



Friends of the ANU Centre for Economic History,

Happy new year from Australia's bush capital. These are the summer holidays down under, but a number of us have also enjoyed the wintry mix of the northern hemisphere for conferences and research travel. We would like to call your attention to the upcoming Asia Pacific Economic and Business History conference in Adelaide next month as well as to recap a few local events that have taken place recently. In particular, the Centre is proud to have one of Australia's pre-eminent economic historians recognized with the opening of the Noel Butlin PhD study room in the College of Business and Economics at the ANU. As always, thanks for your support of the Centre and economic history.

Best,

John Tang, CEH Director



Opening of the Noel Butlin PhD Room

The CBE hosted the opening of the Noel Butlin PhD Room on 2 November 2015. This event, organized by the RSE, included a number of the late Professor Butlin's family and family friends, ex-faculty member Professor Adrian Pagan, a representative of the Noel Butlin archives at the ANU, and PhD students, staff and faculty from across the College, with particular representation from the RSE's Centre for Economic History.

Associate Professor Selwyn Cornish then reflected on the very significant intellectual legacy left by Professor Butlin, an ANU member for some 40 years and the most significant Australian economic historian of his time. His remarks on Noel Butlin's contributions are featured in this issue. On behalf of the family, Professor Butlin's son Dr. Matthew Butlin, a distinguished ANU alumnus in his own right, spoke of his father and the family's recollections and thoughts. He and his sister, Janet Pagan, then unveiled a photographic portrait of Professor Butlin that will grace the walls of the room. Professor Rabee Tourky of the RSE wrapped up the opening and thanked the attendees and the event moved down the hallway to the CBE tearoom for an afternoon tea put on for the occasion by the RSE. -MR

Inside this issue:

1. Opening of the Noel Butlin PhD room
2. Featured economic historian: Noel Butlin
Workshop report on AusClio Adelaide 2015
3. Jetlog: Report on 2016 ASSA/AEA meeting
New publications and working papers
4. Conference announcements
5. Special tribute: Douglass North

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Workshop Report: AusClio Adelaide 2015

The Second Australasian Cliometrics Workshop was held in Adelaide on November 9th, hosted by the University of South Australia. The conference format is rather unusual in that researchers barely present their work at all – in fact, only five to ten minutes are allotted for presentation. Rather, papers are sent to all attendees prior to the meeting with the expectation that people arrive with many comments and questions. This provided a nice setting in Adelaide for vigorous discussions about the effect of double-liability laws on British banks in the 19th century, whether Zipf's law on city population size holds in historical Catalonia, and how much value ship owners added in the slave trade.

The plenary speaker was John Turner from Queen's University in Belfast, who has published extensively in journals on topics related to finance during the 19th and 20th centuries. Turner gave an overview of his recently published book, "Banking in Crisis: the Rise and Fall of British Banking Stability, 1800 to the Present," which maps out the development and consequences of financial runs. (*cont.*)



Kangaroos and vineyards in spades in South Australia



Professor Noel Butlin hard at work. [Copyright ANU Archives]

Featured economic historian: Noel Butlin

Noel Butlin, considered to be one of the Australia's (and ANU's) greatest economic historians, has left a significant national and scholarly legacy. In addition to this, he was a great university citizen. He headed his own department for nearly three decades; before the Department of Economic History was created he was a senior member of Trevor Swan's Department of Economics in RSSH; frequently Noel was the Acting Head of that department when Swan took leave. Noel was for some time an elected member of the ANU Council and for three decades was a member of the Board of the Institute of Advanced Studies. He was a member of countless appointments and review committee, and various ad hoc committees. He also played a central role in the creation of the ANU Staff Club, which flourished in the second half of the 1960s and in the 1970s.

Some of Butlin's major contributions include:

1. His compilation of national income estimates for Australia going back to the early decades of European settlement; when combined with the official estimates we have almost 200 years of annual figures. This was a prodigious enterprise, involving great stamina, energy, acuity and creativity – and a great knowledge of relevant sources. As a result of this work we have a much clearer picture of the dimensions and nature of Australian economic growth.

