

John Nevile: A cool head but a warm heart

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It will be my most cherished ambition, my highest endeavour, to do what with my poor ability and my limited strength I may, to increase the numbers of those whom Cambridge, the great mother of strong men, sends out into the world with cool heads but warm hearts, willing to give some at least of their best powers to grappling with the social suffering around them; resolved not to rest content till they have done what in them lies to discover how far it is possible to open up to all the material means of a refined and noble life.

Alfred Marshall, *Cambridge Economist*, 1842–1924,
quoted by John Maynard Keynes (1924: 367).

Alfred Marshall's famous reference to economists' needing to have 'cool heads but warm hearts' has often been misquoted. For example, Princeton economist Alan Blinder wrote a book titled *Hard Heads, Soft Hearts: Tough Minded Economics for a Just Society*, and although he paraphrased Marshall, the right sentiments were there in terms of using rigorous economic analysis for socially beneficial ends.

In fact 'cool heads but warm hearts' in an Australian context really sums up the professional life and career (so far!) of John Nevile. I experienced first-hand John's ability to combine rigorous economic analysis with strong social ethics, when I was a young research officer at the Australian Council of Trade Unions (ACTU) working on one of my first national wage cases. There was a rule of thumb in the ACTU Research Department (which was started by future Prime Minister Bob Hawke in the 1950s and was staffed by a number of distinguished Australians, including a future Treasurer Ralph Willis) that when it came to national wage case submissions, we knew if we got it through economists Fred Gruen and John Nevile we could get a good run in the Australian Industrial Relations Commission (now known as Fair Work Australia). John was rigorous and logical but ultimately on the side of the low paid and the underprivileged. He spent considerable time reading my submissions to make sure the economic logic was right, and he thought a lot about the social consequences of the ACTU claim for the whole labour market.

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As Keith Hancock's article in this volume on the Basic Wage decision of 1930–1931 shows, many Australian economists did get involved in national wage cases, but not many would side with the ACTU in the interests of the low paid. There were two notable exceptions: Eric Russell, the distinguished Professor of Economics at the University of Adelaide, was one, being a key witness for Bob Hawke, in the 1950s and 1960s (ably supported by Wilf Salter) and the other was John Nevile, who in the 1990s, was always willing to offer his services in the true 'cool head/warm heart' tradition. I was certainly grateful for this guidance as was the whole ACTU.

Accordingly (a word we became fond of at the ACTU due to many Prices and Incomes 'Accord' agreements we struck with the Labor Government, influenced by John Nevile's 'stagflation' analysis in the 1970s), it is a great honour to introduce this collection of essays based on the Symposium held to celebrate John Nevile's 80th birthday and to honour his contribution to Economics and Public Policy at the University of New South Wales (UNSW).

This symposium, in the journal founded by John Nevile himself, sets out the varied and extensive nature of John's contributions to economics and public policy at UNSW but more broadly to the Australian community.

At the outset, John Lodewijks has put together a comprehensive account of John's professional career post-retirement, highlighting the ideas and principles guiding his economic and social philosophies based on an extensive interview with John. Fortunately, in addition, as part of his contribution, John Lodewijks has prepared a useful way of classifying John's contributions, and this volume provides a collection of articles covering all John's main topics of research and policy interest.

First, in the field of macroeconomic policy, we have Ken Henry's keynote address to the symposium. Speaking just after the release of his white paper into the Asian Century, Dr Henry compares the challenges of co-ordinating macroeconomic policy in the Asian Century of today to the issues facing macroeconomists when he first studied economics under John Nevile in the mid 1970s. Dr Henry highlights how the practical challenges of macroeconomic management (whether it be attempting to achieve price stability through monetary policy or stimulating the economy through fiscal policy as occurred successfully during the global financial crisis) always have a global dimension and macroeconomic policy always has microeconomic implications. The relationship between microeconomics and macroeconomic policy, Dr Henry emphasises, was first taught to him in John Nevile's Growth and Capital lectures at UNSW.

