POLITICAL ECONOMY OF DEVELOPMENT AT THE UNIVERSITY OF SYDNEY

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This article presents a short history of the evolution of the teaching of Development Economics and the Political Economy of Development in the specific context of Sydney Political Economy. It is not about the underlying and evolving contest between neoclassical, 'mainstream', or 'orthodox' perspectives as distinct from heterodox ones: other articles in this issue of the journal deal with those more general matters. Rather, it is about how the Sydney political economists handled the challenge of teaching about the economic development of poor countries connected variously with the rich capitalist countries. It emphasises the intrinsically important and interesting character of the subject, as well as its innate relationship to the broader concerns and characteristics of the movement for political economy.

Prior to the 1970s – before the Australian Political Economy Movement was born – the development of poor economies was already among the topics being taught within the then-Department of Economics. It also had a place in the purview of the then-adjacent Departments of Economic History and Government and Public Administration within the Faculty of Economics (as it was then still known). However, in the curricula of economics departments in Europe and the United States, a distinct subject of 'development economics' had begun to emerge in the wake of the work of W.A. Lewis (1954). This field of study had to do with the challenges of *the development of poor and 'undeveloped' economies*. It recognised the coexistence of such economies with the continued advance and increasing prosperity of other capitalist economies but was loth to acknowledge a causal relationship between the riches of some and the poverty of others.

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In the Department of Economics at the University of Sydney, these challenges were being addressed by Ted Wheelwright within the Department of Economics (along with Ken Buckley in Economic History).

The appointment of Warren Hogan (Snr) and Colin Simkin as the two senior Economics professors in the late 1960s, however, began a process of change to the whole curriculum. With the backing of the Vice Chancellor, these two professors (who took turns as Head of Department) embarked on a staff recruitment drive for new lecturer appointments; and they brought some new specialisations onto the menu of courses taught within the Department. One of these was 'development economics', the inauguration of which involved the appointment of two new lecturers, Debesh Bhattacharya and myself.

Some personal asides

Prior to being recruited to Sydney in 1970, I had been working for the Development Centre of the Organisation for Economic Cooperation and Development in Paris. The Centre served the members of the OECD who were aid donors and formed the Development Assistance Committee. It was under the academic direction of Montague Yudelman, who later joined Robert McNamara as a special assistant in regard to agriculture when the latter took over the Presidency of the World Bank. It goes without saying that the Centre was not a hotbed of left radicalism. Nonetheless, it did advance positions and arguments concerned with independent development (Yudelman *et al*. 1972). Among its most impressive Fellows was Angus Madison (Madison 2006), who had been responsible, incidentally, for recruiting me to the Centre as I was about to submit my dissertation at UC Berkeley. When I sought to return to Australia after my time at the Development Centre of the OECD, I imagine I was seen by the professors of economics at the University of Sydney as someone with an exposure to contemporary debates (and as someone thought likely to be a 'liberal' rather than a 'radical' – in which expectation they were disappointed).

Within a couple of years, the two newly appointed 'development economists' had made common cause with other newcomers at the time (Frank Stilwell and then, a little later, Evan Jones) and some academics already in post who were not enamoured of the direction in which Hogan and Simkin had taken the Department, namely Margaret Power, Hugh

Pritchard, Maurice and Louis Haddad, Geelum Simpson-Lee, and Wheelwright, of course. We formed the dissident 'political economy' faction in the Department. The four newcomers also became associated rapidly with the campaign to end the American War in Vietnam and Australia's role in that war (the Vietnam Moratoria of 1970 and 1971), as well as local campaigns against continued nuclear bomb testing in the Pacific, opposing apartheid in South Africa, and much else besides. In these and other activities, we were 'fellow travellers' with the Communist Party of Australia, being contributors to its publications (*The Tribune* and the *Australian Left Review*), and members of the Association for International Cooperation and Disarmament (the AICD – later named People for Nuclear Disarmament or PND).

We early dissidents were joined by Stuart Rosewarne and Dick Bryan as 'the struggle for political economy' gained pace into the 1980s.

Development Economics in the 1950's

At the time of the beginning of 'the struggle for Political Economy' at the University of Sydney, the conventional understanding of 'development economics' was that it was about prescriptions for the structural and institutional development of an economy. Thus, it was concerned with (a) the transfer of resources within a dual economy – from the traditional and 'backward' part of an economy to the modern part – from industries in which labour productivity is low to areas of relatively high productivity; and (b) 'getting prices right', in the sense of ensuring that actual prices reflect 'shadow prices' or opportunity costs. The 'right prices' would be made evident if markets were free of distortions such as state 'interventions' and if market failures were avoided or corrected. A major contributor to 'the birth of development economics' was the remarkable W. Arthur Lewis, a Fabian socialist and humanitarian, whose conception of development economics came to include economic planning (Tignor 2020; Lewis 1954).

