

## Chapter 1

### “Midas and the Merino”: the stimulus

The article "Midas and the Merino" by C.B. Schedvin (Schedvin, 1979, p.542-556) is a survey of works in Australian Economic History. Published in 1979, it claims to be “an overview of the writings of Australian Economic History since the decisive re-orientation in the early 1960s towards uncovering the mechanism of economic growth and development” (Schedvin, 1979, p.542). The author notes that Economic History has grown in both status and importance. He sees the main achievements being in quantification, uncovering the relationship between resource endowment and economic development and in the application of simple mechanical models drawn from neoclassical economics. Finally, his purpose “has been eclectic: to take note of what appears to be the more significant contributions to the discipline (Schedvin, 1979, p.542).

It is, indeed, eclectic. Of the approximately one hundred titles mentioned in the article, the subjects range from political histories, to industry studies, to sectoral studies, to administrative studies, to women’s history. While many of these are excellently written and provide a broad coverage of aspects of Australia’s history, this very breadth seems to beg the question: How can such a list with, presumably, a common interest (the Economic History of Australia) be so varied in both methodology and content? Of all the studies of the different aspects of society, it would seem that Economics (given the strong body of theory that supports it) and, hence, Economic History would be the most clearly delineated or, at least, defined in terms of methodology and content area. The study of economic processes is based on a body of theory which, perforce, explains how the economy works. Logically, then, this should define what is studied. While this is not to say that non-economic factors are not important, it does raise the issue of definition.

Very early in the article, Schedvin notes that T.A. Coghlan’s *Labour and Industry in Australia*, published in 1918, (Coghlan, 1918) marked “the beginning of economic historiography as a discipline with its own identity and methodology” (Schedvin, 1979, p.543). But he, also, notes and elaborates on the significant achievement of

N.G. Butlin in re-orientating Australian Economic History in several ways (Butlin, 1965, p.545) which, generally, has continued to shape the discipline.

However, while there can be no disagreement over the importance of Butlin's contribution, the period from Coghlan to Butlin, some forty-odd years, does not exhibit that "identity and methodology" of its own which Schedvin claims. In fact, based on the works cited, quite the opposite becomes apparent. There is a great variety in methodology and content. From Coghlan's landmark study which, neither, claims to be an economic history, nor uses the word economic at all frequently, and focuses almost, solely, on physical development, the works cover Australian land settlement in an historical/administrative way (Roberts, 1968), a romantic account of squatting (Roberts, 1935), an administrative history of immigration (Madgwick, 1969), a political and polemical account of the Soldier Settlement Scheme in Victoria between the wars (Eggleston, 1932), various histories of specific banks (Blainey, 1958; Butlin, 1951), industry studies of wheat (Dunsdorfs, 1956), histories of mining locations and the mining industry in general (Blainey, 1967, 2003), some general histories and regional studies (Hancock, 1966; Blainey, 1992), to name a few.

At the same time there were published, interspersed among the above, serious studies of economic processes some using economic theory as a guide (Wood, 1930; Walker, 1933; Hartwell, 1954), general works on economic aspects which focus more on political and/or policy issues (McLaurin, 1937), a general economic history of Australia (Shann, 1930, and an interpretive economic history of Australia (Fitzpatrick, 1939, 1941). Further, detailed work on aspects of the economic process such as wool marketing (Barnard, 1958) and structural studies of the banking industry such as the rise of the central bank were, also, completed (Giblin, 1953).

While Schedvin's purpose is not to exhaust the list of titles published, the above examples illustrate the variety of the works that he mentions which question the statement that a common identity and methodology existed from 1918 after the publication of *Labour and Industry*. It is not intended here that critical comment will be made about all the works that Schedvin has cited. An evaluation of their place in the Australian tradition will be attempted in a later chapter. The point of this chapter is to point out the apparent diversity and offer a tentative explanation. It is not

necessary to evaluate every work mentioned; rather, to categorise them for the sake of drawing conclusions in reference to the above observation.