In the field of fiscal policy, Neil Warren takes us through the tensions between fiscal consolidation and decentralisation. He analyses the context of instability following the introduction of the Euro and the policy challenge of sanctions for non-compliance as debt and deficits grow in Europe. Neil Warren then examines the challenges of fiscal consolidation within the Australian Federation.

In the field of labour economics, Keith Hancock provides an account of the 1930–1931 Basic Wage Case, when, at the height of the Great Depression, the federal Arbitration Court imposed a 10% cut to the basic wage – a unique occurrence. In the current context of crises, when there are pressures to reduce labour standards, it is important to reflect on earlier experiences if we are to avoid re-living them. Hancock notes that, contrary to conventional wisdom, the Arbitration Commission and its successors

have always taken their responsibilities to the national economy seriously. He makes extensive use of transcripts to highlight how the Commission grappled with the economic arguments of the time. It has never been a body of judges ignoring economics (a myth propagated by the ideological opponents of the Arbitration system). John Nevile, the son of an Arbitration judge in Western Australia (his father was a lawyer and also a trained economist), knew very well the importance of economic arguments in Australia's wage-fixing system (often ignored by economics commentators and academics both overseas and in Australia).

In the field of income distribution, Peter Saunders provides an incisive comparison of conventional methods of measuring poverty and an alternative approach based on measures of deprivation. He argues the merits of a combined quantitative and qualitative approach, one that requires researchers to use new techniques and data sources that take account of community views and experiences.

Also in the field of social policy, Ann Nevile emphasises the importance of the rigorous use of evidence in framing policy advice to governments about anti-poverty programmes. Ann Nevile uses the case of the advice given by her father John on the work for the dole programmes implemented by the federal government, a case in which research-based evidence might challenge heartfelt preconceptions.

Finally, in an exploration of the relationship between economics and ethics, Geoff Harcourt, Peter Kriesler and John Langmore discuss the ways in which the social ethics and religious views of John Nevile have influenced his approach to economics. The authors concur with John Nevile's long-standing belief that economics is not 'value free': it cannot be understood in a vacuum without understanding social and political forces and human rights, and it is the duty of economists to explain the social consequences of economic policies they are advocating. The essay provides a persuasive summary of the social ethos of John's contribution to the Australian economics profession, public policy and the Australian community as a whole.

At the beginning of this introduction, it was mentioned that (along with Fred Gruen) Eric Russell and John Nevile both helped the ACTU in national wage cases. Therefore, it is a nice symmetry that after winning the Eric Russell Prize in Economics as an undergraduate, I have now as a professional economist been awarded the inaugural J.W. Nevile Fellowship in Economics at UNSW. The Fellowship was created to honour John Nevile's distinguished service to UNSW and to help raise the profile of economics in the popular media, not only in Australia but also in the Asia Pacific, Latin America and emerging markets that are now so important to the university. The fellowship is modelled on the Julius Sumner Miller Fellowship in Science, University of Sydney, held by the very able Dr Karl Kruszelnicki, (of 'Dr Karl' fame) who has made science accessible to generations of Australians in the same way as his predecessor Professor Sumner Miller. When Professor Kevin Fox, the then Head of School of Economics at UNSW, told me, 'I can't yet tell you whom your fellowship is named after but you will like who it is', he was right. In fact, when I heard it was J.W. Nevile, I could not have been more delighted, for as this special issue shows, John Nevile is the perfect example of what an Australian economist should be. He is intellectually rigorous with a commanding grasp of theory and empirical evidence. He is a fine scholar and teacher but with an aptitude for practical public policy. He is a great

colleague and leader, with fine ethical principles. A cool head and warm heart indeed. I hope you enjoy this special issue in honour of John.

Reference

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Author biography

Tim Harcourt is the J.W. Nevile Fellow in Economics at the Australian School of Business, University of New South Wales (UNSW) Sydney. He has served at the Chief Economist of the Australian Trade Commission (Austrade), as Research Officer/Advocate with the Australian Council of Trade Unions (ACTU) and as an international economist with the Australian Conciliation and Arbitration Commission and the Reserve Bank of Australia (RBA). He is also the inaugural Adviser – International Engagement to the Premier of South Australia, Hon, Jay Weatherill, MP.