2. Many of his conclusions are now so embedded in our consciousness that we are inclined to take them for granted, forgetting that Butlin was the author: that average per capita incomes in Australia were the highest in the world by the 1880s, if not before; that Australia was one of the most highly urbanized societies by the end of the 19th century; that public enterprise played a very significant role in the development of this country (building towns and cities, roads, bridges, railways, harbours, telegraph and telephone systems, schools, universities, hospitals and much more); that the three decades after the 1850s was a 'golden age' of sustained (*cont.*)

Featured economic historian: Noel Butlin (cont.)

growth, but ended in a Great Depression that, in many ways, had a more enduring impact on the future of Australia than the Great Depression of the 1930s (Federation, the rise of the Labor Party, the White Australia immigration policy, national tariffs, wage tribunals and arbitration and conciliation courts).

3. Earlier than most historians, Butlin pointed out that while economic growth has brought many benefits, we should not forget that there are also likely to be costs. His work on the social cost of traffic accidents, environmental degradation (the denuding of natural pastures in the Western Division of NSW in the late eighties due to overstocking (sheep) was something that Butlin brought to our attention), and the adverse impact on indigenous populations (he wrote movingly and sympathetically about the impact of European settlement of Australian indigenous populations).

4. The extensive array of business, company, and trade union records that Butlin assembled are now housed in the Noel Butlin Archives Centre at the ANU. This is one of the nation's great archival collections, attracting scholars not only from around Australia but also from overseas. They informed his work, not only his quantitative research, but his narrative work on Australia's economic development.

It is altogether appropriate, fitting, and proper that a Common Room and Library has been established in the Research School of Economics in Professor Butlin's name. Thanks to the Dean, School Director, and others for making this happen. -SC



Selwyn Cornish (L) and Matthew Butlin (C) at the Butlin Room opening

Workshop Report: AusClio Adelaide 2015 (cont.)

Interestingly, Turner argues that there really were only two major crises that occurred in the past two hundred years: one in 2007-2008 and the other in 1825-1826. These were major in that they had large spill-over effects on the rest of the economy; the time period between them had some relatively minor events that caused volatility in the system, but this was largely limited to the financial sector. To show this, Turner has done an impressive amount of work compiling stock returns and delving into financial records of banks to track financial crises as they occurred.



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The incredible stability of almost 200 hundred years was due to a variety of factors, but most importantly because of liability laws. For the early and mid-19th century, unlimited liability led bank owners to take fewer risks, as they were on the hook to pay up if things went awry. Unlimited liability shifted into double liability, which still put bankers on the line for a large amount of money. This was not the only force for banking stability; in the 20th century, government regulation limited the extent to which risks could be taken. However, during this time period bank mergers increased and capital ratios fell, which lead to the well-known problem of "too big to fail," ultimately setting the stage for the 2007 crisis. A natural policy proposal is to increase bank shareholder's skin in the game in order to reduce excessive risk taking.

All in all the conference was lively and fun, and was a good introduction to economic history for the many graduate students in attendance. The graduate students did their fair share of the work, giving detailed discussions on papers and asking pointed questions. Hopefully, as we look forward to the third workshop next year in Sydney, there will be continued enthusiasm for these new scholars. -ZW

Jetlog: 2016 ASSA/AEA Meetings

The 2016 ASSA conference (of which the AEA dominates) brought more than 10,000 economists to San Francisco, California on 2-4 January 2016. There were around 500 sessions spread over three days, which meant there was a lot of session overlap; a few were sponsored by the Economic History Association and the Cliometrics Society. Below are summaries of two sessions:

"Economic History"

In the first paper Richard Easterlin (University of Southern California) challenged recent research that has not found support for the Easterlin Paradox, which

is that over time happiness is not positively related to income. Easterlin used data from the United States General Social Survey and the World Values Survey to again find support for the paradox.

In the second paper Nathaniel Hilger (Brown University) provided an estimate of intergenerational mobility in terms of educational attainment. Hilger used US census data between 1940 and 2000, and was able to find that educational intergenerational mobility has decreased since 1980.

In the third paper, Lingwei Wu (Hong Kong University of Science and Technology) examined the impact on trust of China's Cultural Revolution. The Revolution could impact trust because individuals were encouraged to report on each other. Cohort and regional variation in the Cultural Revolution were used to find a significant negative relationship between intensity of the Cultural Revolution and trust.

The fourth paper, by Nuno Palma (LSE) and Andre Silva (Nova School of Business and Economics) constructed a general equilibrium model of trade between Europe and Asia during the Early Modern Period (1500 – 1800) to examine the impact of American precious metals. After calibration the model was used to estimate a counterfactual without precious metals from America, leading to the conclusion that their discovery was a major driver of Euro-American trade. (*cont.*)



It's actually orange, but still iconic

New Centre Affiliate Publications

Wilson, Mark and Greg Shailer, 2015. "Dual Distribution and Information Asymmetry in Franchise Networks," *Journal of Business Finance and Accounting* (forthcoming).