However, the conventional understanding of the subject had become firmly neoclassical in orientation by the 1960s, reflecting the influence of Lionel Robbins and Friedrich Hayek of the London School of Economics (where Lewis had been an unconverted undergraduate student and junior member of staff). Happily, the neoclassical orientation was countered

among some young economists by the work of scholars such as Gunnar Myrdal and Paul Baran (Myrdal 1968; Baran 1957).

Ted Wheelwright's influence

Within Sydney University's Faculty of Economics, challenges to the conventional perceptions of development were mounted by Ted Wheelwright in the Department of Economics and Ken Buckley in the Department of Economic History, and a little later by Debesh Bhattacharya. Ted Wheelwright was the most senior of the dissidents in the Department of Economics and his influence was important. Although he did not actually teach directly on economic development, he had a strong interest in development issues and 'on the ground experience' through his advisory work in Argentina and Malaysia. Phil O'Hara (O'Hara 2010), like many others, has described Wheelwright as the 'father' of 'radical political economy' in Australia and, quoting Jock Collins, as a 'figurehead for the political economy movement'. While this may be hyperbole, Wheelwright was, with Ken Buckley, a source of great knowledge for his younger colleagues of the nature of the political economy of Australian capitalism and an inspiration. Wheelwright and Buckley subsequently collaborated in, for example, the editing of five volumes of *Essays in the Political Economy of Australian Capitalism* published between 1978 and 1983 (Wheelwright 1978-83).

Wheelwright's study of foreign direct investment in Australia led to his elaboration of the idea of 'client states' and to his obtaining support for the Transnational Corporations Research Project (TCRP) at the University of Sydney. Under the aegis of the TCRP, Wheelwright undertook various studies with Greg Crough (an early participant in the Australian Political Economy Movement), Ernst Utrecht, Malcolm Caldwell, Kate Short and others. The thrust of this work was consistent with Andre Gunter Frank's 'development of underdevelopment' (Frank 1989). Wheelwright co-wrote with Bruce Macfarlane a study of Chinese socialist development (Wheelwright & McFarlane 1969), but little that explicitly bears a stamp of 'the political economy' of poor counties in what was to become known as 'the Third World'. That having been said, though, O'Hara stressed that Wheelwright was concerned to place the history of Australian capitalism firmly within a 'global and regional context'.

Debesh Bhattacharya and the NIEO

By the time I joined the staff of the Economics department in 1970, Debesh Bhattacharya was already teaching a course in development economics to undergraduate students. His version of the field emphasised the idea of a New International Economic Order (NIEO) in which 'underdeveloped' or 'developing' economies would realise their collective bargaining strength in their dealings with rich capitalist countries (in other words, that 'South countries' should unite against the 'North countries'). That idea had been promoted notably at the 1955 Bandung Conference of representatives of 29 African and Asian countries, together then accounting for 54 percent of the world's population. The conference was held in Bandung, Java, at the instigation of then-President Soekarno of Indonesia; and its stated aims were to promote Afro-Asian economic and cultural cooperation and to oppose colonialism or neocolonialism by any nation. The conference was a step towards the eventual creation of the Non-Aligned Movement (NAM), which in turn led to the 'Group of 77' non-aligned countries (although the present membership is actually 134) which was formed in 1965 at the UN Conference on Trade and Development.

This was a period in which 'the Third World' came to be accepted as a characterisation of the group of poor countries that had recently become notionally 'independent' of European empires (plus the US in the case of The Philippines) – the so-called First World. It did not include countries that had moved from Russian Czarist imperial rule to becoming parts of the Soviet Union or countries beholden to the USSR – the Warsaw Pact countries, or the so-called Second World. The countries of Central and South America were generally included within the Third World group, although most of these countries had long been formally independent of erstwhile, mainly Iberian, rulers. The countries of the Third World came increasingly to be known as 'the Global South' or 'the South countries'.

Bhattacharya argued in his book, *Economic Development and Underdevelopment* (Bhattacharya 1989*),* the neo-Marxist position that 'the basic problem facing developing countries is structural, arising from the metropolitan centre/colonial periphery relationship', and that there is consequently a strong case for a NIEO. He also argued that, in view of the conditions of the poor in developing countries and the egregiously grasping behaviour of ruling elites in the developing countries, the case for a new domestic order within developing economies is 'even stronger'.

