

# **The Role of Theory and Methodology in Australian Economic History**

**Rodney Noel Butterfield**

BA Hons (UNSW), Grad. Dip .Ed. (UNE), Grad. Dip. Ec. (UNE), M.Ed. (CSU)

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## Abstract

Works in Australian Economic History can be seen to exhibit great variety in both methodology and content. The main discerning feature of this variety is the use and non-use of explicit theory as an analytical structure; specifically, the use of Economics theory. Currently, the New Economic History has cemented this approach but in Australia it has not been a slow evolution towards this state of affairs. From the time of T.A. Coghlan to N.G. Butlin there have been significant works that have used theory as a methodology for analysis alongside other works that have used traditional narrative approaches. Similarly, the content of the works is even more varied. Some authors gladly admit that their works are contributions to other areas of study.

An explanation for this situation could be the combination of the English narrative tradition in Economic History as well as more practical attitude towards developing an individual approach more suited to countries of recent settlement.

The need for a theoretical structure to guide historical analysis is provided by Economics theory as the most logical and relevant means of explaining the history. As a discipline, Economic History must have a defining methodology and an area of content to maintain a separate identity. Kuhn and Lakatos are cited in support because of their highlighting of a community of scholars who accept certain 'rules of the game' (a "disciplinary matrix") as a defining characteristic and a guarantee of progress and continuing "puzzle solving" success.

The major theme is the importance of methodology, the use of theory and the adequacy of explanation. Structured analysis with a definable theoretical base provides the best platform for analysis and adequate explanation. In practical terms there is a need for theory. The use of explicit theory to provide an analytical structure can be seen as a methodology. Narrative as a methodology is seen to be found wanting in terms of explanatory value.

The Australian experience provides an inconsistent tradition of analytical Economic History, traditional narrative and works with content that may be more suitable in other disciplines. To some extent, the methodology chosen can be seen to

determine not only how the work is presented but, also, what parts of the content will be focused on. Because of this tradition N.G. Butlin is seen more as a synthesiser than a revolutionary. He, in fact, praises some of his predecessors.

Several further issues are seen to subsume this work. Definitional guidelines that outline the disciplinary boundaries are seen as essential; continuity and change in this context can be seen to revolve around the fact that N.G. Butlin was not the first Australian to write analytical Economic History with the use of an explicit theoretical structure; but as with many powerful syntheses, significant change can be seen to follow. Finally, the issue of progress is considered in terms of the improvement in explanatory value from the contribution of an analytical structure and the issue of whether or not an academic discipline can progress to a higher form of effectiveness.

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## Introduction

This thesis aims to outline, discuss and evaluate the role of theory and methodology in the discipline of Australian Economic History over the period from the publication of *Labour and Industry* (Coghlan, 1918) to the general acceptance of the New Economic History in the late 1960's. The argument of the thesis is based on the belief that for individual academic disciplines to be different and productive there needs to be a defining methodology and area of content that manifests that difference. At the same time, the value of inter-disciplinary studies is, by no means, denied. Without that defining methodology and specific area of content, the claim to the status of an academic discipline is questionable. In the specific case of Economic History, there needs to be a defining difference between the discipline of History and the discipline of Economics. Otherwise, Economic History, it would seem, can be written by general historians with little or no training in Economics or Economists with little or no training in History. We, then, run the risk of analysing economic phenomena from social and political causes, only; or using the economic past, solely, as a means of testing our theories by the use of "stylised facts" and being guilty of the "perversion of economic history" (Cunningham, 1892). While from each of these standpoints, this statement may seem quite reasonable the result is that as an academic discipline Economic History ceases to exist.

Economic History as a discipline is ideally well suited, if methodologically well founded, to form a necessary bridge, but with its own identity, between History and Economics. By using the structural approach of Economics theory to explain the history of economic change, Economic History can enrich both disciplines. This specific use of theory as a guide to analysis and explanation can be seen to provide a suitable methodology for the discipline. The general acceptance of the New Economic History has, in fact, validated this claim. Most works of Economic History, since the 1960s, are recognisable by their use of Economics theory as an analytical structure.

In keeping with the stated aim of Economic History – to explain the history – this thesis seeks to trace and account for the considerable variety in methodology and content that is apparent in Australian Economic historiography. As set out in *Midas*

and the Merino (Schedvin, 1979) Australian scholars in the field have produced many and varied works in both these areas. The use of theory as a guide to analysis, far from simply emerging in the 1960s, has been evident at different times throughout the period but with no consistency. Similarly, the content of the works has, also, varied from specific economic issues to areas of, in terms of the economy, peripheral interest. Even when the subject of the work is a significant issue such as immigration or mining (with obvious linkages to the economy) the methodology chosen – descriptive narrative, politics-based chronology, anecdote, administrative focus – has, effectively, severed those economic linkages. Once again, the explanation for this is to be found in the history – specifically, a combination of the English academic legacy of the nineteenth century and the challenging experience of Australia as a country of recent settlement. The one provided a tradition of narrative with a political and social focus and the other a more practical approach.

The following chapters will attempt to make the case that far from manifesting an evolutionary path towards a theory-based and methodologically recognisable identity, a survey of Australian Economic History, over the period shows a lack of consistency or obvious agreement on how such works should be written. The most obvious feature of the works that are cited is variety in both methodology and content and the fact that well-structured and analytical works stand side by side with those of a broader and less analytical coverage. The most outstanding feature of difference is the use and non-use of explicit theory as a guide to analysis.

In order to achieve this objective the following chapters seek to outline and categorise the variety mentioned in "Midas and the Merino" (Chapter 1); establish the need for the explicit use of theory and the problems of explanatory adequacy of methodologies such as simple narrative (Chapter 2); trace the on-going dispute over the use of theory in Economic History over time, especially the fact that the need for theory – the inclination to generalise, formulate and use theory - continued to remain attractive to some scholars despite the non-theoretical approach of English Economic Historians (Chapter 3); analyse many of the works of Australian Economic History in terms of their methodology (Chapter 4) and content (Chapter 5) and, finally, offer an explanation for the phenomenon and identify some theoretical issues which underline the specific situation focused on here: such as the need for

definition, continuity and change, the concept progress and the primacy of adequate explanation (Chapter 6).