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I

The historiography of Australian economic history

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Introduction

> Australian history is, of course, largely economic history.
>
> D. B. Copland

Over the past century a body of history has been written that includes some of the most vivid specimens of any kind of Australian history, and that, perhaps of all Australian history, strikes closest to the country's concerns. This is Australian economic history, a history that is 'Australian' not only in reference but also character; a history that shares little pedigree with British economic history, and remains apart from the practice of American economic history.

This chapter tells the story of writing this history by means of a schema of 'four generations'.

Chroniclers of progress

The Australian Commonwealth came into existence in 1901 without an economic history. This was not for any lack of interest in economic matters, but more on account of the intimate dependency of a barely fledged Australian intellectual life on British academic capital. Professor Walter Scott of the University of Sydney illustrates the point. He was an earnest advocate of political economy at the University, a founder of the Australian Economic Association, and author of the first paper in the *Australian Economist*. And yet in that paper Scott asserted that Australia had no economic history (Scott 1888). Born in Devon and dying in Oxford, Scott saw economic history as the transformation of feudalism into capitalism, and Australia could have no part in that story. Scott underlined the truth that if Australia's economic past was to acquire any significance it would be on account of it being Australian,

rather than serving some other concern, and that such a significance would require the existence of a 'national consciousness'. Such a consciousness did exist at the time of Federation. And this consciousness was actually given some space by the incongruent subject matter of British economic history. For if Australian economic history had nothing to offer England, equally English economic historiography of the day had little to offer Australia. Its focus on the rise of capitalism and the Industrial Revolution – the characterising feature of British economic history during the sway of R. H. Tawney – was irrelevant to Australia, and it is unsurprising that the first Tawneyite seedling to fall on Australian soil – the appointment in 1914 of a Yorkshire Workers Educational Association lecturer, Herbert Heaton, to the University of Tasmania – failed to take root (King 2006).[1] But why, then, did not an Australian economic history bud in the vacant soil?[2] Perhaps because 'natives' in beholding the passage of the preceding century were engrossed by the progress they saw; and such progress beckoned to the future as much as it honoured the past. The 'Federation generation' did not, therefore, bring forth the economic historian, as much as the statistician-participant-observer, who was concerned to record and hail Australia's *Rise, Progress and Present Condition* (Westgarth 1861). The acme of these efforts was *Labour and Industry in Australia from the First Settlement in 1788 to the Establishment of the Commonwealth in 1901* (1918) by T. A. Coghlan (1855–1926), the New South Wales Statistician.

Coghlan's 2449 pages constitute a great, pullulating Victorian panorama in words and numbers that seemingly capture every person, law and landmark (and do not exclude bushrangers). Beyond its use as an encyclopedic reference work, its enduring value lies in its bounty of quantitative data. Much of this later proved an essential input into estimates of national accounts; other elements remain standing in their own right, with Coghlan's figures for gold production remaining unsuperseded. And posterity has ultimately granted him his famous claim to use his own name as the authority for the statistics he cites.[3] Yet Coghlan's march past of dates and numbers reflects his lack of anything

1 Before he left Australia Heaton had published *Modern Economic History: With Special Reference to Australia* (1921). This work, in truth, has little reference to Australia. Tellingly, Heaton's subsequent successful research career in Canada was, in the judgment of Harold Innis, 'handicapped by the preconceptions formed in the study of English economic history' (Innis 1956, p. 11).

2 Tellingly, the first monograph that could be described as professional Australian economic history – a doctoral dissertation on the history of colonial tariffs – was by a Canadian (Allin 1918).

3 But need we believe him when he announces that '75 percent of the vegetables of the country are grown by Chinese' (p. 1331)?

like an organising theory. That lack, admittedly, gave a space to the vagaries of human nature that perhaps befits a historian; 'the genius of unrest had entered the souls of the squatters and they pressed outward, leaving good country to seek better and too often finding worse' (Coghlan 1918, p. 243). But his explanation of events is a bit perfunctory; things come to pass too easily.

For all its merits *Labour and Industry* was not a successful publication. The prose is brisk, but also 'interminable'; Coghlan spurns entirely the use of the footnote; he shot a vast uncomposed photograph, leaving the viewer at a loss what to make of it. The original edition is a rare book.

National storytellers

World War I broke the spell of progress, and from the invigoration of Australian academic life in the war's restless aftermath there germinated the first genuine economic history of Australia. Over the next two decades a tiny cohort of self-defined economic historians in Australian academia spontaneously assumed the task of weaving the extant plenty of facts into a synoptic 'national story'. This undertaking was necessarily interpretive, and potentially critical. Indeed, the best of these national storytellers experienced a disaffection with the past that was essential to their achievement. The key figures are E. O. G. Shann (1884–1935) whose *An Economic History of Australia* (1930) advanced a liberal critique of Australian collectivism; and Brian Fitzpatrick (1905–65) whose *British Imperialism and Australia, 1788–1833* (1939) and *The British Empire in Australia* (1941) advanced a Marxist critique of Australian dependency.