While adopting a neo-Marxist paradigm, Bhattacharya also decried the failure of neo-Marxists, as he saw it, to study the negative role played by the elites. He called for 'partnership between social groups' against them.

Neo-Marxism

Different approaches to understanding development emerged at the University of Sydney as the political economists, bit by bit, came to exert influence and eventually control over setting the curriculum. Two different modes of understanding the political economy of development became most prominent in the teaching of the Political Economy of Development (PED) program at the University of Sydney. These are, first, the neo-Marxism of Baran, Sweezy and others at *Monthly Review* and, second, the developmental role of the nation-state. By 1950, the Prebisch-Singer thesis (Prebisch 1962) had emerged, according to which revenues were being transferred though deterioration of the terms of trade between developing and advanced countries. According to the thesis, the producers of the traditional exports of developing countries are price-takers and find that the prices they can command decline over time. Thus, the value of export production is transferred from the export industries of the developing countries to countries which import the goods. On the other hand, in the modern export industries of the advanced countries prices are maintained by monopoly power; and the export revenues are secured by the advanced countries' export companies and their workers. Paul Baran contributed substantially to 'dependency theory' with the publication of his *The Political Economy of Growth* in 1957. While Baran's neo-Marxist emphasis on 'monopoly capitalism' was sternly rejected by Nicholas Kaldor at the time (Kaldor 1958), others of Baran's bent were emerging, including other contributors to *Monthly Review* such as Paul Sweezy and Harry Magdoff and the redoubtable Andre Gunder Frank (Andreas Frank), who had graduated from the University of Chicago where his PhD thesis was supervised by Milton Friedman (!). Frank was one of a so-called 'gang of four', along with Arghiri Emmanuel, Immanuel Wallerstein, and Samir Amin, in this field of political economic analysis.

Other, less prominent perspectives employed in the teaching of the political economy of development included the perspectives of human rights and of patriarchy, such that the program may be called eclectic – for good or ill.

The developmental state

Especially since the publication of Chalmers Johnson's *MITI and the Japanese Miracle*, Wade's study of Taiwan in *Governing the Market*, and Alice Amsden's study of South Korea, *Asia's Next Giant* (Johnson 1982, 1999; Wade 1990, 2004; Amsden 1992), the study of the PED has re-established interest in the role of the nation-state in less developed countries and, not surprisingly, has run afoul of the Washington Consensus. This area of study was addressed mostly in postgraduate courses in PED within Sydney's Political Economy program. Robert Wade has visited the Discipline periodically. In 2004, in the wake of and to mark the publication of the second edition of *Governing the Market* and the new foreword, the National Chengchi University of Taiwan invited contributions from several who had been involved in the debate about the developmental state, along with a response by Wade, and published the set of papers (*Issues and Studies* 2004). In that response Wade wrote 'The contributions read like an animated conversation over a good dinner'. Among the contributors were Phil Toner and Gavan Butler from the Discipline of Political Economy and Linda Weiss and Elizabeth Thurbon of the Discipline of Government and International Relations at the University of Sydney.

Debates on the 'Washington consensus'

Alongside these issues in neo-Marxism and the developmental state, the evolution of PED teaching at the University of Sydney during the last 50 years reflected PE's position on the outskirts of a global drama of geopolitics in which The World Bank (or, more precisely, two of the five organisations now constituting the World Bank Group, namely the International Bank for Reconstruction and Development – the IBRD – and the International Development Association) has been a major player. The IBRD was an organisation created, along with the International Monetary Fund, by the Bretton Woods Conference in 1944, as the end of the Second World War was in sight, to establish a post-war international order. The power and influence of the organisation grew rapidly. Together with the IMF's financing conditions for monetary assistance to member countries, the IBRD asserted its authority in regard to strategies for the economic development of supplicant countries. Quite quickly, there developed a

'Washington consensus' in which, baldly stated, the strategic aim of 'development assistance' was to promote capitalism as the global mode of production. A major focal point for critical inquiry in PED has necessarily been this broad consensus of views among the World Bank, the IMF and the US Administration regarding how poor countries can develop. Since the beginning of the present century, it has become common to speak of a 'post-Washington Consensus', indicating that the preferred development for poor countries should encompass a greater degree of social development than hitherto; but whether this second consensus is essentially any different from its predecessor is a moot question.

