TWO CHEERS FOR EMPIRICISM

Evan Jones

Theory has an inflated status in the academic social sciences. Mainstream economics is the exemplar of this tendency, but Political Economy is not immune. There appears to be a psychological imperative that demands the establishment of general principles that transcend time and place. Even if theory is generalised from induction, it tends to become ossified and axiomatic with its origins ignored.

This article is a polemic on the merits of empiricism. It reflects my view that taking theoretical pluralism as the initial pedagogical focus in teaching Political Economy offers no escape from the failures of particular theories or paradigms. Luciano Carment (2026), in this journal, offers a convincing critique of 'pluralism by juxtaposition' (as in first semester, first year PE). He provides a thoughtful analysis of 'integrated' theoretical pluralism as a potential device for pedagogy, understanding and action.

In this context, I prefer (without fully developing the argument here) a downgrading of the treatment of Neoclassical economics in any such attempt. Neoclassical economics is a product of methodological and ideological biases; its continuing academic dominance requires a sociological explanation. It should be accorded special treatment for its methodological/ideological character, rather than being accorded the respect of being considered alongside useful political economic analyses.

The privileging of theory *per se* is the deeper problem. Instead, empirics should be the central focus of the Political Economy syllabus, from which theory/ies may be introduced where appropriate. One is aware of the philosophical problems with empiricism, so one seeks a less definitive platform. One seeks not truths but plausible stories, more convincing than others but which are open to enrichment.

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Some champions of 'empiricism'

Empiricism in economics has had numerous advocates. As Chakrabarti (2024) notes, Richard Jones (1790-1855) was a contemporary critic of the 'Ricardian vice' (Joseph Schumpeter's term for the tendency to over-simplify complex economic reality by developing theory based on unrealistic assumptions). Although little published, Jones had Ricardo's number.

R.J. Hall and C.J. Hitch were Oxford University economists. Oxford being also an industrial town, they left their monastic quarters to ask local manufacturers how they priced their products, finding that they typically adopted a 'cost plus mark-up' approach (Hall and Hitch 1939). Hall and Hitch were denounced in the economics profession for their impertinence (including by Fritz Machlup, who defended marginalism) but cost-plus pricing subsequently found favour among post-Keynesians.

Within Marxism, Derek Sayer has assertively posited a particular interpretation of the oeuvre of Marx and Engels (Sayer 1987). Sayer sees the building blocks of historical materialism as a grand abstraction, transhistorical. He takes issues with 'structuralist' Marxists (Cohen, Althusser, Hindess and Hirst), claiming that the 'meat' of the grand skeletal abstraction must be found through historical inquiry. Sayer argued for 'a minimum of *a priori* theory, and the use of empirically open general categories which are analytically capable of letting the real world in' (1987: 147)

E.P. Thompson's Marxism, rooted in history, is worlds apart from Althusser's Marxism, favoured in the 1970s (Thompson 1978; Jones 1983b). An excellent example of Thompson's empirical grounding is his dogged exploration of 'The Moral Economy of the English Crowd in the Eighteenth Century' (1971, 1993). Thompson documents the regular rioting in the people's fight for an adequate and unadulterated supply of bread and at a reasonable price. The rioters perennially gained tolerance (if reluctant) from gentry magistrates who valued order and were not entirely admiring of the rising merchant class and grower opportunism. Embedded cultures are a neglected part of the mainstream economic historian's story. This is class struggle not in the abstract but on the ground.

Spending study leaves in the US during 1979 and 1981, I started reading widely on that country's capital-labour conflict in the context of the still-raging Cold War. In Jones (1983b), I used the example of US history from

the 1930s to the 1950s, showing that only close historical scrutiny could expose the dramatic economic, political and social cycle of those three decades and the evolving balance of forces of capital and labour. Capital prevails in the end but by a complex and unpredicted route. The resulting American political economy was well summarised by Gabriel Kolko (1976: Ch.9) – *not* an economist – and encapsulated in the outgoing President Dwight Eisenhower's phrase, the 'military-industrial complex'.

A personal trajectory

My epistemological and methodological orientation to an empirical approach follows not from herculean detachment but in considerable measure from my personal trajectory.

