

# Centre for Economic History

Spring 2013, Issue 4



Australian  
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Dear Friend of the ANU Centre for Economic History,

Here is the latest issue of the Centre for Economic History's newsletter. It has been a busy first half of the year, and we are happy to provide a recap of some Centre activities. Also, as Tim Hatton is currently on leave, I have temporarily taken on his mantle of Centre leadership and look forward to keeping up our engagement with you. Hearty thanks for your continued interest in economic history and participation in the Centre.

Best,  
John Tang (Acting CEH Director)

## Featured Economic Historian: Professor Barry Eichengreen, University of California, Berkeley



The Centre was happy to host Professor Barry Eichengreen for a weeklong visit in May. Barry, who is the George C. Pardee and Helen N. Pardee Professor of Economics and Political Science at the University of California, Berkeley, is widely recognized for his seminal contributions on international capital flows and monetary regimes. Notable works include *Golden Fetters: The Gold Standard and the Great Depression* (1992), *Globalizing Capital: A History of the International Monetary System* (1996), and *Exorbitant Privilege: The Rise and Fall of the Dollar and the Future of the International Monetary System* (2011). In addition to his research and teaching, Barry writes a monthly column for Project Syndicate and provides policy advice to various institutions and governments.

## CEH Workshop Double-Header Report:

**"Economics and Finance in the Prelude to the Great Depression" (10 May)**

**"Transport Infrastructure: History and Policy" (24 May)**

Our workshop on the 10<sup>th</sup> May attracted a diverse and enthusiastic audience to hear five papers on economic and financial developments in the period from the turn of the century to the 1930s. First off were Selwyn Cornish and William Coleman (ANU) who revisited Australian monetary policy in the years before the return to the Gold Standard in 1925. In the absence of a central bank, the Australian Notes Board ran a tight monetary policy which saw the Australian Pound appreciate relative to Sterling. This added to the pressure on Britain to resume the Gold Standard in 1925. Lyndon Moore (Melbourne Business School) followed with a quantitative examination of mergers in the British Banking system up to 1925, by which time there were just four major banks. This unregulated drive towards concentration yielded modest returns to merger participants but created considerable local market power. It was remarked that this might well have protected the British banking system from failures in the Great Depression.

Trevor Kollman (LaTrobe) examined house prices in the United States before and during the 1930s. Using a new hedonic price index he found that prices stayed

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### CEH Workshop Double-Header Report (cont.)

lower in the 1930s than previous studies had suggested. It was noted that this fits better with the prevailing notion that the housing market remained depressed throughout the 1930s. Shaun Vahey (ANU) asked which historical periods would best forecast the GFC from 2008. He found that the best single forecast for US prices and output was that based on the interwar period. While this would have provided stronger warning signs the results also underlined the large degree of uncertainty around such forecasts.

The keynote presentation was given by our special guest Barry Eichengreen (UC Berkeley). In a presentation on 'The Mother of All Sudden Stops' he examined capital flows from six major financial centres to the European periphery, with comparisons to the recent reversals in the Euro area. He concluded that the cessation of capital flows was large and abrupt in both periods. In the early 1930s it seems to have stemmed largely from the lenders, who had underestimated sovereign risk, rather than from changing conditions among the borrowers. Most important, global factors shaped both the surge of lending and its sudden stop. Barry's talk was the last of a series of interesting and well-attended presentations that he gave during his week as a visitor to the Centre for Economic History, which was generously co-sponsored by the Sir Roland Wilson Foundation.

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Our workshop on 24<sup>th</sup> May attracted a large audience of academics and public servants with an interest in transport policy. The workshop opened with Henry Ergas (Deloitte/The Australian/U. Wollongong) and Jonathan Pincus (Adelaide) asking why Australian railways were built and run by the public sector. They argued that the private sector was initially too small-scale and that colonial governments had better access to overseas finance. While far from perfect, public sector management was efficient enough to justify 'colonial socialism'. Lionel Frost (Monash) explored the effects of rural railways in the nineteenth century. He argued that the key element was saving time in getting farm produce to urban markets. The effect was to foster the development of horticulture in a wider hinterland and to push the wheat belt further outwards.

Moving to the twentieth century, Leo Dobes (ANU) explored the case for unifying the railway gauges that differed between states. While there was always strong political rhetoric in favour of unification, the figures from official enquiries show that unification simply could not be justified on cost-benefit grounds. Turning to the development of ports, Malcolm Tull (Murdoch) gave a sweeping account of change over two centuries. Publicly owned and managed port trusts were able to overcome planning and coordination problems but the 20<sup>th</sup> century legacy was industrial strife and slow adoption of new technology.

After the lunch break attention was directed to measuring the effects of transport innovation in other countries. John Tang (ANU) examined the effect of the spread of the railways on business enterprise in Meiji Japan (a paper that was featured in our last newsletter). He found that the coming of the railways increased the number of firms in a province by 12 percent. Andrew Coleman (Otago/NZ Treasury)

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### Tim Hatton wins Clio Can



Congratulations to CEH Director Professor Tim Hatton who recently received the Clio Can from the Cliometrics Society at the 2013 Seventh World Congress of Cliometrics. The Clio Can winners are recognized for exceptional support to the field of cliometrics (aka, new economic history) and this is the first time the award has been given to a non-American.