The soul of E. O. G. Shann teetered between anguish and animation, and his mind thronged with drastic sentiments (Millmow 2005). 'Ladies and gentleman', he would announce to students in his opening lecture, 'it is gratifying to find you are taking an interest in the welfare of your country. But ladies and gentleman, it is too late.' 'I can still hear his voice', one former student wrote 30 years later (La Nauze 1959). What student could resist reading,

> The century dawned on land seared by the worst and widest drought white men had seen. In New South Wales after six years of abundant rainfall from 1889 to 1894, eight successive years of subnormal rainfall culminated in 1902 with a year in hell. (Shann quoted in La Nauze 1935, p. 49)

The students called him 'bolshie Teddy', but by the time he was to write his *History* he had thrown over the Fabianism of his youth in favour of an ardent individualism.

Shann's individualism did not amount to a philosophy of the ego. Nor was it a 'magic of the market' message, despite his evident relish in reporting that in Botany Bay's attempt to feed itself, 'the exchange economy ... inevitably triumphed over [the] communism' of government farms. Shann's individualism amounted to his belief in the significance of the variety of the individual constituents of human society. Few were they of mettle strong enough to pass the tough tests of life, of strength of mind to resist delusion, of the character to not yield to the strain. And where were those qualities most needed and hard-pressed but in our wide, brown land's sweeping plains? 'Big sheep men', he wrote, are the 'most characteristic and economically important Australians.' Shann's individualism harmonised, then, with his contemporaries' veneration of the wool industry, and his work might be deemed the most sustained expression of the sentiment that wool, in the words of his protégé W. K. Hancock, 'made Australia a solvent nation, and in the end, a free one' (Hancock 1930, p. 12). In this vision the leading problem for economic history was to explain how 'wool, from being dumped in waste hillocks in Hobart and Sydney ... ousted Spanish and German supplies from the principal markets of the world' (Roberts 1933, p. 339). To Shann's mind, the root answer lay in the freedom of action conceded the great originals of the human species, such as John Macarthur. But inasmuch as Macarthur and his likes fathered the wool industry, it was also true that wool fathered the likes of Macarthur. Australia's official war historian, C. W. Bean, put it this way: 'The wool industry turns out wool and meat and tallow and glue and cold cream, and many other things. But the most important things it turns out is men' (Bean 1910, p. viii). Shann's sentiment exactly.

This hypothesised social ecology of squatterdom set the scene, in Shann's mind, for the two political dramas of the mid 19th century: squatters versus governors and the imperial government, and the following generation's struggle of squatters versus the legislature and 'the people'. To Shann the people were Shakespearian groundlings, shallow and manipulable. He deplored the demagoguery that exploited them so as to disconnect parliamentary law from economic law. He argued the counterproductiveness of egalitarian legislation, and contended that free selection actually 'completed the transfer of Australia felix in fee simple for pastoralists' (Shann 1930, p. 214). Australia's 'tragic flaw' was the 'relative absence' of 'big sheepmen' from politics, and the consequent neglect of the fact that 'neither parliament nor representative boards had it within their power to amend the soil' (Shann 1930, pp. 211, 225).

Fitzpatrick's history forms a neat counterpoint to Shann's. From a modest background, Fitzpatrick secured a scholarship to study at Melbourne

University where he founded the Melbourne University Labor Club. And that takes us to the most obvious contrast between Fitzpatrick and Shann: their opposite political trajectories in life. Shann had discarded his youthful Fabianism for a sometimes militant liberalism; while the apolitical 'conservatism' of Fitzpatrick's earliest adulthood soon receded before his lifelong commitment to the left.

At one level Fitzpatrick's two volumes were an explicit 'Marxist' retort to Shann's 'liberal' *History*. Shann's 'peculiar account' of Botany Bay – with its provoking categorisation of the prison farm system as 'communism' – was to be disposed of as a 'delusion'. Botany Bay was all about rationing – and rationing 'was not, of course, communism of any kind' (Fitzpatrick 1939, p. 91). On Botany Bay Fitzpatrick focused his own Marxising lens: the aspiration of the governors was to 'plant a peasantry' in the face of 'an officer's movement to 'enclose' the new struggling peasantry' (1939, p. 15). But Fitzpatrick's bigger theme was that 'the story of Australia at this formative stage is ... the story of an economic utilisation of colonies to meet the needs of the imperial country' (1941, p. 132). In Fitzpatrick's eye the colony lacked any significant internal dynamic: 'New South Wales expanded as Britain expanded' (1939, p. 299), 'English capital was the motive power for what took place' and New South Wales amounted to a series of 'scenes of British private capital investment' (1941, p. xiii).

Discipline builders

In 1935 Shann lost 'life's unequal struggle', and from 1941 Fitzpatrick's attention wandered from economic history. These two pre-eminent figures of the interwar period were shooting stars who made their mark in bursts of inspired ardour. They blazed the trails, but could not peg out the future settlements.