As an undergraduate lacking maturity, I found economic history too complex and felt more at home with theory and mathematics. With a then-rare mathematics component in an Economics degree, I was invited in 1967 to do post-graduate study in the US. Off I went, for more economic theory and econometric theory. For my dissertation, lacking other skills, I turned to something purely theoretical (and neoclassical), which resulted in a thesis titled 'On the Microeconomic Theory of Optimal Capital Accumulation' (using the calculus of variations). It was about 85 percent rubbish. The useful component of it provided indirect lessons in methodology and the main lesson was that Neoclassical economics was an unqualified dead end.

In January 1973, I obtained a lecturer position at Sydney University on the strength of my orthodox credentials. I then had to re-educate myself from scratch. The times were propitious, as the Economics Department was then in turmoil (Butler *et al.* 2009); and the demands for separate courses in Political Economy played out at all administrative levels within the University. My first involvement in that process was with methodology. A seminar within the Economics Department in March 1975 was held at which differences were to be thrashed out by 'civilised discourse' on matters methodological, and to which I made a substantive contribution. My views were later selectively published (Jones 1977, 1994). Their central point was to highlight the deception and/or indifference of the orthodox priesthood with respect to the faulty methodological underpinnings of its creed. This analysis allowed me to cut myself completely from my orthodox upbringing. It also led to the view that

methodological issues deserve to be handled somewhere in the syllabus – and definitely on the agenda for Honours students.

Then there's econometrics. In the post-War era, econometrics was seen as the 'great white hope' to empirically ground and discriminate between theoretical conjectures.[1] That optimism was severely tested during the sustained battle between the Monetarist and Keynesian camps regarding the empirical veracity of their macro-theoretical structures, particularly for explaining of aggregate economy fluctuations (Wilber 1979). Protagonists were hoping for a decisive victory that would elevate their conceptual apparatus to supremacy and thus to policy primacy. It didn't happen. The demands of appropriate definition of variables, relationships between variables and data selection (inevitably imperfect) allowed for a range of possible results, with a definitive victory proving impossible.[2] The hope for econometrics, formally impeccably sophisticated, to advance theoretical certainty and enhance macroeconomic management proved premature.

In the related field of whole economy model-building (in particular, for estimates of the overall impact of select policy changes), a significant battle took place on Australian soil. Peter Brain, at Melbourne University during the late 1970s, developed a model (IMPACT, or IMP) based on Keynesian theory and structural-sectoral detail of industries, commodities and spatial (local government) statistics. These figures were complemented by realistic assumptions regarding the Australian labour market and trade behaviour. Soon after, mainstream economist forces gathered around the development of a 'computerised general equilibrium' model (ORANI), entirely Neoclassical (based on *a priori* assumptions) in orientation, coupled with unrealistic elasticities and multipliers (Brain 2018). ORANI (and its variants) generated optimistic predictions for employment generation if real wages, tariffs and government spending could be cut. ORANI found favour politically and was adopted in

[1] I tried my hand with modelling the then-current 'labour force segmentation' debate with reference to Australia. My results indicated that the relationship between industrial structure and labour force status is more complex than was recognised in the prevailing wisdom of a close correlation between the degree of industrial concentration and heightened labour force status (Jones 1983c). My work showed that the phenomenon of 'labour market segmentation' deserved a broader contextual canvas.

[2] Monetarism destroyed itself after several governments adopted its nostrums (Australia, the UK), with its attempted application in practice proving a monumental failure (Jones 1983a).

government agencies. Brain was forced out of Melbourne University in the early 1980s and he formed the National Institute of Economic and Industry Research. His IMP model's solid empirical base wins hands down over a model driven by methodological and ideological imperatives (an empiricism to fit the *a priorism*) and with long history of bipartisan support from government instrumentalities for its manufactured absurdities.

Such empirical techniques matter in doing practical and policy-relevant economics. However, they are specialist orientations towards which only a minority of students will tend. What most students need is a general introduction to fundamental principles and the techniques of quantitative and qualitative analysis which should be taught Faculty-wide.

