planning could jeopardise progress. This was best ensured by leaving decision making dispersed in the free market.<sup>95</sup> In 1949 the **Review** added to their list of British economists in revolt the name of James Meade, the title of whose book **Planning and the Price Mechanism, The Liberal Socialist Solution** indicates the 'new liberal' framework for economic policy which the IPA had been seeking.<sup>96</sup> The new liberalism would not only revitalise the belief that a market economy was more efficient and productive, but could steal the planners' language of reform with a guarantee of full employment and social services. In 1949 the **Review** underlined the new identity with the phrase, 'We are all planners now'.<sup>97</sup>

The **Review** writers were encouraged in their assessment of a shift to the right by the political pendulum through their perception of an important structural change in

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Australian society. In 1947 Arndt had proposed that democratic socialism was a political imperative given the rise to power of the working class. In 1948 and 1949 the Review found reasons to believe that this 'political datum' was altering. In particular they considered that a process of social levelling had occurred since 1939 in which gains by lower income groups had most disadvantaged the middle sectors. Income differentials had so narrowed, they wrote, that it was 'as if a giant had taken hold of the income structure and pressed it together, concertina-like ...'.<sup>98</sup> The levelling process had been hastened by inflation and the new tax structures which, they said, most effected the middle income earners; among whom they listed, teachers, university professors, doctors, lawyers, clergymen, scientists, engineers, architects, salaried executives and administrators. These the Review, in a chorus to R G Menzies, proclaimed 'the forgotten men', 'the vanishing race'.<sup>99</sup> The IPA hoped that these would resist the levelling policies and rise to defend their 'traditional privileges'.<sup>100</sup> Businessmen, the Review advised, should support the 'forgotten men' - a group they had tended to ignore.<sup>101</sup> More generally, the journal constantly reminded employers that the success of the 'new liberalism' depended on their 'playing the game' with their consumers and employees. This meant forsaking 'exorbitant profits' and encouraging an industrial partnership with their workers.<sup>102</sup> By the election year 1949, the writers of the IPA Review believed that the struggle between free enterprise and socialism was 'fast approaching its climacteric' in which the future shape of the economic life of Australia would be decided 'for good and all'.<sup>103</sup>

If the business community had been estranged from the economic profession, the relationship was to be improved with the return to Australia in 1948 of D B Copland on the completion of ambassadorial duties in China. His comparatively cautious acceptance of Keynesianism was noted in Smyth (1988) in relation to *The Road to High Employment* (1945). Remembered by Arndt as 'for long the dominant figure in Australian economics' and described by Campbell Garnett in 1949 as 'the leading figure' in the profession with views more in keeping with the Liberal and Country parties than the Labor government, Copland's elaboration of the critique of planning at the end of the decade lent substance to the new liberal program being devised by the IPA.<sup>104</sup>

It is significant that C D Kemp received his training in economics at the School of Economics and Commerce at the University of Melbourne. Arndt writes that the economics taught at Melbourne differed that at other universities. 'Its economists,' he says, 'had much closer links with the business community' and accordingly emphasised commerce and accounting in their courses whereas others 'were more inclined to treat the study of economics as professional training in economic management'.<sup>105</sup> Helen Bourke (1988) has also noticed the Melbourne peculiarity. When establishing his course

in 1925, she observes, Copland resisted the fashion set by the WEA intellectuals such as Anderson, Irvine, Northcott and Atkinson to integrate sociology and economics. Copland, Bourke writes, regarded sociology as 'eclectic and amorphous' and was keen to recommend the 'scientific accuracy' of economic analysis to the business community.<sup>106</sup> Copland (1951) himself confirms these impressions of what he says 'we may call the "Melbourne School"'. He recalled Frederick Eggleston's unsuccessful attempt to link economics with a 'social philosophy' and concedes that perhaps the school had given 'undue emphasis' to 'descriptive and empirical studies'. The less 'theoretical approach' he explains as the result of the 'material assistance' received from and 'fairly close liaison' established with the 'business world'. Nevertheless he concludes, without that approach it would not have been possible 'to have influenced public policy as much as was the case'.<sup>107</sup> With this background Copland was well placed to aid the business community in their quest for 'a new liberal' economic philosophy in the changing political climate of the late 1940s.

If the Keynesian-Fabians were looking down the democratic road to socialism, Copland returned from China with a very different view of Australia's future, a view expounded in his book *Back to Earth in Economics Australia 1948* and in an article for *The IPA Review*, 'The Limits of Social Control'. In *Back to Earth* Copland set out to puncture the belief that a wave of post-war prosperity was carrying Australia towards an economic 'Golden Age'.<sup>108</sup> He likened the economic conditions to those which prevailed prior to the Great Depression. The new prosperity was artificial, resulting from massive increases in export earnings from primary products, just as the boom of the 1920s had depended on overseas borrowings.<sup>109</sup> Further the opportunity for real growth in the economy was being frittered away by slack levels of production and the direction of investment to consumer goods. The greatest danger lay in the inflationary pressures being created by wage increases and the war-time back log in domestic demand. Keynesian methods, he judged, could be given no credit for the wave of prosperity nor was he hopeful that they would be salvific in a future crisis.<sup>110</sup> In fact certain Keynesian policies were fuelling the current problems.