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**):

- 2015-13 ["The First 100 Years of Tariffs in Australia: The Colonies"](#) by **Peter J. Lloyd**
- 2016-01 ["The Engine and the Reaper: Industrialization and Mortality in Early Modern Japan"](#) by **John Tang**
- 2016-02 ["A Tale of Two SICs: Japanese and American Industrialization in Historical Perspective"](#) by **John Tang**

Centre affiliates and visitors are encouraged to submit working papers to the series. All papers are available at:

<https://www.rse.anu.edu.au/research/research/ceh-working-papers/>

Jetlog: 2016 ASSA/AEA Meetings (cont.)

In the fifth and final paper, Mohamed Saleh (Toulouse School of Economics) examined the impact of the cotton boom on slavery in nineteenth-century rural Egypt. Using Egyptian census data an association was found between the cotton boom caused by the American Civil War and an increased shareholdings of slaves in cotton-favourable areas of Egypt.

'Social Mobility and Demography in China and Japan'



In the first paper Gregory Clark (UC Davis) used surname data as a measure of changing social mobility in China, especially over the past hundred years. Although the results were preliminary, Clark found that the make-up of the Chinese elite was largely unaffected by the various revolutions experienced in China over this time.



In the [second paper](#) John Tang (ANU) used data from Meiji Japan to examine the impact of the steam engine on mortality. Railroad access is found to explain almost all of an increase in mortality because of the impact of communicable disease.

The third paper of the session was a late substitution. David Yang (Stanford) used data from the China Family Panel Study to examine the impact of the Great Chinese Famine (1958 - 1961) on the level of trust in the government. The famine had different impacts across China, as it was confounded with other events in only some areas. Areas where the government

was solely blamed for the famine show substantially more distrust in the government even today and has been passed down to younger generations. -RA

Conference Announcements

Asia-Pacific Economic and Business History Conference,
11-13 February 2016

University of Adelaide

Registration: <https://apebh2016.wordpress.com/registration/>

Save the Date: 2016 AusClio Sydney
4 November 2016

The 2016 Australasian Cliometrics Workshop will be held for the first time in the glorious city of Sydney. The University of Sydney will host AusClio, in conjunction with the Centre for Economic History, with a call for papers to be issued shortly. Stay tuned!



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SYDNEY

Special Tribute: Douglass C. North (1920-2015)

Douglass C. North passed away at the age of 95 at his home in Benzonia, Michigan [on 23 November]. He was among the most important and influential economic historians and economists of the late 20th century. He will be deeply missed by his family, friends, colleagues, and students.

Douglass Cecil North was born on November 5, 1920, in Cambridge, Massachusetts, the youngest of three children. He attended the University of California-Berkeley, graduating in 1942. He received his PhD from Berkeley in 1952. He began teaching at the University of Washington Seattle in 1950, and in 1983 moved to Washington University in St. Louis, where he remained a professor for the rest of his career. He was co-recipient of the 1993 Nobel Memorial Prize in Economic Sciences with Robert Fogel. He is survived by his wife Elisabeth Case and his three sons Douglass, Christopher, and Malcolm.

North was a leader of the generation of economic historians who brought neoclassical economics directly into the study of history - the 'new' economic history. And then realizing the incompleteness of the neoclassical tools for understanding long-term change, he was a leader of a generation of economists and social scientists who brought the importance of institutions into a central position within economics - the 'new' institutional economics.

North long emphasized the importance of history and of neo-classical economics. He criticized both disciplines for their complacency about the adequacy of the current conceptual and methodological consensus on how history or economics should be done. He always operated within a framework of individuals who act intentionally (neo-classical economics matters) and who perceive the world through cognitive lenses that are part inherited from their culture and part derived from their own experience (history matters). Individual actions are governed by interests shaped by relative prices, endowments, and constraints (institutions) as well as by perceptions of how the world around us works (cognition and beliefs). Social outcomes are the sum of individual actions, but the summation process is not a simple adding up, since interactions between individual decisions and beliefs critically influence the behavior of everyone.

The evolution of North's thinking continuously shaped his willingness to pursue the interesting questions he was unable to address in his last book or paper, not by what was currently hot in the profession. Testimony to the power of his insight is that the profession has followed him, for he certainly didn't follow the profession.

-John Wallis [excerpted with permission from author; full article at [Vox](#)]



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