Economic institutions and the Australian economy

Having jettisoned Neoclassical theory, I went looking for some replacement. It appears that the legacy of Neoclassical economics had deprived me of the capacity for (and faith in) abstract reasoning. By default, I turned to acquiring knowledge of economic institutions (corporations, unions, government agencies, etc.) and their evolution – Australian in the first instance but also elsewhere. This knowledge proved crucial for my contemporary lectures in Economics II(P) from 1976 onwards and subsequently (after semesterisation occurred in 1994) in ECOP2002 ('The Social Economy', later renamed 'Social Foundations of Modern Capitalism').

This immersion in institutional detail led me deeper into study of the Australian economy, the statistics that reflected its evolution, and the impact of government policies. In a 1979 paper, I showed how the Fraser government, with an inherited public expenditure deficit and an ideological bent to 'small government' (assisted by an austerity-minded federal Treasury), attacked the then 'welfare state' (Jones 1979). When the Hawke Labor government was elected in March 1983, it immediately faced the pressure of what would later be called 'neoliberalism'. The 1981 *Campbell Report* into the financial sector recommended unqualified privatisation and deregulation (Committee of Inquiry into the Australian Financial System 1981). Think tanks, the libertarian wing of the Liberal Party, a new corporate lobby (the Business Council of Australia) and the media engaged in sustained ferocious pressure on the government to engage in 'economic reform'. The purist Industries Assistance

Commission (created out of the Tariff Board by the Whitlam government in 1973) pursued its relentless push against the protective tariff regime (admittedly problematic) and against alternative industry policy mechanisms (Jones 2016), regardless of job losses especially in the vulnerable textiles/clothing/footwear, automotive and steel industries. The federal Treasurer, Paul Keating, was not well versed in economic policy niceties and surrounded by 'economic reform' proselytisers (Jones 2004b).

A centrepiece of this late 1980s ideological battle within Australian institutions was the nature and fate of the deficit on current account. The conventional wisdom and its prescribed remedies of 'microeconomic reform' were profoundly ill-informed (Jones 1989a; 1992). Rather, the problem was (and is) Australia's industrial structure. The conventional wisdom is that Australia has a 'comparative advantage' in rural and mining production and exports – period. Yet the manufactures deficit was (and is) enormous. What was (and is) needed was strategic industry policy for the manufacturing sector; but acquiring the requisite political and bureaucratic clout was inhibited in a constraining political culture (one I have labelled 'embedded liberalism') antagonistic to such a phenomenon (Jones 2024). The current account deficit was then 'solved' serendipitously by massive iron ore, coal and gas exports. However, global measures against climate change (and China's sourcing of iron ore from Africa) prefigure that the 'good times' have an end point that still nobody in authority is addressing.

The post-World War II long boom

I had been lecturing on Keynesian macroeconomics for some years, so it was natural for me to look at the relevance of Keynesian theory and policy prescriptions for that historically privileged period labelled the 'long boom'. Economists with a Keynesian bent have presumed that it was simply a product of the new tools of Keynesian macroeconomic management. The different inference I drew from examining the period was that macroeconomic stabilisation techniques were, at best, 'icing on the cake' (Jones 1989b). Macroeconomic policy was driven by partial comprehension and pragmatism, occasionally with adverse effects, as in the policy-induced mini-recessions of 1952-53 and 1960-61. This real-

world complexity contrasts with the supposedly successful application of expertise that one finds in textbooks and the classroom.[3]

The period is one best characterised as that of *Pax Americana*, underpinned by the US dollar and Cold War expenditure, complemented by nation-based industry policies – the latter generally ignored by economists. Mainstream economic history rules, however – notably Maddock (1987) and McLean (2012). The latter has been lauded as definitive, but weaknesses persist. Ironically, these works display the failings writ large of statistical prowess but lacking a considered 'big picture' behind the statistics. Reference sources are large-scale but narrow in orientation. Public investment and expenditure are acknowledged as substantial, but no detail behind the figures is provided. Even the gigantic Snowy Mountains Scheme fails to get a mention.