The so-called consensus, in both its phases, has been met with vigorous opposition, recurrently questioning whether its prescriptions are appropriate. The Nobel laureate Joseph Stiglitz became disillusioned with the Bank while serving as its chief economist and was forced to resign: his disillusionment is evident in his celebrated *Globalization and its Discontents* (Stiglitz 2015). In the face of the proponents of the developmental state, particularly the Japanese government, the Bank published its claim for the efficacy of its policies in *The East Asian Miracle* (World Bank 1993). Robert Wade, as one of the chief proponents of the alternative view that it was developmental states that were efficacious in achieving the 'miracle', described the Bank's proselytising as what he disparagingly termed 'the art of paradigm maintenance' (1996, 2002, 2003). Numerous other critics have weighed into the debates too. For PED teaching at Sydney, we were fortunate for a while to have had a colleague, Susan Engel, a visitor from the University of Wollongong who had considerable knowledge of and insight into the World Bank and the impact of its policies on Vietnam and Indonesia (Engel 2007).

Collaborations, academic visitors and internal tensions

Various other 'external' connections and influences also helped to shape the approach to Political Economy of Development at the University of Sydney. During the 1970s, there was a close collaboration between some in the PE group and staff of the ABC's Lateline (radio) Program led by Alan Ashbolt and thence Bob Debus (later head of Community Aid Abroad – which became Oxfam Community Aid Abroad – and thereafter Attorney-General of NSW and a Federal Minister). The edited book of transcripts of interviews was called *Political Economy of Development* (Debus and

Merson 1977). The list of interviewees represents a 'who's who' of experts in the theory of third world development and underdevelopment' during the 1970s (as Dick Bryan observed – but, as he also observed, there was not much Marxism in the collected interviews). The list includes two of the early members of the political economy group at the University of Sydney – Wheelwright and Bhattacharya. Transcripts being what they are, the interviewees' contributions sometimes fail to do justice to their views.

There was also a limited collaboration between members of the political economy group and other academics within the Faculty of Economics. For example, Michael Leigh joined me in teaching a development course in the Honours program of the then-Department of Economics that included study of the development experiences of countries of Southeast Asia of which Michael had immediate knowledge. That there was not more extensive collaboration with other members of the Faculty, especially in the Department of Government and Public Administration (as it was then known), is testimony to the frictions between the political economy group and others in the Faculty that developed over 'the struggle for political economy'. With the later removal of the two departments of Political Economy and Government and International Relations (GIR) from the Faculty of Economics to a new School of Social and Political Sciences in the renamed Faculty of Arts (now the Faculty of Arts and Social Sciences), some structures of cooperation do now exist. Members of both disciplines are active in the Australian International Political Economy Network or AIPEN.[1]

Some further influence on the teaching of development and other specialisations is attributable to academic visitors to the University of Sydney, both long-term and short-term. Over the years, the long-term visitors have taken part in teaching in the political economy program and have incorporated their own viewpoints and nuances. These visitors included Shaun Hargreaves-Heap, Sue Himmelweit, Simon Mohun, Rhys Jenkins, Yanis Varoufakis**,** Makato Itoh, and Susan Engel. Another early visitor was Walden Bello, who had come to Sydney to present the first in what was to be an annual series of Wheelwright memorial lectures. Both

[1] For more information, see: *https://www.ppesydney.net/australian-international-political-economy-network-aipen/*.

Rhys Jenkins from the University of Essex, UK, and Susan Engel contributed directly to teaching the political economy of development.

The visitors' viewpoints were diverse, of course. So, too, was there a diversity of emphases within the Political Economy group, to the extent that there were tensions. One constant tension within the Political Economy group was between some members whose approach was Marxian, in the sense of being rooted in value theory, and those who adopted a neo-Marxist approach which endorsed the idea of class conflict in production while also accepting the importance of degrees of monopoly in production and the disposition of economic surplus (a 'surplus orientation').

The tension was most clearly acknowledged in the teaching of the core second-year undergraduate course in the Political Economy program, but was a feature of the program more broadly. In the teaching of the Political Economy of Development, for example, students had to manage the contrast of Bill Warren's approach with that of dependency theorists. Warren's approach could be summed up in terms of the argument that the apparent diversity of modes and degrees of development across the globe is the essentially uneven nature of development of innate capitalism but within a range of experiences and conditions (including dependency on more powerful countries across the globe). When Dick Bryan retired (in 2016), he conceded the aridity of value theory (Bryan 2016) but not the validity of a neo-Marxist approach to the nature of the development of capitalism (Bryan spoke at that time of his conviction that Marxian theory has to 'take financial innovation seriously' and to incorporate the world of finance – thus of securities and securitisation, the creation of value without labour, risk as a commodity).