More information about the society and award can be found at: <http://cliometrics.org>

### Update on the *Cambridge Economic History of Australia*

The Cambridge Economic History of Australia endeavour is proceeding according to schedule. Following meetings of all contributors, most recently in July 2013 at ANU, final drafts of the 24 chapters are being provided to the co-editors, Simon Ville and Glenn Withers, as of 31 August. So some 230,000 words of insight and excellence on Australian economic history by 28 economic historians (allowing for co-authorship) will be finalised and published in late 2013 or early 2014.

The project has been supported by the Academy of Social Sciences in Australia, the McComish Fund at Trinity College University of Melbourne and the College of Business and Economics at ANU. The Centre for Economic History at ANU has been hosting an on-line facility for the authors, for their chapters and for supplementary resources, which has enhanced the project very usefully. More details on the publication will be provided in the next Newsletter.

-Professor Glenn Withers (ANU), CEHA Editor

### CEH Workshop Double-Header Report (cont.)

estimated some effects of the 1825 opening of the Erie Canal in upstate New York. He found that better access to markets dramatically reduced domestic cloth production in the area, with recent migrants adapting faster than the pre-existing residents.

In the final session Cameron Gordon (U. Canberra) argued that the means of financing roads and bridges in England developed through several phases as institutions, such as laws on estate trusts and turnpike trusts, responded to the evolving technology. The user-pay principle has a long history and some of the more robust bodies, such as the London Bridge Trust, are still in existence. Corinne Mulley (Sydney) examined the uplift in unimproved land values brought about by public transport improvements. Applying geographically weighted regression to property prices for Sydney and for Newcastle (UK) she found that the effects varied widely across different localities, which raises the question of how such value might be captured.

Programs for both workshops, which include the lists of speakers and topics, are available on the CEH website: <http://rse.anu.edu.au/CEH>

### Centre for Economic History Discussion Paper Series

The CEH website hosts a discussion paper series on a variety of topics in economic history. Recent additions include the following (CEH affiliate in **bold**):

- 2013-04 "Financial Intermediation and Late Development in Meiji Japan, 1868 to 1912" by **John Tang**
- 2013-05 "The Australian Bank Crashes of the 1890s Revisited" by **David T. Merrett**
- 2013-06 "A Preliminary Examination of the Effects of Credit Instruments on De Facto and De Jure Political Power: Lien Laws in the Postbellum United States South and Nineteenth Century New South Wales, Australia" by **Edwynna Harris**
- 2013-07 "Long Run Trends in Australian Executive Remuneration: BHP 1887-2012" by Mike Pottenger and **Andrew Leigh**
- 2013-08 "Was the African American Great Migration Delayed by Outlawing Emigrant Agents?" by Kha Yen Prentice, Laszlo Konya, and **David Prentice**
- 2013-09 "Distributional Impact of Commodity Price Shocks: Australia Over a Century" by Sambit Bhattacharyya and **Jeffrey G. Williamson**

Older papers are also available at <http://rse.anu.edu.au/CEH/>

## Upcoming Conferences and Announcements

### **CEH Juniors Workshop 15 November 2013 ANU RSE, Arndt Suite**

The CEH will host a workshop for junior scholars working on economic and business history topics. Invited speakers include Raj Banerjee (UniSA), Trevor Kollman (LaTrobe), Martine Mariotti (ANU), Lyndon Moore (Melbourne), Laura Panza (Melbourne), and Florian Ploeckl (Adelaide).

To encourage ample and constructive discussion, papers will be circulated in advance and all participants will be expected to have read these prior to the workshop. Registration for non-speakers will be limited, and details and papers will be provided to confirmed attendees closer to the date.

To register interest in attending, please send an email to [CEH.RSE@anu.edu.au](mailto:CEH.RSE@anu.edu.au).

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### **Asia Pacific Economic and Business History Conference *Economic Consequences of War and Conflict* 13-15 February 2014 University of Waikato, Hamilton, New Zealand**

Papers and proposals for sessions are invited for the APEBH 2014 conference. The main theme is "Economic consequences of war and conflict" but the organizers welcome proposals for contributions on other topics in economic, social, and business history, as well as to proposals for sessions on particular themes. Researchers across a broad range of disciplines are warmly welcomed, and early career researchers are encouraged to participate. Deadline for submissions is **30 November 2013**, and a conference prize for best paper will be awarded.

For more information on the conference, including submission details, please visit the website:  
<http://apebh2014.wordpress.com>

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### ***The Australian Sonderweg: Between Chance, Choice, and Destiny* 25 July 2014 Fremantle, Western Australia**

Since the latter half of the 19<sup>th</sup> century Australia has followed a 'Special Path' characterized by a relatively high degree of wage regulation, financial control, state enterprise and tariff protection. This workshop is devoted to airing alternative explanations of the Sonderweg. Speakers include Geoffrey Blainey, Henry Ergas, Greg Melleuish, John Nethercote, Jonathan Pincus, and Richard Pomfret.

Inquiries to the organiser are welcome: [William.Coleman@anu.edu.au](mailto:William.Coleman@anu.edu.au)

*The CEH welcomes courtesy announcements from Centre affiliates for inclusion in the newsletter. Please send news and/or conference information (subject to editing) to [CEH.RSE@anu.edu.au](mailto:CEH.RSE@anu.edu.au)*