Economic conflict and the state – and after

During the late 1970s and 1980s the self-designated Political Economy staff at Sydney University engaged in an extended battle to initiate course electives to facilitate the establishment of a PE major. One such elective was 'Economic Conflict and the State', proposals for which the Department of Economics had rejected several times before. Eventually, the University imposed the course on the Department; and it was first taught in 1984. The course was essentially a history of capitalism, via the national economies of the UK, the USA, Germany, Japan and Australia. It was an early version of what came to be called 'varieties of capitalism', recognising that the capitalist genome has invaded many species and taken particular forms – a fact that economic orthodoxy still can't get its collective head around. The course pursued a 'big picture' understanding of capitalist society on a multi-disciplinary, historical and cross-national comparative basis, and a deeper understanding of the integral role of the state in capitalist society.

That PE elective was replaced in 2004 by another, 'Australian Economic Policy', which I taught annually and on contract until my final retirement in 2008. It explored in detail the evolution of the country's economic

[3] Peculiarly, my view is belatedly shared by one mainstream economic historian (McLean 2012: Ch.8) who had co-edited a previous treatise (Maddock 1987) that took a contrary 'positive' view.

policy priorities as a product of the specifics of Australia's national character – by which I mean its global economic positioning and its peculiar political culture, as above (Jones 2024).

Branching out: interviewing insiders

By the late 1980s, I was dissatisfied with 'respectable' coverage of the Australian economy. I also had distaste for the academic predilection for elevating theoretical disputes via textual exegesis, logic chopping and deference to 'authoritative' figures – which takes place in closed circuit and thus is ultimately unresolvable. I decided to seek to interview people who were or had been closely involved in policymaking. Illumination came initially from those to whom access was more readily achievable (especially former students, interpersonal links, retired public servants). Three areas of Australian public policy that I researched during the late 1980s and 1990s drew heavily on these insider disclosures.

One area was trade policy. The background was long-term current account deficits, a failing tariff regime and the rise of 'offshoring'. Some senior bureaucrats in the Fraser government's Department of Trade and Resources had a realistic pessimism about the promises of the multilateralist trade apparatus, then at an impasse following the inconsequential six-year Tokyo Round negotiations during 1973-79 (and the November 1982 GATT Ministerial meeting). They had created the Economic and Policy Division in Trade and Resources in 1979. Researching Australia's trade structure and its background, they were simultaneously involved in negotiations with a view to enhancing trade with powerhouse Japan and rising China. These bureaucrats were carried over to the Labor government's Department of Trade in 1983 where the bilateralist focus was continued (Jones 1994b).

Strangely, Labor regarded the Trade portfolio as still a Country Party bailiwick that needed to be sanitised. Hawke and Keating brought in John Dawkins as Trade Minister (replacing Lionel Bowen) in December 1984 to clean the place out. From that point, it was the multilateralist ethos 'all systems go'. More accurately, the multilateralist thrust was accompanied by 'unilateralism' in which Australia would lead by example (but no-one followed).

The Trade and Foreign Affairs Departments were merged in July 1987, formally because of a managerialism-driven mentality but practically to eliminate residual mentalities in Trade antagonistic to the new regime. Attention became focused on the Uruguay Round of GATT negotiations, beginning in September 1986, with the financial media offering unrequited optimism. Reducing agricultural protectionism was Australia's priority, but the Round's top priorities were US-driven: reducing restrictions on foreign investment and banking and insurance services; and securing greater protection for 'intellectual property'. This was a first world agenda that nobody in official Australian circles seemed to twig to. The Uruguay Round predictably died as a damp squib in April 1994, from which no lessons were learned in Australian policy circles.

The second research area on which I drew on insider disclosure was the heavy engineering sector. An industry program was devised to facilitate the industry's recovery from the severe setback it received during the early 1980s recession (Jones 1993). Heavy engineering is an industry essential in the provision of infrastructure, yet by its nature prone to instability and attracting little interest from the public. Industry leaders' objectives morphed into the push for 'Australian Industry Participation' in seeking to benefit from the massive contemporary gas project developments on Western Australia's North-West Shelf, not least by Woodside Petroleum. This involved a drawn-out battle for recognition by Woodside management, with minor token success but ultimate profound failure.

