

Dear Friend of the ANU Centre for Economic History,

Last month marked the Centre's second anniversary, and we are happy to report an active slate of past and upcoming activities. We hosted two events recently: a workshop on Asian development and the 2014 Sir Leslie Melville Memorial Lecture, given by Professor Forrest Capie. A number of us were also at the annual Asia-Pacific Economic and Business History conference in Hamilton, New Zealand. This issue highlights these activities as well as the first part of an overview of economic history at the ANU by Pierre van der Eng. We have more events coming up this year, including an intensive workshop in Adelaide in June. Stayed tuned, and thanks again for your support.

John Tang (Acting CEH Director)

## 2014 Sir Leslie Melville Memorial Lecture:

### The Limits of Central Banking: Central Banks and Financial Crises



*Full house attendance at the Melville lecture, University House*

In late February, the Centre sponsored a visit by the eminent economic historian Professor Forrest Capie to the ANU. The purpose of his visit was to deliver the thirteenth Sir Leslie Melville Memorial Lecture. Now Professor Emeritus in the City University of London, Forrest Capie is one of the world's leading authorities on the history of central banking. He was the Bank of England's Official Historian from 2004 to 2010.

The first Melville Lecture was given in 2002 to celebrate the 100<sup>th</sup> birthday of the ANU's second Vice-Chancellor. Melville was one of Australia's most distinguished economists. A graduate of the University of Sydney, he was appointed to the newly created chair of economics in the University of Adelaide at the age 27 in 1929. After a period of private sector work, he became active in policymaking, helping the Commonwealth Bank become Australia's central bank. Later, he was a member of the Reserve Bank from 1959 to 1975. When he died in 2002, the University decided to hold an annual memorial lecture in his name.

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## CEH Workshop Report:

### Topics on Asian Development, Past and Present

Coinciding with the start of the lunar new year, on 31 January the Centre hosted a workshop on Asian development. The topics drew from both economic history and development economics, with a large number of the papers focused on China. Invited speakers included Russell Toth (Sydney), John Tang (ANU RSE), Se Yan (Peking), Xin Meng (ANU RSE), Paul Burke (ANU Crawford), and Cameron Gordon (Canberra).

In the morning session, Toth opened the workshop with a paper on Indonesian micro-credit lending and constraints on small scale businesses. He finds that financing is not the main binding constraint to entrepreneurs, which suggests policies that expand lending may have less of an impact than expected.

Tang followed with his paper comparing the dynamics of technology adoption and diffusion in Japan and the US in the 19th century. He finds that while rates of adoption were not noticeably different, rates of diffusion were much

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## Economic History at the ANU

### Part 1: There from the Outset in 1930

Economic History at the ANU has a convoluted and somewhat confusing institutional origin. To provide some clarity, this article offers a short overview of the development of the discipline, from the outset in 1930 to the establishment in 2012 of the current Centre for Economic History in the ANU College of Business and Economics.

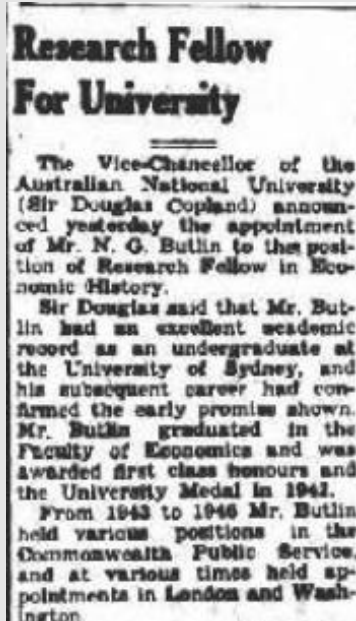
The Canberra University College (CUC) – one of the predecessors of the current ANU – started teaching evening classes in 1930. Its target students were particularly the growing numbers of public servants attracted to Canberra by the expanding departments of the Federal government. Economic History was one of the 4 courses CUC offered towards the Bachelor of Commerce of the University of Melbourne. Until 1948, the course continued to be offered by part-time lecturers while the number of students gradually increased.