It was in the surge of national confidence in the decade after World War 2 that a cluster of young economists undertook to foster a national discipline of economic history, whose members would practise their craft expertly their entire professional lives. This ambition was of a one with the 'prestige' national cultural projects of the day: the Australian Dictionary of Biography, the Australian Encyclopedia, the Australian National University, chairs in Australian literature and the Australian ballet and opera companies. In sympathy with this mood, this new discipline would furnish a narrative of Australia's economic development that would do more credit to the country than that suggested by preceding economic historians: a picture of an

Australia more 'self-determined' than some venture of overseas capital; an economy more complete than a medley of sheep runs and ports.

The pre-eminent figures in this phase were Sydney James Butlin (1910–77) and his younger brother Noel (1921–91).

Sydney James Butlin

Syd and Noel grew up in the proud and thriving New South Wales provincial centre of Maitland on the Hunter River. The town was, in fact, the coalescence of two towns: West Maitland, founded privately in 1819 to accommodate the river trade, and the 'official settlement' of East Maitland established a few years later. The comfortable symbiosis, one might speculate, formed a template for the Butlins' understanding of the relationship of market and state sectors.

At Sydney University, Syd was beguiled by the dramatic representations of economic history by G. V. Portus (1883–1954), the clergyman-scholar who had sincerely sought to believe in Marx, had failed and had ended by refuting Marxified interpretations of the Eureka Stockade.[4] In his subsequent study of economics at Cambridge, Butlin was selected to join 'Keynes' Club', but 'was not easily impressed'.[5] Butlin responded more to his tutor, the scholarly banking theorist Denis Robertson, who was perhaps his most decisive single influence. Butlin returned to Sydney, where a Royal Commission on Banking would provide a rivet for his intellectual energy.

Over the next 40 years Butlin laboured to provide a comprehensive anatomy of Australian banking and monetary institutions from 1788 to 1959. From the dark, messy chaos of colonial accounts he decocted a fully integrated set of national banking statistics (S. J. Butlin 1986). In the *Foundations of the Australian Monetary System 1788–1851* (1953) he also mapped the burgeoning thicket of undesigned monetary institutions, from the advent of the First Fleet – without the convenience of money or a treasury – to a 'fully organised capitalist community' by 1851. The work was monumental, exhaustive and, perhaps, too comprehensive. One wonders if there was loss in Butlin shunning the episodical history of the kind that David S. Macmillan was pursuing in *Debtor's War* (Macmillan 1960). Butlin's taste for epochal history also seems lacking in point of view; and it is this lack of 'position' that

4 'The Eureka Stockade, sometimes quoted as the first pitch battle between capital and labour – a kind of economic Runnymede of Australia – was … nothing of the kind.' The quotation is from Portus (1933b, p. 276), but captures the 'revisionist interpretation' of the event expounded later by historians such as Blainey.

5 See S. J. Butlin (1951) for his not completely admiring memoir of Keynes.

distinguishes Butlin's magnum opus from the contemporaneous and essentially parallel *Monetary History of the United States* of Friedman and Schwartz. But, somewhat reminiscent of the American study, Butlin in his *Australia and New Zealand Bank* (S. J. Butlin 1961), suggested that Australia's recovery in the 1930s owed more to market mechanisms, and less to 'policy', than had been previously allowed; this thesis was later elaborated in Schedvin's *Australia and the Great Depression* (1970).

Noel Butlin

Noel followed his elder brother to the University of Sydney, where he was attracted by the example of (Sir) Robert Madgwick (1905–79), whose *Immigration into Eastern Australia, 1788–1851* (1937) had ever so slightly raised the stock of pre–gold rush immigration. But Madgwick's literary model was a false light, and a chance encounter proved more significant. Sent as a 'very able lad' to Washington DC in 1945 to assist in planning the UN's FAO, Butlin met in the Australian legation James Brigden, another one-time export of England's WEA to the University of Tasmania. Brigden had not pursued Australian economic history any more than had his predecessor, Herbert Heaton. But Butlin was 'delighted' to see that Brigden possessed *Labour and Industry*; Brigden earned Butlin's enduring esteem by immediately presenting Butlin with the prized four volumes (Snooks 1991).

Back in Sydney Butlin won permission from the New South Wales Statistician to examine, with Heinz Arndt, the Coghlan papers that had lain interred in a city basement 'untouched by anyone for years … For three days, strapped to the waste, we worked in indescribable grime, sorting thousands of volumes onto shelves, but also finding what we were after' (Arndt 1985, pp. 15–16); the materials included handwritten worksheets for Coghlan's estimates of aggregates between 1886 and 1898. This was to result in a paper, *National Output and Income of New South Wales in 1891*, and launched Butlin's own economic history of Australia. Like Coghlan's history, Butlin's would be quantitative and material, but it would be shaped by the 1950s focus on capital accumulation, and be supported by the stronger conceptual scaffolding afforded by the development of national income accounting since 1940.[6]

The outcome *in nuce* was presented in Canberra in August 1957 (Butlin 1958), at the first national conference of Australian historians, and later

6 Butlin's close ANU colleague Trevor Swan first presented his neoclassical growth model in the same seminar that Butlin first broached his aggregates (Pitchford 2002). But Butlin's emphasis on capital was as much classical as neoclassical in its roots: his personal copy of the *Wealth of Nations* is dense with his annotations.

substantially expanded in two volumes (Butlin 1962, 1964). Their core of copious tabulations of national aggregates afforded the economic historian a finer and more reliable sense of sight, and one that revealed a distortion in the earlier perception that rural development was the key to Australian growth. To Butlin the 'leadership in expansion' in the 'completing' three decades that followed 1860 'centred not in the primary industries, but in manufacturing, the building industry, railway transport and personal service' (1958, p. 19). Neither were exports as significant; in fact, they fell substantially relative to national income in that generation.