Investigations, inquiries and reports were made during the late 1980s, to little effect. The issue of Australian firms' access to tendering in large scale resource projects was rekindled in 1995, with a new Parliamentary Inquiry. The Inquiry lapsed with the change of government in March 1996; but was subsequently re-established (House of Representatives Standing Committee on Industry, Science and Technology 1998). I wrote three submissions to the Inquiry (August 1995, November 1996, July 1997) – the third following an invitation by the Secretariat to be an 'expert witness'. A follow up letter to the Secretariat (October 1997) constituted a fourth submission.

There ensued an unsavoury combination of non-cooperation (including falsification of figures) from Woodside Petroleum and profound ignorance of the issues from the relevant bureaucracies (Resources and Energy, Industry). In my judgment, the failure (even wilful) to integrate locally

based industry participation in major projects is symbolic of all that bedevils the hostility to an intelligent industry policy in this country.

A third area of research that drew on insider disclosure was the *Australia Reconstructed* report that could have formed the basis for an alternative approach to economic and industry policies (Jones 1997). By the time that the Hawke Labor government was elected in March 1983, over 100,000 metal and engineering jobs had been lost during the early 1980s. Several unions and select minor bureaucrats decided to take the initiative. A delegation visited Sweden, Norway, Austria, West Germany, and the UK, investigating state and union strategies regarding industrial development and linked workplace relations development, resulting in the 1987 publication of the *Australia Reconstructed* report. This initiative was met with near uniform hostility from business and media circles. How dare union officials step beyond their subordinate status! In effect, the pundits were denying that Australia could learn from any of these countries. The treatment of *Australia Reconstructed* was a dramatic reflection of the self-satisfied ongoing ignorance of our policymakers and opinion-makers.

These three areas – trade policy, heavy engineering resurgence and general industry policy – were all inhibited in practice by a common cultural aversion to intelligence and strategic action. This is a feature about which mainstream economists have been wholly ignorant and a problem of which they constitute a significant part.

The 'petty bourgeoisie'

Through empirical analysis of power in the marketplace and attempting to teach on the 1974 *Trade Practices Act* and business practices, I also developed an interest in the small business and family farmer sector.

Wage labour is structurally subordinate to Capital and management. Family businesses are structurally subordinate to corporate business, through a multitude of channels (Jones 2004c; 2011). Economists generally ignore small business in the real, though their obsession with 'competition' in the abstract would have us believe otherwise. Marx thought that the petty bourgeoisie was doomed to extinction, but he didn't count on the lemming-like hubris that drives people to attempt to create personal economic autonomy.

Stories of conflict between small business and big corporations are perennially reported in the media, but without confronting the systemic imbalance of power in the marketplace between the former and the latter. Corporate power has been enhanced by the weakness of relevant sections of the 1974 *Trade Practices Act* (after 2010, the *Competition and Consumer Act*). This weakness combined with a complicit judiciary sympathetic to the marketplace 'law of the jungle'.[4]

I have written countless submissions on these matters to Parliamentary inquiries.[5] Representative of my orientation, I wrote an analysis of the process by which the retail duopolists Woolworths and Coles had long used their corporate muscle to build scale in liquor retailing through predatory acquisitions and by inhibiting expansion and/or viability of independent liquor retailers (Jones 2005a).

There is also the crucial bank lender-borrower relationship. The prevailing banking system centred on trading banks has long been unsuitable for farmer finance, the latter requiring a more long-term orientation (Jones 2002). The dissonance had been partially alleviated with the creation of the Commonwealth Development Bank (CDB) in 1959, with specialist staff and different lending rules to those of the trading banks. However, the CBD was unceremoniously dismantled in 1996 with the completed privatisation of the CBA (Jones 2001b). A culture of 'profit at any price' was being embedded in the bank by the then CEO David Murray, who unconscionably changed the terms of existing CDB loans to conventional terms.