It can be seen from the works cited that those published after the 1960s show a degree of commonality in general approach, but there is still a broad range of coverage in terms of content. While some significant studies of the economy have been produced, not least is Schedvin's excellent work on The Depression of the 1930s (Schedvin, 1970), there are still many works cited which reflect a broad horizon around the economy and its history. In this category are urban studies of various types which seem to throw no light on economic development as a whole or as a concept or process (Sandercock, 1975; Davison, 1978). Similarly, there is a women's history of Australia quoted in the article (Dixon, 1976). Whatever the quality and relevance of the last-mentioned work, it is about personalities and their roles and not economic processes. Consequently, does it belong in the field of Economic history? The same question could be asked of *Cities for Sale* (Sandercock, 1975), *The Rise and Fall of Marvellous Melbourne* (Davison, 1978), *Discovering Monaro: A Study of Man's Impact on his Environment* (Hancock, 1972) and *State Socialism in Victoria* (Eggleston, 1932), to name a few.

The most significant point to be made about the survey is in relation to the use and non-use of theory as a framework for analysis; and in this context the particular role of economic theory in some form. For example, it may be Neo-classical or Marxist. Schedvin notes that the achievements of Australian Economic History are the "application of simple mechanical models from predominantly neoclassical economics" (Schedvin, 1979, p.542). While many of those works which focus on economic processes do exhibit this element, many of those others do not.

Since the appearance of the New Economic History in the 1960s, the approach which uses the structure of Economics theory as a basis has become, generally, accepted. As a structural framework general Economics theory *ie* that which divides economic activity into sectors (private, government and international) and examines the effects of changes in the contribution of the factors of production (land, labour, capital and enterprise) to the processes of economic activity, can provide the structure for analysis. At the present time, the western world, generally, subscribes to Neo-classical economics theory. Among other things, the interaction of the 4

factors of production is seen as the foundation of the economic process. Consequently, an analytical structure can be provided. In describing economic change or the growth of a national economy the importance of the factor contribution can guide analysis. In Australia, as a country of recent settlement, this approach is useful. The importance of the labour factor can be seen in the effects that the convicts had on economic activity in the early days of settlement, the background of the settlers, the influx of gold seekers, their consequent effect on the age structure (Hall, 1963), the effect on industry growth and so on. To analyse the effect of investment on the economy is, similarly, important. The origins of the investment capital, the amounts, the timing and the fluctuations, have had major effects on the course of Australian economic history, especially in terms of the occurrences of speculation and depression.

Simply asking economic questions, as NG Butlin does (Butlin, 1965), will elicit a structural sequence of investigation. In his concern with economic growth, Butlin analyses the sectors of the Australian economy and their factor inputs. WA Sinclair (Sinclair, 1976) analyses economic growth in terms of changing factor importance as well as a larger structural model. RM Hartwell (Hartwell, 1954) examines the economy of Van Diemen's Land in terms of the trade cycle. The difference between the use and non-use of theory can be seen, immediately, in the contrast between Butlin (Butlin, 1965) and Shann (Shann, 1930). The former refers to and uses, continuously, economic terms, linkages and structure to analyse the period. The latter traces a chronology and at times focuses on different approaches: economic divisions, political divisions, personalities and anecdote. There is a theme – the triumph of free enterprise and the liberal spirit – but no apparent body of guiding theory as demonstrated by Butlin.

Theory, in the broad sense, is taken to mean the explicit use of an organised body of ideas that can be used to explain the facts. Fitzpatrick's use of the radical interpretation of exploitation, through the concept of imperialism, guides his analysis and choice of content (Fitzpatrick, 1939, 1941). Similarly, Buckley and Wheelwright (Buckley, 1978, 1998) establish the Marxist approach to their work at the outset and follow it through; and McMichael (McMichael, 1984) seeks to fit Australia into the world economic system referring to the combination of Marxist theory and the ideas of Emmanuel Wallerstein and the "world system" (McMichael, 1984, p.44) .