*Herbert "Joe" Burton, the first Professor of Economic History in Australia and at the ANU*

By 1948 the number of students had grown to the extent that the CUC council appointed Herbert 'Joe' Burton as CUC Principal. Burton had been a lecturer and Associate Professor of Economic History at the University of Melbourne since 1930, where he had pioneered the teaching of Australian economic history.

With his appointment at CUC, Burton became the first Professor of Economic History in Australia, as his peers at other Australian universities had all been appointed in Economics or in History. Burton taught economic history throughout the 1950s. But when his tasks as Principal increased, he had to leave more of the teaching to part-time lecturers.



*Newsworthy: Noel Butlin's appointment in The Canberra Times (13 August 1951)*

### *Economic History at RSSS*

Several of these part-time lecturers were from the Department of Economics at the Research School of Social Sciences (RSSS) at the ANU. The ANU was conceived in 1948 as an institution for graduate education and research, which would take place in a growing number of research schools. The Department of Economics recruited Noel Butlin in 1951, followed by Alan R. Hall and Alan Barnard.

All three focused their research on Australia's economic history, which offered many opportunities for further research. Hall published on British investment in Australia before World War I and on the financing of Australian public companies. Barnard researched the wool industry in 19<sup>th</sup> century Australia.

Noel Butlin had during 1949-50 been a Rockefeller Fellow in the US, where he worked with Joseph Schumpeter at the Center for Entrepreneurial Studies at Harvard Business School. Upon his return to Australia he focused his initial research in the 1950s the measurement and analysis of investment, capital formation and economic growth in Australia during the 19<sup>th</sup> and early 20<sup>th</sup> centuries.

This project offered a significant new interpretation of long-term Australian economic history, away from the perception that rural development by the private sector had long driven economic growth in Australia, towards an understanding that already by the 2<sup>nd</sup> half of the 19<sup>th</sup> century capital investment in urban areas as well as significant public sector involvement drove Australian economic growth. Such findings contributed to Butlin's successful application for a Chair in Economic History in 1962 and the establishment of the RSSS Department of Economic History in 1963.

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### 2014 Sir Leslie Melville Memorial Lecture (cont.)

The title of this year's Melville Lecture was 'The Limits of Central Banking: Central Banks and Financial Crises'. Professor Capie explained how the Bank of England adopted the role of lender of last resort during the financial crisis in 1825, applying rather belatedly ideas that were enunciated in 1802 by Henry Thornton and developed further by Walter Bagehot in 1873. Thereafter the Bank perfected its role as lender of last resort, so much so that no major financial crisis occurred in Britain from the mid-1860s until the global financial crisis in 2007-08. The US Federal Reserve, in contrast, failed to act as lender of last resort after the Wall Street crash in 1929 and consequently precipitated the massive financial crisis in the early 1930s.



*Forrest Capie (L), Selwyn Cornish*

Turning to the recent financial crisis and the role of the Bank of England, Capie argued that mistakes were made because the lessons of history were often forgotten. Loose monetary policy had stimulated an asset price boom in housing but the Bank no longer had responsibility for the supervision of banks and was unaware of the excessive risks they were taking. It failed to apply Bagehot's dictum when the crisis came. Instead of allowing insolvent banks – such as Northern Rock – to collapse, while providing liquidity to solvent banks on the basis of good collateral, the Bank of England went to the government for loans to bail out financial institutions. This could set a precedent that may be difficult to repudiate in subsequent crises; it may also have contributed to the delay in resolving the crisis.