First, slack productivity in the face of intense demand had much to do, he thought, with the government's full employment policy. 'Undoubtedly destructive of good labour standards', he wrote, full employment caused absenteeism, low output and wasteful labour turnover, leading to 'bottlenecks' in supply.<sup>111</sup> Second, there was the problem of administering 'checks to inflation'. Copland explained the Australian approach by comparison with the United States and Russia. The former had quickly removed war-time economic controls trusting 'to its productive system to make up the backlog' in demand. The latter had enforced cuts in incomes and money values. Both responses he

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thought successful although a wage-price spiral was a concern in the US, while in Russia the enforcement of discipline had been necessary. Australia, he judged, had followed the 'compromise policy' adopted by various Western democracies with elements of 'social control' mixed with a 'large measure of private initiative'. This compromise he thought 'inevitable' given the 'general principles of social justice to which Australia had ascribed even prior to the war'.<sup>112</sup> Nevertheless unless Australia addressed the issue of low productivity her full employment policies would last only as long as export prices remained high.<sup>113</sup> While the economy needed 'a revival of the pioneering spirit' to boost real growth, the Labor government in Copland's view was obsessed with the issue of social security. It was time for them to emerge from their 'Depression psychology'.<sup>114</sup>

Copland's opposition to the 'planners' was more explicit in 'The Limits to Social Control' (1949). More an essay in political journalism it signifies the new confidence among the Keynesian-liberals. Emphasising that a 'mixed economy' was inevitable given the 'political beliefs' of Australians, he claimed nevertheless that the balance of power in the new 'social justice state' had shifted too far towards the state.<sup>115</sup> The time had come, he announced, for a 'stay order in the extensions of state activity'. The limits of social control had been reached and the task now was to make a workable economy within the framework provided.<sup>116</sup>

Copland's call for a 'stay order' on extensions to government economic activity signals the revival of liberal economic thought in the closing years of the decade. S J Butlin's liberal reading of Keynes at the end of the war had been a conservative view in a profession imbued with ideas of 'purposive planning'. The revival appears to have been initiated outside the profession with the IPA pioneering a 'new liberalism' which avoided the critical extremes of the Hayeks and accommodated itself to the planning imperative by proposing a sufficient degree of government intervention to ensure high employment and social services but within a predominantly free enterprise economy. The strategy was given impetus by a critical reaction to planning among some British economists occasioned by difficulties encountered in effecting planning policies in the early post-war years. This critique opened the way for a re-assertion of the market mechanism as necessary for economic efficiency and the corresponding requirement of strict limits on government control. In this view of the 'mixed economy', championed in Australia by Copland, Keynesian policies provided the terminus of government economic planning not the first instalment of socialism.

In 1949 economic thought in Australia furnished a choice of futures. The differences were determined more by social and political assumptions than by techniques of



economic analysis. Thus opposing ethical notions of the 'Good Life' and political beliefs about the nature and role of government, together with conflicting concerns about the respective welfare of the working class, middle income groups and the business community, had fashioned a 'road to socialism' and a 'stay order' on government economic activity. At the same time these differences did not so effect economic analysis as to produce the new paradigm of 'political economy' proposed by E R Walker. Political assumptions remained a preliminary to economic analysis which was conducted in the shared language of Keynesianism. Whether that language would be superseded in a 'Socialist Australia' or remain appropriate in a predominantly free enterprise economy was not something which would - in the words of E R Walker - be determined by 'economic science' but by the 'march of events and the development of public sentiment'.

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## NOTES

- 1 E R Walker (1947) p.389
- 2 Ibid p.390
- 3 Ibid p.341
- 4 Ibid p.395,396
- 5 Ibid p.397
- 6 Ibid p.403
- 7 Ibid p.403
- 8 Ibid p.416
- 9 J Harris (1987) p.3
- 10 S Alomes (1988) p.79
- 11 T Rowse (1978) p.151 (also AIPS, 1934, **National Economic Planning**; 1936, **What the Census Reveals**; 1937, **The Future of Immigration into Australia and New Zealand**; 1939, **Social Services in Australia**)
- 12 Ibid p.152
- 13 R Watts (1987) pp.112-114
- 14 J Harris op. cit., p.5
- 15 op. cit., p.5
- 16 op.cit., p.4
- 17 F A Bland (1945) p.91
- 18 R Wilson (1934) p.60
- 19 Ibid p.70
- 20 Ibid p.71-73
- 21 Ibid p.76-77 (cf J Salter, **The Framework of an Ordered Society**)
- 22 L Ross (1934) p.150
- 23 Ibid p.141,142
- 24 Ibid p.138
- 25 Ibid p.142
- 26 Ibid p.151
- 27 T Rowse op. cit., p.153