I was contacted by a CDB borrower who was foreclosed following these changes, leading me to embark on what turned out to be over 20 years of unintended listening to victims of bank malpractice and writing about their experience (*cf.* Jones 2004a). It required in-depth research into the conditions that consistently generated such dysfunctionality – in many cases transparent criminality. The 1981 *Campbell Report* had ushered in a period of literal madness in Australia's financial sector. In a frenzy to gain customers in a new environment, banks lent without restraint. Banks declined to train lending and loan review staff in competence and ethics,

[4] *Cf.* ACCC v Berbatis Holdings, HCA 18 (9 April 2003).

[5] It became evident that many reports end up in the filing cabinet without significant resulting reform.

instead adopting predatory practices against powerless small business and family farmer borrowers (Jones 2018a).

The most spectacular instance with respect to the latter domain was that of the 'foreign currency loans' affair. Banks, from about 1982 onwards, pressed loans in foreign currencies (FCLs) on uninformed small business, farmers and small property investors. With borrowing rates substantial in the early 1980s (say, 13 percent), rates in other currencies (*e.g.* Swiss francs CHF, say, 6 percent) formally looked attractive. It appears that a total of 4,500 FCLs were made. Potential borrowers were not informed of the dangers of FCLs due to currency variations or, on many occasions, were explicitly mis-informed that no real risk was involved (Jones 2018b).

The Australian dollar collapsed in 1985 (especially against the CHF). Borrowers with an initial principal of say AU$1 million now faced repayment of a principal of over AU$2 million. Panic and chaos ensued. Then came attempts to stem the damage, offset the damage, apportion blame and seek redress. Litigation ensued (*cf.* Jones 2005b). A handful of borrowers, with leverage, received confidential settlements out of court. Some other borrowers (especially against Westpac) won in court but most lost (Jones 2014). It is remarkable that this saga, reported reliably in the media for at least a decade, attracted no interest from academic economists[6] or business school academics. Financial sector inquiries set up in response to significant public pressure – notably the 1991 Martin inquiry and the 2018 Hayne Royal Commission (neither cited here) resulted in transparent cover-ups and sham reports.

A piecemeal apparatus has been pragmatically erected, including a banking sector Code of Banking Practice, a sector-financed ombudsman service (now the Australian Financial Complaints Authority (AFCA)) and an investigatory and prosecutory service (the Australian Securities and Investments Commission (ASIC)). None of these pillars have made a substantive difference to ongoing malpractice.

Banking litigation judgments highlight that the typical judge is ill-educated as to the nature of the profound asymmetry of the credit relation. The banking sector is a world entrenched in unconscionable actions, indeed criminality. The legal fraternity, with rare exceptions, is complicit, occasionally transparently corrupt. The regulatory apparatus is also

[6] Save for one minor article in 1995 and a respondent in 1997, not worthy of citation.

complicit; and the political class is indifferent. The banking sector gains impunity for its sins which will thus continue indefinitely.

Academics in general, economists in particular, do not know this situation because the sources of information that they conventionally rely on precludes access to it. My atypical (for an academic) understanding of the situation has come from close interaction with bank victims and from engagement with their private material and with court judgments.[7]

Becoming a fully-fledged historian

Why become yet more deeply immersed in history? For me, a significant driver was personal interest in the difficulties of developing a vibrant manufacturing industry sector in Australia. A federal bureaucracy for the country's manufacturing sector had been created only in 1945 (the Secondary Industries Division within the Department of Post-War Reconstruction) and made permanent as the Division of Industrial Development (DID) in 1948, being moved into the Menzies' government new Department of National Development in 1950. The momentum was due to the significance of the manufacturing sector during World War II and the desire to maintain the sector's significance after the War's end.

My father had been employed (courtesy of his war-time experience) in DID during 1950-53. This connection led me belatedly to the National Australia Archives in Canberra and Melbourne. This was a new world – a world of 'empiricism' writ large. I found that the DID acquired wide responsibilities (Jones 2002c), including for expert advice over a range of matters that in the neoliberal age would be considered strange (e.g. advice on firm loan applications). The DID was also concerned to facilitate sectoral innovation and improvements in general efficiency, including materials handling. The DID's status readily came under attack, especially from the Treasury (Jones 2002c; Jones 2001a). This was a reflection of the strong belief in Australian politics that Australia's 'comparative advantage' lay in rural produce and mining. This was despite the fact that

[7] My writings on bank malpractice, often of inordinate length, are the most accessed of my writings on ResearchGate, despite most of them not being blessed with the conventional academic rules of legitimacy.

post-1945 immigration, an explicit population enhancement policy, was feeding into manufacturing employment both in the cities and regionally.