In concluding the lecture, Capie suggested that the record of central banks in financial crises 'has not been good. The best we can say is it has been a chequered history.' But he did concede that central banks had learned perhaps enough from history 'to have saved us from another great depression'. -SC

A modified version of Forrest's lecture is available as a CEH Discussion Paper: <http://rse.anu.edu.au/CEH>



*Let's haka!*

### ***Jetlog: A Report on the 2014 APEBH Meeting***

This year's annual meeting was held at the Waikato Management School, University of Waikato (Hamilton), New Zealand between 13-15 February. The theme chosen by this year's organisers, Jim McAloon, Ken Jackson and Keir Reeves was "Economic Consequences of War and Conflict." Les Oxley of the University of Waikato was an excellent host and the conference ran smoothly throughout with the help of Maria Fitzgerald, Ashleigh Cox and Brittany Weake who ensured that delegates were able to get where they needed to be on time and who took care of any last minute requests the delegates may have had.

There were 16 sessions spread over three days with a half day's geographic and cultural excursion to the Wai-O-Tapu Geothermal Wonderland in Rotorua and dinner at the Tamaki Maori Village on the Friday afternoon. As the main annual regional economic history

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**Jetlog: APEBH Meeting (cont.)**

meeting, the APEBHC was well attended, drawing together delegates from across the Asia-Pacific and even from the Russian steppe. Over 40 people attended this year's conference presenting 42 papers. The papers covered a broad range of topics dealing not only with



*John Wilson (L), Les Oxley*

war and conflict although several papers did focus on the topic, notably an exciting paper discussing the long term health consequences of the Korean War on South Koreans by Chulhee Lee at Seoul National University. Several papers discussed health and living standards of the indigenous populations of Australia and Polynesia. Indeed, health was a popular topic this year, with additional papers on health in China and Oceania.

The annual Butlin lecture took place on the first day. Forrest Capie of Cass Business School, City University, London was this year's speaker and the topic was the importance of trust with respect to a well-functioning market economy. Professor Capie argued that high levels of trust were prevalent during the First Global economy--levels, he says that no longer exist. Professor Capie believes that excessive regulation of financial markets implies a lack of trust amongst participants in those markets. If trust existed in the market there would be no need for regulation. Needless to say, in the current atmosphere of the Global Financial Crisis and subsequent increases in regulation this was a particularly engaging topic and discussion extended to the Welcome Reception.

The Friday afternoon provided some time out from research with a fully organized bus trip to the Wai-O-Tapu Geothermal Wonderland where delegates could enjoy the spectacle of hot springs and geysers for which the North Island is famous. After a few hours taking in the sights and the sulphur ridden air we moved on to an unforgettable cultural experience at the Tamaki Maori Village. Once our chief, Lex Oxley, assured the warriors that we came in peace, we were led through a Maori village where we saw how Maori elders teach their children the arts of war and peace. The experience culminated in a delicious dinner cooked in a pit filled with hot stones. We returned weary yet satisfied to our hotels well after midnight.

The APEBH Conference brings together a good mix of business and economic historians from across the region and at different stages of their careers, and is proving to be a suitable forum for PhD students and young researchers to obtain valuable feedback. 2014 was once again an outstanding conference, thanks to Les Oxley and the team at Waikato for a rewarding experience, we look forward to next year. -MM

**CEH Workshop Report (cont.)**

faster in Japan and that this is associated with larger firm scale.

The afternoon sessions comprised papers about China. Se Yan, who was a visitor of the Centre's during the month of January, presented research on the persistence of Protestant evangelism in China during the early 20th century on economic indicators in the year 2000. He finds that improved education, health, and economic growth are associated with Protestantism.

Xin Meng also presented work on intergenerational transfer, focusing on the impact that the Chinese cultural revolution had on education outcomes. She finds that while the event disrupted education attainment, this did not translate into lower earnings.

In the last session, Burke presented his paper on Chinese coal demand, which appears to have become more price elastic in recent years. Gordon discussed his research on railway networks and their role in creating agglomeration economies in China and Asia in general. -JT



*Laura Panza (L), Martine Mariotti (C), Mike Beggs*

## Economic History at the ANU

### Part 1: *There from the Outset in 1930 (cont.)*



*Noel Butlin, author of numerous works  
reinterpreting Australian economic history*

As part of this research project, and also in the context of other research interests, Butlin and his RSSS colleagues started the collection of the records of major private companies in Australia in 1953. At that time there were no depositories of company records in Australia. The collection started with approaches to some of Australia's largest building, finance and mining companies.