Butlin's aggregates were not, and could not be, 'facts'. Like all economic historians crafting estimates of the past, he had to solve 'a jigsaw puzzle with a disturbingly large number of missing pieces' (Beever 1963, p. 440; Thomson 1970). Like all economic historians crafting estimates of the past, he perforce boldly advanced on an axiom of extrapolation. Thus 'shop maintenance' in all colonies was imputed to be 4 shillings per annum, on the basis of records of the cost of maintenance of 600 Victorian schoolrooms ranging from 5 pence to 10 shillings and 4 pence. Beyond the inevitably spurious precision of the estimates, an indiscriminate reader of Butlin might conclude that the apex of achievement was the calculation of some national or sectoral aggregate. This apparent premium on aggregates seemed to speak of an 'aggregate production function economics', where only aggregates are necessary to explain aggregates. This outlook underpinned an implicit functionalism in Butlin, whereby the pieces of the economy tend to dovetail harmoniously: in Butlin the allocation of resources is only 'inefficient' in inverted commas. Illustrative of this functionalism is his favoured thesis that private capital formation and public capital formation have cooperated over the course of Australia's history, rather like West and East Maitland.

Butlin's 'aggregate production function economics' was buttressed by his economic history being decidedly 'pure' in its economics. The close interaction between the political and the material – which interwar practitioners took for granted – was neglected. 'Aggregate production function economics' also cohered with an internalist leaning in Butlin's vision, in which relative prices and the terms of trade receded into the background. This internalist bias had less success with the discipline that was quickening about him than his 'pure' economics. In 1964 John McCarty, under the rubric of the 'staples theory' of Harold Innis, urged how crucial it was to colonial Australia to have secured an international export staple (McCarty 1964). This imperative amounted to more than the benefits of 'comparative advantage'; it was a matter of the impossibility of achieving any significant division of the labour

within the tiny domestic market provided by the infant colony. The only hope for achieving an English standard of living was to take advantage of the rest of the world's division of labour by becoming a 'plantation economy', with an outsize ratio of exports to value added. This vision was congruent with the older stress on wool, but McCarty made the point more conceptually, and more generally, extending, for example, the concept of the staple export to the export of imprisonment services. Butlin flared, but the significance of the openness of the Australian economy was accepted (see, for example, McLean 1988 and Sinclair 1976).

Perhaps the feature that seemed most noticeable about Butlin's history to non-economists – its quantitative character – was the least distinguishing feature from other contemporary economic historians. In his 1954 *Economic Development of Van Diemen's Land, 1820–1859*, Max Hartwell (1921–2009) had already taken care to delineate the quantitative profiles of his subject. And he did so without sacrificing the political and global contexts, or sharing Butlin's functionalist dualism of market and state. Hartwell had grown up in the tiny New England dairy village of Red Range, which had sprung up spontaneously in the late 19th century, and in which, he later recalled, 'you were never aware of the state' (Hartwell 2008). In Hartwell there lay a possibility that quantitative economic history adjoined to a different set of assumptions than those of Butlin. But any such possibility was lost when Hartwell resigned from the University of New South Wales in 1956 in protest at the apparent mistreatment of Russell Ward, and henceforth deployed his quantitative skills in studying the Industrial Revolution from the vantage point of Oxford.

It might also be said the quantitative feature of Butlin's new history – which seemed so novel to non-economists – was also, in fact, the weakest indicator of the future. Certainly Butlin's program of quantification flourished for another three decades, and culminated in the exploration of alternative indicators of the standard of living, such as the weights and heights of the population (e.g. McLean & Pincus 1983). But data alone are sibylline with respect to cause and effect. One response was to construct models on the basis of stylisation of the data Butlin had prepared (e.g. Sinclair 1977); but a still more radical reaction would be to deploy statistical theory to squeeze inferences from historical data. This was the approach that was to engulf US economic history during Butlin's career: the 'new economic history', usually dated from the same year as Butlin's first public outing of his research – 1957 (Coats 1980). But Butlin had little interest in 'cliometrics'. The 'Butlin revolution', as it was dubbed at the time, was not, then, entirely transforming, and perhaps forestalled a still more radical shift.