Subsequently, DID's capacities were dramatically restricted; and it was moved, defying coherence, into the new Department of Trade in 1956. By default, the sizeable manufacturing sector was propped up by means of the tariff regime, then coming under attack. A separate Industry Department has existed since 1973 (under the Whitlam government) but, under various labels, it has always had low status and has never been staffed appropriately to facilitate strategic visions and successful policies (Jones 2024). My foray into the archives exposed the battle to establish a viable manufacturing industry bureaucracy that could underpin a substantial and sustainable manufacturing sector was undermined almost from the start. To my knowledge, no mainstream economic historian has noticed.

Another neglected, but important, dimension of the post-1945 period was that the Chifley government faced significant resources shortages for economic reconstruction yet also a population anxious to acquire consumerist consolation after the 1930s Depression and the horrors of war, with delayed family formation. The government wanted to direct scarce resources into priority areas and simultaneously keep control of inflation. The government was intuitively seeking to integrate structural ('microeconomic') and macroeconomic policies (Jones 2021) – something one doesn't read about in the textbooks – but it lacked the tools in peacetime to do so. [8]

The pressures were clashing, the demand for actions immediate. The situation was effectively chaotic. Hence, for example, Chifley's intent to maintain rationing, which brought his government down in December 1949. Menzies then came to office with no grand plan. Treasury was now in the bureaucratic ascendant (having been subordinated during the War). Treasury handled its historic 'bean counting' role effectively and (surprisingly) the financial aspects of large-scale projects under the capable hand of Secretary Roland Wilson. The two most significant large-scale projects were the Snowy Mountains Scheme and a series of World Bank loans (initiated and foreshadowed respectively under Chifley Labor)

[8] By contrast, West Germany and Japan, once freed from US occupation and under authoritarian state structures, engaged in dramatic staged structural interventions to move from post-War destruction to vibrant economies – tolerated by the US as bulwarks against supposed Soviet expansionism.

– the bulk of the latter devoted to irrigated agricultural development facilitated by the Snowy scheme.

However, by the 1960s, a new generation of Treasury technocrats were coming from universities with little understanding of how the world works. By default, federal economic policy was being made by Trade bureaucrats under the aegis of the much-denigrated Jack McEwen, leader of the Country Party after 1958 in the Coalition government (Jones 1998). The forced pragmatism of the era is encapsulated in the phenomenon of comprehensive import controls with its administrative headache (1952-60). This balance-of-payments dilemma was only overcome by resources exports, the product of investigative work under the Chifley government's Bureau of Mineral Resources (1946) and after McEwen's 1957 Trade Treaty with Japan, the War-time enemy.

Much of this fine detail of uncertainty and pragmatism is missed by the respected economic historians whose narrative implies a relatively smooth evolution of this seemingly benign period and who provide scant context to the empirics that they provide. It is noteworthy that Maddock (1987) and McLean (2012) rely on considerable bibliographies but make no use of the National Archives of Australia, not far from their sometime residence at the Australian National University.

Summing up

Empirics and history gave me a purpose during my career as an academic in political economy, long distant from the absurdities of Neoclassical economic theory that had dominated my formal education. Reading economic history helped, but reading general history was crucial to transcend the self-imposed boundaries of mainstream economic history. During recent decades, interviews with participants in and witnesses to the policy-making process elicited inside stories, not typically committed to print. The material in the National Archives provided the ultimate vehicle to cement this empiricist trajectory.

Others can immerse themselves in grand theory; I have found my metier in other quarters. My long-term orientation to empirical, institutional and historical political economy has provided a deeper understanding of economic society's character. Seen from my perspective, this is an appropriate way to educate succeeding generations.

Evan Jones is a Research Associate in the Discipline of Political Economy at the University of Sydney.

evan.jones@sydney.edu.au

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