The collected documents were initially located in RSSS, but soon had to be housed in different places on campus. The collection is now an important part of the ANU's commitment to the preservation and study of Australia's heritage and takes the form of the Noel Butlin Archives Centre (NBAC), located in the Menzies Library on the ANU campus. The Centre's extensive

collection is housed in the depository above the Parkes Way tunnel.

This project and a further collaborative project supervised by Butlin in the 1980s yielded a great number of publications on Australia's historical economic statistics. Both made use of the extensive library of Australian historical statistical publications collected by economist, public servant and reader in economic statistics at RSSS, Horace 'Horrie' Brown. While the records of many of Australia's companies can still be studied at the NBAC on campus, the remainder of the Horrie Brown Library ended up at the University of Canterbury in New Zealand!

The location on the ANU campus of the growing collections of company records and historical statistics, and the active support for the preservation and expansion of both collections from RSSS Director Sir Keith Hancock – a renown economic historian in his own right – attracted several Masters and PhD candidates in economic history since the 1950s. Supervised by Noel Butlin and others in RSSS, many based their research theses on these collections.

Among them were Colin Forster, Neville Cain, Bryan Haig, Kyoko and Tom Sheridan, Graeme Snooks, David Pope, Susan Bambrick and Michael Keating. Apart from Butlin, key appointments in the RSSS Department of Economic History were Barnard and Cain in the 1960s, Sydney Butlin and Jonathan Pincus in the 1970s. Rod Maddock, Avner Offer, Glenn Withers and Ian McLean joined the department in the late 1970s and 1980s. Each stayed for some years before moving on, some to positions in the Federal public service, others to teaching positions in economic history elsewhere. -PvdE



*Australian wool market  
specialist, Alan Barnard*

To be continued in the next issue of the CEH Newsletter. The sources used for both instalments are:

- ANU Oral History Archive, Interview with Noel Butlin, [http://www.anu.edu.au/emeritus/ohp/interviews/noel\\_butlin.html](http://www.anu.edu.au/emeritus/ohp/interviews/noel_butlin.html)
- *Bulletin of the Business Archives Council of Australia* (1956-61), continued as *Business Archives and History* (1962-66) and *Australian Economic History Review* (1967-2014).
- Discussions with Peter Yule (Melbourne), author of the commissioned history of the ANU College of Business and Economics.
- *Economic Record* (1925-2014).
- Entries in the Australian Dictionary of Biography (<http://adb.anu.edu.au>) and Obituaries Australia (<http://oa.anu.edu.au>).

## News from the ANU Noel Butlin Archives Centre (NBAC)



*Melbourne Stock Exchange (Herald Sun)*

The NBAC continues to work on new ways to make its collection available to economic and business historians in Australia and elsewhere. Since early 2013, it is engaged in a cumulative process of adding item information from record lists available in digital form and digitised items from its collections to the ANU's record database (website below). The process of making these details available follows that of items from the ANU's University Archives. Gradually lists and items from NBAC's extensive collection of Australian company records dating back to the early 1800s will follow. As the whole NBAC collection amounts to 20 km of records, the available digital items will remain a fraction of the collection. But records can be consulted at the NBAC's reading room in the ANU's Menzies Library.