- 28 AIPS op. cit., e.g., the paper by G Portus
  - 29 R Watts op. cit., p.112,113
  - 30 F A Bland op. cit., p.67,68
  - 31 F A Bland op. cit., p. 69
  - 32 C H Currey (1946) p.47 (re F A Bland, op. cit., 2nd ed. 1945)
  - 33 D Kemp (1988) p.328; M Simms (1982) p.36
  - 34 K Baier, F Gruen (1945) p.139
  - 35 Ibid p.142
  - 36 P H Partridge (1946) p.162
  - 37 Ibid p.167
  - 38 Ibid p.166
  - 39 Ibid p.163
  - 40 Ibid p.164-165
  - 41 R S Parker (1947) p.313
  - 42 Ibid
  - 43 L Ross (1947) p.69
  - 44 Ibid p.70
  - 45 Ibid p.76
  - 46 Ibid p.81
  - 47 Ibid p.81
  - 48 A J Lowndes (1947) p.81-86
  - 49 J D B Miller (1947) p.99-100
  - 50 J Harris op. cit., p.33-35
  - 51 A Campbell Garnett (1949) p.268
  - 52 Ibid p.270
  - 53 Ibid p.275
  - 54 Ibid p.280-281
  - 55 H W Arndt (1985) p.24
  - 56 H W Arndt (1969) p.28
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- 57 H W Arndt (1985) p.18,24
- 58 Economic Society of Australia and New Zealand (NSW) (1947) p.44
- 59 Ibid p.58
- 60 Ibid p.54-58
- 61 Ibid p.45-54
- 62 Ibid p.58-62
- 63 R Watts op. cit., p.65; R.Kuhn (1985) p.312
- 64 R Mendelsohn 'The Profit Motive', **Labor Digest**, June 1946, p.49
- 65 R Mendelsohn 'Social Services', **Labor Digest**, May 1946, p.49
- 66 R Mendelsohn 'Taxation', **Labor Digest**, July, 1946 p.49
- 67 R Mendelsohn 'Full Employment for all Australians', **Labor Digest**, June, 1945, p.13-17
- 68 R Mendelsohn 'Wages', **Labor Digest**, February 1946, p.49-54
- 69 R Mendelsohn 'Money', **Labor Digest**, March 1946, p.49-55
- 70 R Mendelsohn 'Taxation', **Labor Digest**, July 1946, p.49-54
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- 72 R Mendelsohn 'Price Controls', **Labor Digest**, Aug. 1946 p.49-54
- 73 R Mendelsohn 'Social Services', **Labor Digest**, May, 1946, p.49-54
- 74 The Fabian Society (NSW) (1949) p.31
- 75 Ibid p.4-10
- 76 Ibid p.18
- 77 Ibid p.18-24
- 78 Ibid p.25-30
- 79 H W Arndt (1969) p.29
- 80 Economic Society Australia and New Zealand (NSW) (1946) p.16
- 81 Ibid p.13,16
- 82 Ibid p.16 (reference to **The Economist** not provided)
- 83 Ibid p.17
- 84 Economic Society of Australia and New Zealand (NSW) (1945) p.36

- 85 Economic Society (1947) op. cit., p.78,82  
86 Ibid p.85  
87 H W Arndt (1969) p.29  
88 R Hay (1981)  
89 D Kemp (1988) p327f; M Simms (1982)  
90 M Simms (1982) p.11  
91 D Kemp (1988) p.328  
92 **The IPA Review**, Vol 2, February 1948, p.1  
93 **The IPA Review**, Vol 2, June 1948, p.57  
94 **The IPA Review**, Vol 2, February 1948, p.1  
95 **The IPA Review**, Vol 2, June 1948, p.57-69  
96 **The IPA Review**, Vol 3, March-April, 1949 p.53  
97 **The IPA Review**, Vol 3, March-April, 1949 p.51  
98 **The IPA Review**, Vol 1, October, 1947 p.18  
99 **The IPA Review**, Vol 2, October, 1948 p127; *ibid* p.16  
100 *Ibid* p.133  
101 *Ibid* p.130  
102 Vol 2, November-December 1948 p.1  
103 Vol 3, March-April 1949 p.46  
104 H W Arndt (1985) p.18; A Campbell Garnett (1949) p.187,189  
105 H W Arndt (1985) p.24  
106 H Bourke (1988) p.56  
107 D B Copland (1951) p.11  
108 D B Copland (1948) p.1  
109 *Ibid* p.4  
110 *Ibid* p.11  
111 *Ibid* p.10  
112 *Ibid* p.11-16  
113 *Ibid* p.20
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114 Ibid p.43

115 D B Copland (1949) p.156,158

116 Ibid p.160

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