

Dear Friend of the ANU Centre for Economic History,

This is the second periodic newsletter from the CEH. I am pleased to report that six months after our launch the Centre is going strong. It is my pleasure to report on some of the Centre's activities, and to invite you to attend a forthcoming conference on "Commodity Price Volatility, Past and Present". A preliminary programme is attached to this newsletter. As always we are grateful for your interest in economic history at the Australian National University.

Yours sincerely,
Tim Hatton (CEH Director)

CEH Workshop Report: Financial Crises and Workouts: Historical Perspectives

On 5th September CEH presented a one-day workshop on Financial Crises and Workouts: Historical Perspectives. There were over forty participants, and the programme comprised six presentations that explored how markets and government institutions bring about financial and organizational restructuring following a financial crisis. The workshop was jointly sponsored by the Research School of Economics and Continuity Capital Partners.

The first session focused on the 1890s financial crisis in Australia. In his presentation David Merrett (University of Melbourne) provided evidence on the severity of the monetary collapse, the role of colonial governments and the effects of the financial crisis on the real economy. Jon Stanford (FINH Pty Ltd) followed up with a discussion of how banks increased their capital buffers and consolidated following re-ratings due to the crisis.

In the next session, attention turned first to early modern England. Ann Carlos (University of Colorado) explained how reducing the penalties associated with bankruptcy induced debtors to reveal more of their asset and may have acted as a spur to entrepreneurial activity.

Centre for Economic History
Research School of Economics
College of Business and Economics
The Australian National University

Tel: +61 2 6125 3627
Canberra ACT 0200 Australia

Discussion papers available at:
<http://rse.anu.edu.au/CEH/>

Coming right up to date Grant Fleming (Continuity Capital partners) analysed the emergence of distressed asset investment firms.

(cont. page 2)

Featured Economic Historian: Professor Ann Carlos, University of Colorado



We were pleased to welcome CEH Research Affiliate Ann Carlos. A distinguished economic historian, Ann is professor of economics and history at the University of Colorado. She has published widely on the North American fur trade, culminating in a recent book:

Commerce by a Frozen Sea: Native Americans and the European Fur Trade (with Frank Lewis). She is currently working in two areas, one of which is consumption patterns of Native Americans in the 18th century. The other deals with the evolution of early capital markets and the disturbances caused by the South Sea Bubble. In July Ann presented a seminar at the Research School of Economics on individual asset portfolios in England the 1690s and 1720s. She finds that the portfolios of holdings in chartered companies were not very diversified and she argues that this was the result of the pattern of governance rules and voting rights. In September she returned to participate in our workshop on Financial Crises and Workouts.

CEH Workshop Report: Financial Crises and Workouts: Historical Perspectives (cont.)

He found that the market had evolved in response to regulatory changes and that early movers had retained their advantage in fast moving markets.

In his paper on "US bond market spreads during the Great Depression," Lyndon Moore (University of Melbourne) showed how including additional characteristics of US corporate bonds like callability could dramatically change spreads relative to existing series. This was followed by Rui Esteves (University of Oxford), who examined the costs of sovereign defaults. Using rich new data for late nineteenth century foreign investments, he found adverse reputational effects that persisted decades following sovereign credit defaults.

The workshop concluded with a round table discussion moderated by Ian Beckett (Department of Treasury), which presented diverse views on interpreting the current financial crisis through the lens of research and practice. The four panelists included Warwick McKibbin (ANU), Henry Ergas (Deloitte Australia and University of Wollongong), Nigel Wilkin Smith (Australian Future Fund), and Rui Esteves (University of Oxford). Among the issues raised were how markets respond to financial repression and whether the benefits accrued from financial innovation exceed the potential cost in social equality. A video of the discussion can be found on the CEH website at: <http://rse.anu.edu.au/CEH/>



Upcoming Workshop:

Conference on Commodity Price Volatility, Past and Present 29-30 November 2012

Commodity price volatility has attracted growing interest in recent years with sharp variations in the prices of raw materials, fuels and basic foodstuffs. These have important implications for the economies that import them and especially for exporters. In Australia, the recent mining boom has stimulated ongoing controversy. But commodity price shocks have been a fact of economic life over the centuries as economic structures and institutions have changed and as globalization has ebbed and flowed. This conference takes seriously that long run evolution and asks how historical insights can help us to understand the present and how new methods of analysis can help us to understand the past. It brings together a group of leading international economists and distinguished economic historians to debate and discuss these important issues. The keynote lecture will be given by Professor Jeffrey G. Williamson, Emeritus Professor of Economics at Harvard University and the University of Wisconsin.