Geoffrey Blainey

While Shann and Fitzpatrick were literary minded, sensitive to political context, and historians by training, the Butlins and their students were quantitative in method, austerely material, and had at least moderately advanced qualifications in economics. Exacerbating this parting of ways of economic from general history was the complete neglect of economic history by the new wind in Australian history, Manning Clark.[7] There was, then, in the postwar period 'a sharp decline in understanding and sympathy between two important branches of historical writing' (Schedvin 1967, p. 1).

Yet, in the same period, Australian economic history was enormously stimulated by one historian who eschewed the recent innovations of the economist-historians. Raised in Ballarat and Geelong, Geoffrey Blainey was, like Shann, educated at Wesley College (on a scholarship for the sons of Methodist ministers) and at Queens College of the University of Melbourne. There he became absorbed in the 'Melbourne School' of history, but seemed to belong to no school but his own (Macintyre 2003). On completing the prescribed program of studies he did not trouble to take out his degree, but instead threw himself into earning his living as a freelance author. His subject was the mining industry, and his first story was one of its least glamorous, most benighted chapters: copper extraction at Mount Lyell in Tasmania's rain-sodden west. One reviewer of *Peaks of Lyell* (1954) judged 'a history of mining in his hands could well be a classic' (McCarty 1956, p. 163). The classic came in the dazzling *The Rush That Never Ended* of 1963. Here mining is the volcano beneath the caldera, whose irregular eruptions have episodically thrown the still waters of Australian economic life into an anti-bourgeois rumpus of triumph, death, madness, cunning and luxuriant plenty. In *Rush* there are no tables and graphs; Blainey preferred to smelt a mass of mining and factory censuses into telling comparisons.[8] But there is a storyteller's sharp eye for human nature.

Blainey complemented this human canvass with a larger message that complemented, and yet differed from, Butlin's demotion of wool. To Blainey, wool's role in Australia's development had been exaggerated relative to gold and other metals (Blainey 2010). This reapportioning of credit to gold was not quite new; it had been aired in the 1933 study of the gold rushes by G. V. Portus. Blainey also absorbed earlier reinterpretations in his most

7 At least in Clark's six-volume *History of Australia* (1962–87). Clark had been greatly interested in economic history in the earliest part of his career.

8 Blainey established that even in the 1880s more steam power was used in Victorian gold mining operations than in Victorian factories.

famous work, *The Tyranny of Distance* (1966). 'Much of Australia's history', he contended, 'has been shaped by the contradiction that it depended intimately and comprehensively on a country that was further away than almost any other in the world' (1966, p. 339). This stress on the extreme remoteness occasioned a re-examination of the motives for the establishment of Botany Bay. Here Blainey drew attention to the novel light cast on this question in 1952 by Kevin Dallas (1902–88), the one shoot of Tawneyite economic history that managed to sprout in Australia (Roe 2007). Dallas, another beneficiary of the mentoring of J. B. Brigden, was an ardent member of the WEA, as well as a Marxist materialist with a nose for the economic motive. In *Trading Posts or Penal Colonies* ([1952] 1969) he had interpreted the establishment of Botany Bay as a move in the mercantilist game of cornering international trade by securing well-located economic bases. Blainey pursued this locational angle by doubling the knot with the suggestion that the commercial benefit of this new base lay in the supply of certain requisites of sea transport (flax for sails and pine for masts). His thesis was criticised (Bolton 1968) but the presumed motives of the establishment of Botany Bay were permanently broadened.

Although at one with the materialism of postwar economic history, Blainey remained otherwise apart. His approach bears a greater likeness to E. O. G. Shann than any other historian, especially in its geographical determinism, its individualism, and its wish to memorialise 'the fight, the struggle, the courage of it all' (Blainey 1977). But as with Shann, it is hard to pinpoint the impact of Blainey's work on the larger discipline. Beyond the stimulus of a suite of strong hypotheses, perhaps its greatest significance lay in his near itchy readability. There is no author of Australian economic history who has been more read, or more enjoyed.

Renewal

When Noel Butlin studied at Sydney University in the early 1940s, the pass course in economic history consisted largely of British economic history ('mostly feudal'), with one term on Australia. Over the next 30 years the situation was radically altered: what had been a sparse field of disconnected solitaries and mavericks was transformed into a fraternity, one that was structured about key figures and filled out with associates and research students. It possessed a text designed for undergraduates (Shaw 1944), its own journal from 1956, its own conference from 1969, and its own literature, which won the imprimatur of a survey article in the *Economic History Review* (Schedvin 1979).

But in hindsight Schedvin's 1979 survey of Australian economic history was the coda of the postwar economic history gavotte. For sometime around the 1980s, the apparent orderly configuration of postwar Australian economic history began to dissolve. In this we are in part observing a generational transition; the sort of transition that characterises the periodisations outlined by this chapter. Coghlan was born in 1855, Shann in 1884, the Butlins' birth years average out at 1915; and 30 years after that were born the baby boomers, who made their mark in the fourth decade of their lives.