What is seen, here, as a problem is that when theory is not explicitly used as an analytical structure the methodology can become limited to less analytical types such as description, narrative, personalities and anecdote. Whereas non-economic factors are an integral part of any economic explanation, as they form the social and political context of the economic process, without the logical assumptions of an explanatory theory these non-economic factors can assume a greatly enhanced circumstantial importance. Description and narrative are less demanding of in-depth causal analysis. Theories enhance analysis and explanation. That is why this thesis is concerned with both theory and methodology.

By the very nature of the economic process many and varied factors play a part. Marxists argue that a history of the working class is as much an economic history as a political or social one. The whole nature of political economy concedes this point. But, in essence, it focuses on a different prime mover. The key element must be the linkages between factors and how they affect the process of economic change. To relate, discuss or analyse one of the factors of production, for example, without linking it to the working of the economy must, surely, fall short of explaining the process *ie* the economic history. By the simple logic of explanation, the asking and answering of questions such as: Why is that important? How did that affect the economy? must be paramount. Consequently, a number of, often esteemed, works will be analysed for their contribution to Australian Economic historiography in terms of the way that they can help explain the development of the Australian economy over time.

Those works that are seen to be not using theory as a guide include the predominantly descriptive accounts that use narrative as the main methodology. These, also, tend to use anecdote and political divisions extensively. Works such as *Immigration into Eastern Australia 1788-1851* (Madgwick, 1969), *The Squatting Age in Australia 1835-47* (Roberts, 1935) and *The Rush that Never Ended* (Blainey, 2003) are good examples. These works could be seen to deal with the factors of production (immigration – labour; squatting – enterprise; and minerals – land) but not in a way which analyses the economy or its history.

The use of theory, moreover, is intermittently apparent from the very beginning (taken as 1918). Some works were significantly guided by theory, being published at

the same time as those that weren't. Schedvin's article betrays an implicit assumption of progress and he notes this at the beginning in terms of a concern with quantification, economic development and general theory use (Schedvin, 1979, p.543). But by including without comment a considerable number of works which belie such progress it leaves the impression that this progress didn't start until the 1960s or that the period in question was something of the nature of a process of maturity. This is, clearly, not the case but, it will be argued below, that the problem of definition could explain such a disparity of works within the one survey of an historical discipline. Clearly, Schedvin's purpose is not to pass judgment on the many works that he mentions; and these observations do not reflect on his selection.

Tentatively, Schedvin's survey can be categorised into works that use theory explicitly and those that, inescapably, use it only implicitly or not at all. This categorisation is a legitimate task because the use of theory is now an accepted means of analysis and is part of an explicit explanatory framework. There is, also, ample evidence of its explicit, but intermittent, use in earlier decades.

Similarly, in terms of content the same works can be looked at from another standpoint. Because the theory referred to is, at base, Economics theory this, by definition, establishes a general approach to categorization as well as outlining the type of content that should be appropriate for the discipline. But with such variety of content in Schedvin's survey a common linkage is hard to find. The 'economic' bottom line, as a point of reference as to what is appropriate content, is not apparent in the article.

Once again, all the works cited in the article will not be commented on. As Schedvin notes in terms of his basis for inclusion, only those significant contributions in terms of their explanatory value will be used – hence the value of categorising the works. The place of these works in the historiography of Australian Economic History is the point at issue not, necessarily, how well they were written. Some very readable and enjoyable works are questioned as to their place in the discipline of Australian Economic History.

In terms of theory use, several divisions can be discerned:

- No explicit use of theory. In this category three well-known authors can be identified among others. Timothy Coghlan's *Labour and Industry in Australia* (Coghlan, 1918), E.O.G. Shann's *Economic History of Australia* (Shann, 1930), and Stephen Roberts' *A History of Land Settlement in Australia* (Roberts, 1924) and *The Squatting Age 1835-4* (Roberts, 1935). These works will be shown, below, to be solidly based on a recurring theme but in an unstated form.
- Applied theory. In this category two outstanding works of the application of economics theory to history will be noted: *Business and Borrowings in Australia* by Gordon Wood (Wood, 1930) and *Australia in the Great Depression* by E.R. Walker (Walker, 1933). These works trace and analyse the economic history of the period via the application of an aspect of Economics theory viz the "borrowing cycle" in the former and cuts in real wages as a policy in depression times. The latter, given the current situation, is more policy orientated.
- Radical Political Economy/Marxist. Here there is some diversity between Brian Fitzpatrick's *British Empire in Australia* (Fitzpatrick, 1939) and *British Imperialism in Australia* (Fitzpatrick, 1941), and works of a more social orientation such as Buckley and Wheelright's *No Workingman's Paradise* (Buckley, 1978) and Connell and Irving's *Class Structure in Australia* (Connell and Irving, 1979) .
- Those works that are explicitly informed and structured by Economics theory: N.G. Butlin's *Investment and Australian Economic Development 1860-1900* (Butlin, 1965), Boris Schedvin's *Australia in the Great Depression* (Schedvin, 1970) and R.J. Hartwell's *A History of Van Diemens Land 1820-1850* (Hartwell, 1954). Other works extend the application of theory by using a more over-arching model and explicit theoretical framework: Sinclair's *The Process of Economic Development in Australia* (Sinclair, 1976) and McMichael's *Settlers and the Agrarian Question* (McMichael, 1984). Both of these works fit Australia's economic history into an international context via a model which looks more at the long term development. Both set out their models, explicitly, at the beginning of their works.

In terms of content other differences can be identified:

- Industry and institutional studies such as Henry Dunsdorfs' *A History of Wheat Industry in Australia* (Dunsdorfs, 1956), various banking studies such as *Gold and Paper: A History of the National Bank of Australasia* (Blainey, 1958), *Australia and New Zealand Bank* (Butlin, 1961), works on the mining industry such as *The Rush that Never Ended* (Blainey, 2003) and *The Peaks of Lyell* (Blainey, 1967).
- Studies of aspects of the economic process such as Madgwick's *Immigration to Eastern Australia* (Madgwick, 1969) Robert's works on *Land Settlement* (Roberts, 1924) and the *Squatting Age* (Roberts, 1935).
- Period studies such as *Australia in the Great Depression* (Schedvin, 1970), *A History of Van Diemen's Land 1820-1850* (Hartwell, 1954) and *Investment and Australian Economic Development 1860-1900* (Butlin, 1965).
- Studies from other disciplines such as *An Historical Geography of Modern Australia: The Restive Fringe* (Powell, 1988) and *An Historical Geography of New South Wales to 1901* (Jeans, 1972) on the geographical aspect; *Cities for Sale* (Sandercock, 1975), *The Rise and Fall of Marvellous Melbourne* (Davison, 1978) on the sociological aspect; *State Socialism in Victoria* (Eggleston, 1932) on the administrative aspect; *The Real Matilda: Women and Identity in Australia 1788-75* (Dixon, 1976) on women's history; *Discovering Monaro: A Study of Man's Impact on his Environment* (Hancock, 1966) from an environmental approach.

Some works fit into more than one category such as those by Butlin and Schedvin who are both analytical and period studies (as well as being structured by theory). But the point to be emphasised is that the content is extremely varied as is the methodology. Schedvin's statement, above, that Coghlan's major work marked "the beginning of economic historiography as a discipline with its own identity and methodology" is being questioned, here, in the light of the variety just noted.

Further, explicit use of theory is most common after the appearance of N.G. Butlin's *Investment and Australian Economic Development 1860-1900* in 1965 – with some notable exceptions. These exceptions are enough to make the point – given the small number of major works in this period – that analytical economic history was being written side by side with less analytical and descriptive works in the same field



the content, of which, varied a great deal. It is notable that considerable effort was being expended in some areas such as (*Marvellous Melbourne* (Davison, 1978), *Discovering Monaro* (Hancock, 1966), *Cities for Sale* (Sandercock, 1975) without any linkage to the process of economic development. It is, admittedly, difficult to apply a model-based framework to areas of study such as these; but that is the definitional link between methodology and content. It could be argued that, in terms of explanatory value, to do justice to a work of Economic History, as such, a certain methodology is required. Any such content can be justified if there is linkage to the process of economic change and development.