For details contact: cama.admin@anu.edu.au

**The workshop will be jointly hosted by
the ANU Centre for Economic History
(Research School of Economics) and the
Centre Applied Macroeconomic Analysis
(Crawford School of Public Policy)**

Featured Economic Historian: Dr. Rui Esteves, University of Oxford

We were pleased to welcome CEH Research Affiliate Dr Rui Esteves, a talented economic historian from Oxford University. Rui visited the RSE for three weeks in September, and presented a seminar on his newly derived data on French capital exports from 1880 to 1914. He showed that, contrary to received wisdom, French foreign investment was more profitable than British.



Rui is also currently working on the nature of governance in an international market for sovereign debt; determinants of capital flows to developing nations fixed exchange rate pegs; and emigrants' remittances. This research speaks to the present-day process of international economic integration by studying the transformations brought about by the "first wave of globalisation" before World War One.

Commodity Price Volatility, Past and Present

29-30 November 2012

Location: Arndt Suite, Research School of Economics
ANU College of Business and Economics

PROGRAMME

Day One: November 29, 2012

Session 1: 500 Years of Cycles and Trends

9:00-9:50 Graciela Kaminsky (George Washington University)
"Cycles in International Capital Flows during both Periods of Financial Globalization"

9:50-10:40 David Jacks (Simon Fraser University)
"Commodity Price Volatility and Its Consequences: A Primer on the Past 300 Years"

10:40-11:10 Coffee

11:10-12:00 Neil Kellard (University of Essex)
"Trends and Cycles in Real Commodity Prices" 1650-2010"

12:00-1:00 Lunch

Session 2: Emerging Markets

1:00-1:50 Andrew Coleman (New Zealand Treasury)
"High Frequency Transport Price Volatility and Commodity Price Transmission: A Century where Capacity Constraints and Logistics Management Matters"

1:50-2:40 Laura Panza (La Trobe University)
"Cotton Boom and De-industrialisation in the Middle East: Contrasting Experiences in Egypt and Turkey"

2:40-3:10 Coffee

3:10-4:00 Will Martin (World Bank), with Kym Anderson and Maros Ivanic
"Price Insulation in Food Markets and Global Poverty Reduction"

Public Lecture: The Gruen Lecture in Honour of Fred Gruen

5:15-6:30 Jeff Williamson (Harvard and University of Wisconsin)
"Commodity Prices over Two Centuries: Trends, Volatility and Impact"

Location: Molonglo Theatre, JG Crawford Building, Crawford School of Public Policy
Light refreshments to follow

Workshop and Lecture Dinner: Details TBC

Commodity Price Volatility, Past and Present

29-30 November 2012

Location: Arndt Suite, Research School of Economics
ANU College of Business and Economics

PROGRAMME (cont.)

Day Two: November 30, 2012

Session 3: The Lucky Country

9:30-10:20 Bob Gregory (Australian National University)
"Terms of Trade and Living Standards in a Little Corner of Paradise"

10:20-10:45 Coffee

10:45-11:35 Tim Robinson (Reserve Bank of Australia), with Tim Atkin, Mark Caputo and Hao Wang
"The Lucky Country: Macroeconomic Consequences of Commodity Price Booms"

11:35-12:25 Nigel Stapledon (University of New South Wales)
"Australia's Major Terms of Trade and Resource Shocks, 1850-2012: Sources and Impacts"

12:25-1:30 Lunch

Session 4: Relative Price Volatility

1:30-2:20 Kenneth Clements (University of Western Australia), with Mei-Hsiu Chen and Grace Gao
"Understanding World Metal Prices"

2:20-3:10 James Holloway (Reserve Bank of Australia), with Michelle Wright
"Commodity Price Volatility through the Historical Lens of Financial Markets"

3:10-3:30 Coffee

3:30-4:20 Shuping Shi (Australian National University), with Vipin Arora and Pedro Gomis-Porqueras
"Testing for Explosive Behavior in Relative Price Measures: Implications for Inflation Expectations"

4:20-5:10 John Simon (International Monetary Fund)
"Commodity Prices and Monetary Policy"

5:10 Conference wrap up and drinks