But the change was not just generational. The truth is that in the 1980s the broader foundations of postwar economic history were dislodged. A great swing of the ideological pendulum to the right placed the 'Australian settlement' – wage regulation, financial control, state corporations, and tariff protection – under severe challenge. In addition, various philosophies of liberation had burgeoned that were confident that history would provide raw material for 'the critique'.[9] Both these cast a pall over the benign 'landscape of development' that had been painted by the preceding generation of economic history, and both exerted a disintegral force upon the associated research program.

From the Dreamtime to time on the Southern Cross

Most emblematic of the shift in concerns of economic history around 1980 was the plunge into Aboriginal economic history by N. G. Butlin, whose *Economics of the Dreamtime* (1993) wove a dense mat of fact and guesswork. In its concrete particulars it was not dissimilar to Blainey's earlier *Triumph of the Nomads* (1975), but it was more deeply resonant of the contemporary reference of the history. Butlin's pursuit of the Aboriginal economy also arose in part from a push backwards into the relatively neglected pre–gold rush economy. The most spectacular single traverse of that territory was made by *Convict Workers: Reinterpreting Australia's Past* (Nicholas 1988a), which combined then novel quantitative methods with a strain of social history echoing E. P. Thompson. A team of economic historians from the University of New South Wales assumed the arduous task of building a data set of 19711 convicts transported to New South Wales in the 1820s and 1830s, allowing a more detailed analysis of this human material than was possible previously (e.g. Robson 1965). Their analysis concluded convicts were not common criminals but 'ordinary working men and women', who (contrary to previous judgments) constituted

9 A little earlier a 'new left' Marxism had repudiated Fitzpatrick's interpretation of Australia as a 'proletarian nation' in favour of Australia being capitalist whelp (see Snooks 1975a).

a valuable economic input. The work occasioned a robust controversy, with the authors criticised for taking at face value the occupational identifications claimed by convicts (Shlomowitz 1990; Nicholas 1991).

Convict Workers was paralleled by research from Noel Butlin that saw sustained exposition only posthumously (Butlin 1994). In *Forming a Colonial Economy* (1994) we glimpse something new in Butlin: an attention to the intersection between the political and the economic. He dissects the Rum Rebellion as a clash between the impersonal state, which Westminster had aspired to plant in Botany Bay, and the inevitable importation of the 18th-century British tradition of personal governance through a privileged class.

Political economy and institutions

Butlin (1985b) pursued that intersection of the political and the economic in the early colony by unearthing the buried and mysterious workings of the 'Fisc', making good in part the neglect of public finances that had received only passing glances (but see Patterson 1968 and Smith 1993). His most ambitious exercise in political economy (Butlin, Barnard & Pincus 1982) restated his long-formed thesis of 'almost a partnership' between private and public sectors since the gold rushes (a simple version of which was rebutted by Jackson 1985). But chapters by his co-author Pincus directed attention to dysfunctional relations between political and economic motives in government enterprises, drawing on the precedent critiques of the hapless history of agricultural policy by agronomists and geographers, including Davidson (1969) and Meinig (1962).

At about the same time the nexus between the political and economic was being explored in several comparisons of Australian history with other countries' histories (Australia and Argentina: Fogarty & Duncan 1984; Australia and South Africa: Kennedy 1984; Australia and the Pacific Rim: Frost 1991). A later mushrooming of quantitative multinational comparisons tended to douse any sense of Australian exceptionalism, as these comparisons correlated Australian experience with common international trends (Acemoglu, Johnson & Robinson 2002; Broadberry & Irwin 2007; O'Rourke, Taylor & Williamson 1996). How to 'tame' one well-known international comparison – that mid-nineteenth-century Australia had the highest per capita income of any country – almost came to constitute 'the' problem for students of Australian economic development – and was the setting-out point of Ian McLean's judicial synthesis of the 'fourth generation's' broader outlook on the sources of Australia's growth (McLean 2013).

Some 'brave new worlds' of economic history

At a less aggregative level, the renewed interest in the not so purely economic provoked a 'brave new world' of economic history: Hancock (1972) provided a history of land use in Monaro in which economy and ecology are held in a single gaze, while others explored the automobile (Davison 2004a), air pollution (Cushing 2009), mental health (Doessell 2009), the family (Snooks 1994) and female publicans (Wright 2003).

Perhaps the most sustained excursion by economic history outside the workplace was in urbanisation, a topic where the two sides of economic history happily converged. From the 'economics side', Noel Butlin's suggestion that 'the process of urbanization is the central feature of Australian history' (1964, p. 6) was a cue for the study of Australia's cities. From the history side, the new engagement with social history and social theory encouraged writing the history of communities. The resultant stream of journal publications on the economic side inevitably spilt into social history: typhoid in 1880s Melbourne (Sinclair 1975; Merrett 1977) or attempts to make the city 'dry' (Merrett 1979). At the same time the histories of urban areas by historians – of, notably, Collingwood (Barrett 1971), and 'marvellous Melbourne' itself (Davison 1978) – closely scrutinised their subjects' economic dimensions.