In 2013 record lists of several recent NBAC acquisitions were made available. Particularly noteworthy are the records of the Melbourne Stock Exchange, including the minutes of meetings of the Board of the Exchange and company applications for listing during 1888-1961. These records are part of the 300 meters of records the NBAC acquired from the Australian Securities Exchange (ASX), containing the records of the Sydney, Adelaide, Perth and Brisbane stock exchanges covering the time span 1875-1998. As public listing was a significant avenue for the mobilization of investment capital for Australian firms, this ASX collection offers a range of opportunities for further research into the financing strategies of Australia's private sector that are simply not possible with only information in the public domain. -PvdE

Further information about the NBAC and its activities is here: [archives.anu.edu.au/collections](http://archives.anu.edu.au/collections)

## 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**):

- 2014-1 "Macroeconomic Consequences of Terms of Trade Episodes, Past and Present" by Tim Atkin, Mark Caputo, Tim Robinson, and Hao Wang
- 2014-2 "Two Centuries of International Migration" by **Tim Hatton** and Joseph Ferrie
- 2014-3 "The Institutionalisation of Macro-economic Measurement in Indonesia Before the 1980s" by **Pierre van der Eng**
- 2014-4 "The Long Term Effects of Protestant Activities in China" by Yuyu Chen, Hui Wang, and **Se Yan**
- 2014-5 "Central Banks and Financial Crises: Some Historical Examples" by Forrest Capie
- 2014-6 "Making a Land Fit for a Gold Standard: Monetary Policy in Australia 1920-1925" by **Selwyn Cornish** and **William Coleman**

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

*All CEH associates who are registered with RePEc are invited to add the Centre as an institutional affiliation on IDEAS: <http://edirc.repec.org/data/chanuau.html>*

## Upcoming conference announcements

### **Australasian Cliometrics Workshop** **Friday, 20 June 2014, University of Adelaide**

The University of Adelaide and the CEH are co-hosting an intensive workshop for economic and business historians. Confirmed speakers include William Coleman (ANU), Trevor Kollman (RMIT), Laura Panza (Melbourne), and Florian Ploeckl (Adelaide). Following the format of the ANU junior workshop last November, papers will be distributed in advance and all participants are expected to have read these prior to the event. Registration is free and catering will be provided.

To register interest in attending or serving as a paper discussant, please send an email by **30 May** to [Florian.Ploeckl@adelaide.edu.au](mailto:Florian.Ploeckl@adelaide.edu.au)

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### **"The Australian Sonderweg: Between Choice, Chance and Destiny"** **Friday, 25th July 2014, The University of Notre Dame, Fremantle**

This small, single-session, one day conference will seek to explain the bent towards collectivism that has been manifested for at least a century in various singular features of Australian society: including extensive labour market regulation, financial control, state enterprise, tariff protection, and a proclivity to transfer power from smaller jurisdictions to larger ones. The conference is intended to air a range of explanations, ranging from the 'historical legacy' type explanations to personalities and material factors.

Speakers include:

**Geoffrey Blainey:** 'Australia and New Zealand, 1860-2000: Different Ships or Different Navigators?'

**Nick Cater**

**William Coleman:** 'The Australian Weg'

**Henry Ergas:** 'Hancock's Half Hour'

**Greg Melleuish:** 'Unholy bedfellows: how the marriage of democracy and bureaucracy led Australia astray'

**John Nethercote:** 'The talent for bureaucracy and the atrophy of federalism'

**Jonathan Pincus:** 'Australian Exceptionalism; Government Railways'

**Richard Pomfret:** 'Australia's Economic Mores through the Lens of the Professional Sports Industry: Individual Rights or State Paternalism?'

Anyone interested is welcome to attend, and the conference is consciously targeting students at all levels (eg, undergraduate, honours and postgraduate). Conference Registration (including lunch and evening drinks/light supper) is available to students for \$50, and to Non-Students for \$100. Please register by emailing the *Conference Administrative Officer* at [business@nd.edu.au](mailto:business@nd.edu.au). The formal **deadline for registration is June 18th**, but as attendees are limited to 80 it would be prudent to register earlier.

For more details, visit: <http://www.nd.edu.au/fremantle/schools/business/freedomtochoose2014>

Please direct queries to [William.Coleman@anu.edu.au](mailto:William.Coleman@anu.edu.au)

The conference is generously supported by the University of Notre Dame, Australia, and the Mannkal Economic Education Foundation.

*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)*