The Journal of Australian Political Economy

The role of this journal – with its base at the University of Sydney, initially in the Faculty of Economics and, later, the Faculty of Arts and Social Sciences, despite the journal's being formally nationwide from its inception – has always been important in relation to the political economy program. Numerous interesting contributors have written on a wide range of topics. That having been said, the number of published articles explicitly addressing the Political Economy of Development has been quite small. In the first twenty years of its existence, *JAPE* published Ernst

Utrecht on the Political Economy of ASEAN (Number 1), Bill Warren on the Postwar Economic Experience of the Third World (Number 3), Bob Catley on Imperialism and Development (Number 6), and Dick Bryan (Number 2), prior to his joining the Political Economy group in Sydney, in a review of the Political Economy of Development (see below). Warren took a critical position (Warren 1978) on neo-Marxism and dependency theory, and Bryan was especially critical of what he saw as the nationalism of Ted Wheelwright. In later issues of *JAPE*, there did appear a few more papers on the Political Economy of Development, including reviews by Walden Bello and Joe Collins of two books by Franklin Obeng-Odoom (previously a PhD student in Political Economy), the first on property, institutions and social stratification and the second on migration, in an African setting. Obeng-Odoom was also the guest editor of one issue of *JAPE* (Obeng-Odoom 2016-17) in which the majority of articles had to do with PED.

The PED curricula of recent times

The political economy of development continues to be a feature of study and research programs almost everywhere that political economists congregate in sufficient numbers. In a world of glaring economic inequalities, how could it sensibly be otherwise? At the University of Sydney in recent times, the undergraduate offerings in The Political Economy of Development have included Development and Environment in India, Global Capitalism: Uneven Development, and Global Development. In the Master's program, the further offerings have included Global Capitalism: Uneven Development; Economic Development: Growth and Wellbeing, and China in the Global Economy. The curricula at both undergraduate and Master's levels have been influenced by the research interests of those members of the Political Economy discipline already mentioned in this article and by those of Elizabeth Hill (including the roles of gender and the generally overlooked contributions of women to development, especially in South Asia), Tim Anderson (including human rights in development), and newer members of the discipline. PhD students interested in the Political Economy of Development have studied and written theses on a diverse range of subjects reflecting the diversity of interests of the academics in the Political Economy discipline. In these

various ways, the teaching of this branch of political economy features distinctively in the overall Political Economy program.

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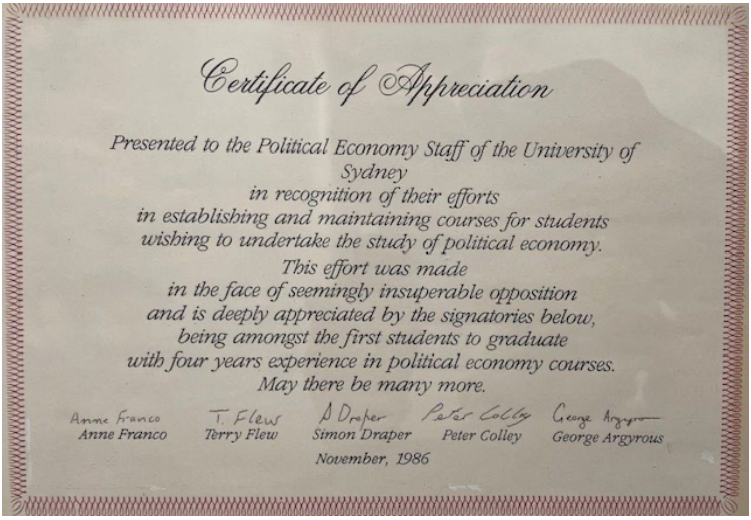

Certificate of Appreciation

Presented to the Political Economy Staff of the University of Sydney
in recognition of their efforts
in establishing and maintaining courses for students
wishing to undertake the study of political economy.
This effort was made
in the face of seemingly insuperable opposition
and is deeply appreciated by the signatories below,
being amongst the first students to graduate
with four years experience in political economy courses.
May there be many more.

Anne Franco — Anne Franco
T. Flew — Terry Flew
S Draper — Simon Draper
Peter Colley — Peter Colley
George Argyrous — George Argyrous

November, 1986