Business history also reflected the move beyond the factory and farm gate. What had consisted of studies of a 'firm' or 'industry' began to reach up to matters of conduct and institutions: to cartels, agency relationships, self-regulation, and the whole matrix of a national corporate sector, the rise of which was mapped out in Fleming, Merrett and Ville (2004). The difference between the older and newer studies is illustrated in the different concerns of *The Australian Wool Market* (Barnard 1958) or *The Simple Fleece* (Barnard 1962), and the later *The Rural Entrepreneurs* (Ville 2000). But this new business history remained in touch with economics as much as with Chandlerian management doctrine, which may explain why business history in Australia – in contrast to the United States – remained within the orbit of economic history.

The shift in focus of business history away from the firm also constituted an opportunity to 'reach down' to the entrepreneur. Entrepreneurial biography had been well established in the United States by the 1950s, and was in the same decade hopefully broached in Australia. But there was a tendency for entrepreneurial biography to fall into either history of the individual (e.g. Bolton 1964) or the history of their businesses. In more recent years truer entrepreneurial biographies have been supplied – of James Tyson (Denholm 2002), and of Ben Boyd, interpreted as an 18th-century spirit in a 19th-century economy (Diamond 1988) – as well as a comparative survey of Australian

entrepreneurs (Hartwell & Lane 1991). Another remit for biography to contribute to economic history was found in the exploration of the careers of economist policy advisers (e.g. Whitwell 1986; Coleman, Cornish & Hagger 2006).

Distinct from the academic literature, there has welled up well-researched history aimed at the larger reading public. Much of this amounts to extended reportage: Ion Idriess' endlessly reissued biography of the 'cattle king' Sidney Kidman ([1936] 2013); a chronicle of corporate collapses since 1828 (Sykes 1988); an account of one company's struggle to cast off the deadly legacy of its founding technology (Haig 2006); the tale of how the wool industry – that of Shann's big sheep men – fell into the grip of 'agrarian socialism' (Massy 2011); the evolution of the Australian cuisine and food industry (Symons 2007). But popular economic history also extends to the interpretative, such as a revisionist account of the meaning and significance of the Great Depression (Potts 2006).

A centenary portrait

The enduring market for popular Australian economic history contrasts with the increasingly embattled position of academic Australian economic history from the late 1980s. This beleaguered position has also been shared by Australian economics, and the two intellectual progeny of Adam Smith have experienced in Australia a similar trajectory of boom and bust. Both were born in the years after World War 1, and both were strongly policy-orientated and 'amateur'. Both rapidly professionalised after World War 2. And in recent years both have been troubled by self-referentialty, globalisation and a waning of the economic criteria. But the seeming decline in economic history has been steeper. In 1997 one appraisal of Australian economic history in the academy declared 'a general air of despondency is pervasive' (Boot 1997, p. 161). Unsurprisingly, the century ended with some 'tension' (McLean & Shanahan 2007, p. 301) and an attitude of self-examination in the discipline. What would be seen in this mirror?

The practice of Australian economic history remains distinct from that of the United Kingdom or the United States, but has no uniform 'national style'. It comprehends work located on different points of several distinct spectra.

One such spectrum would be methodological, and would stretch from 'economics' at one pole to 'history' at the other. The spectrum captures the contrast between the science and the humanity; the model and the

narrative.[10] The overwhelming mass of the United States' economic history is located at the 'science and model' end, so that economic history is not so much an offshoot of economics as a field of economics. While this style accurately characterises some Australian economic historians (see Withers 2009), the tendency of Australian economic history is to sprawl much more between the two poles. Australian economic history tends to be informed by the categories of economics, but is narrative in method; it thinks like an economist, but argues like an historian.

Another spectrum would contrast history that is epochal and thematic with that which is episodic and sectional. Beyond Blainey and Syd Butlin, there has been little interest in the first style of history. Thus, while dimensions of protectionism have been extensively studied (Conlon & Perkins 2001; Merrett & Ville 2011), no Australian economic historian has yet provided a complete analytical narrative of this conspicuous feature of the Australian economy (but see Lloyd 2008). Similarly, land tenure has been subject to considerable attention (Burroughs 1967; Cameron 2005), but the only comprehensive account of this enduringly significant issue remains the youthful and obsolete venture of Roberts (1924). There have been many case studies of anti-competitive practices: the attempt by Ampol in 1938 to break the petrol retailing cartel (Dixon 1976), the insurance 'tariff' (Keneley 2002) and the Collins House Group cartel (Richardson 1987); but there has been no general history of the abiding uncompetitiveness of the Australian economy. Chapters in regulation of employment relations have been scrutinised (Forster 1985a; Sheridan 2006) but no overall history exists of Australia's singular experience. And Blainey's precis of transformation of the nature of the public company since the 19th century (1976) has prompted no history of that transformation.

Another spectrum would plot the continuum from 'internalist' to 'externalist' history – where the internalist outlook is captured by Noel Butlin's dictum that 'Australian economic history was not a footnote to the Industrial Revolution', and the opposing position by Hartwell: 'Australian history is part of British history, and British history in turn must be considered part of European and world history' (1954, p. 4). The question at issue – 'what

10 A complementary spectrum would index the 'rawness' of the material used by economic historians. At one pole lies the quantified constructs of annual reports and account books (etc.); and at the other end a Blainey undertaking field expeditions to defunct mines, or a David Macmillan discovering in the files of Sydney University a three-ounce nugget wrapped in a letter from Edmund Hargreaves announcing the discovery of gold to the Colonial Secretary.

fraction of the variance is attributable to local contingencies?' – cuts across ideological commitments (so that such odd bedfellows as Hartwell and Fitzpatrick were both 'externalists'), and different answers to this question make for differences in what Australian economic history is actually 'about'. Is it about the transition ('development') from total dependence on a mother country to a self-standing economy? Or is it, on the contrary, about the useful integration of an isolated and seriously misunderstood resource base into the world economy? Or is it about a two-century long reorientation from Europe to Asia; or the transformation of a prison farm to free economy; or the cutting loose – or failure to cut loose – from the exploitation of natural resources?

A final spectrum would mark out the contrast between the scholar and the engagé; the contrast between the historian more interested in how the machine works, and the historian who is, at bottom, more interested in what the machine can be put to do. On this spectrum Australian economic historians have been distinctly inclined to changing the world, and not simply interpreting it. We can think of Coghlan in the fray of the 1893 banking crisis, the constitutional battles over Federation, and the clash between Jack Lang and Sir Dudley de Chair; or Shann in the thick of desperate attempts to recast Australia's public finances in 1931; or Noel Butlin flying to Canberra to sell Ben Chifley 40 000 copies of his *Case for Bank Nationalisation*; or of Blainey's interventions on Asian immigration and 'the republic'. The less dramatic but prominent role of Australian economic historians in the Productivity Commission, the Department of Prime Minister and Cabinet, and the World Bank reflects the same impulse.

These positions of the spectra instanced above provide material for the most fundamental question of all: what is economic history for? The historical methodological pole clearly lends itself to the task of communicating economic issues beyond economists, which however desirable risks branding economic history as 'economics for arts students'. Economic history of an 'internalist' orientation lends itself to the quest for national identity, but the interest in that project has fluctuated over time. The engagé economist finds in economic history lessons for today; thus Shann's *The Boom of 1890* (1927) effectively compared the ill-starred long boom of the 1880s with 'our own spacious times'; and the interest in 'convict workers' of the 1980s was unmistakably tied up with immigration debates of that decade. But might not the engagé equally seek lessons (clearer lessons?) from abroad? Or even from theory? And where in the above motives is 'the past' essentially present? In 'the method of models' the past is limited to certain exogenous variables

(institutions and technology) that economic theory has little to say about. The narrative method might seem essentially bound up with the past, but it can be used for the analysis of contemporary events, as practitioners of the narrative history of Australian business have shown (Boehm 1971). The past would seem to lend itself very well to any national or internalist account of Australia's economic history, as any past must be unique. But is it significantly unique?

Perhaps the foundation motive for economic history is touched on by Hugh Trevor-Roper's (1980) remark that history constitutes the 'controlling background' of current events. The notion is familiar to economists under the tag of 'hysteresis': the notion that where we might go depends not just on where we are, but how we have got there. In this vein, Shann once wrote: 'More than the crooked way of Sydney streets may be thus traced to the period of military rule' (Shann 1930, p. 27). In the understanding of its past, Australia's economic historians promise the better understanding of the country's constraints and opportunities.

2

Australian economic growth and its drivers since European settlement

JAKOB B. MADSEN

Introduction

Characteristic of Australian economic growth history is that agriculture and mining have been the dominant forces of economic development during the 19th century and, to a lesser degree, up to the present day. It only took a few years of structural adjustment after European settlers arrived in Australia in 1788 before Australia's per capita income among settlers reached that of United Kingdom, which was the country with the highest per capita income in the world at that time. Following the gold rush that took place at the beginning of the 1850s, Australia, in terms of per capita income, became the richest country in the world – a lead that endured to the depression of the early 1890s.

Probably the most important factor behind Australia's 19th-century's richness has been abundance of land and mineral resources. The wool industry was highly productive and competitive because of low production costs, the low weight–cost ratio, and not being heavily dependent on investment in transport infrastructure (Schedvin 1990; McLean 2013). Furthermore, replacing shepherds by fencing in the second half of the 19th century reduced the need for permanent labour. Sinclair (1976) argues that the mining sector was influential for Australia's economic growth and prosperity because of positive spillover effects for other sectors of the economy and because it redistributed large numbers of workers across the economy after the 1850s gold rush. However, being highly dependent on natural resources has had its downside in that Australia, until World War 2, was dependent on the highly volatile demand and supply conditions in the world market for agricultural and mineral products. That resulted in large booms and depressions, such as the depressions in the periods 1840–42, 1890–96 and 1930–33.[1]

1 Real commodity prices could not have been responsible for growth at medium-term frequencies over the last half of the 19th century and most of the 20th century, however.