It is not essential that the above categorisation be elaborated on as the aim is not to justify the selections but to make the point that there seems to be no agreed upon guidelines in terms of methodology and content. The works to be analyzed will be selected in terms of their use or non-use of a theoretical framework and the wide variety of content shown above. At the same time it will be noted that this variety seems to have been extant both before and after the Cliometrics movement established its preferred position as the most common methodological approach.

Having said that, the point is still made that Schedvin's eclectic approach to the evolution of the discipline, as a discipline, is not all that helpful in answering the question: What is Economic History? Despite his accurate observation that the trend has been towards a more theoretical and model-based approach many of the works cited after Butlin's and the Cliometrics' movement's appearance, have been studies which are defined, here, as crossing disciplinary boundaries. Arguably, perhaps, N.G. Butlin's *Investment and Australian Economic Development 1860-1900* (Butlin, 1965) and W.A. Sinclair's *The Process of Economic Development in Australia* (Sinclair, 1976) are seen as exemplars in the field. This is not to denigrate any of the other works because purpose and method go hand-in-hand but the explicit nature of their methodology is impressive.

Similarly, mention here might be made of McMichael's *Settlers and the Agrarian Question* (McMichael, 1984) which is defined by the author as a "sociological investigation" (McMichael, 1984, p.35) but still focuses on the changing nature of the Australian economy. Specifically, he traces the integration of the domestic/market economy with the world market economy (McMichael, 1984, p.44) and the

development of colonial Australia as part of the world capitalist system (McMichael, 1984, p. xi). In definitional terms, his Marxist based approach compels him to speak of sociological factors and to stress the social relations but the theoretical framework which stresses the economic processes is explicit and there for all to see; with which to agree or disagree. Its explanatory value, though, is high and its coverage of economic issues and linkages, high, accordingly.

The following chapters will attempt to argue the place of theory in the writing of history and social investigation; then, specifically, the place of theory in Economic History; then the Australian situation will be covered with reference to selected works as cited in "Midas and the Merino" which will illustrate the relative absence of definitional boundaries in Australian Economic History, as a discipline, over the period discussed. Finally, the conclusions will stress the need for the focus to be on explanatory value by the use of explicitly stated theory.

## Chapter 2

### The Need for Theory

The Post-Modernist challenge has called into question, in all forms of writing, the motives of the writer. That challenge has questioned the existence of objectivity in almost any form and questions and demands that the intellectual standpoint of the author be acknowledged. While it maintains that all theory is false and history nothing but a series of discontinuities and story-telling (Rosenau, 2002, p.176), the "Affirmatives" in the movement do admit the value of interpretation (Rosenau, 2002, p.118). In other words, and, paradoxically, it calls for explicit presentation of what is already implicit. While there is more to Post-Modernist theory than just the issue of objectivity, the point is significant. The achievement of objectivity is much to be sought after but, often, questionable. Our preconceived ideas, biases, training, assumptions and general outlook will colour, in various ways, and to varying extents, what we say and do. It is all the more important, then, that the theory aspect of social comment and analysis be acknowledged. Rosenau goes so far as to say that "no theory is a form of theory" (Rosenau, 2002, p.176). This is an extreme comment which is, probably, meant to make the point that by denying the need for theory we are denying the obvious.

Probably the most resistant of the areas of knowledge to this admission is that of the writing of History. From the ultimate objective claim to "tell it as it was" of Ranke in the late 1800s, History, as a discipline, has slowly admitted that the facts do not 'speak for themselves'. Keith Jenkins unashamedly states that "History is theory and theory is ideological..." (Jenkins, 1991, p.19). We are all products of our environment and reflect the assumptions and conventions of that society, to say the least, if not our own biases. Even Ranke's work was "coloured by his deeply held Protestant faith and his assumption that the growth of the nation state was part of God's plan for humanity" (Marwick, 1989, p.143). There is still, however, some resistance to this concession as Geoffrey Elton, for example, protests for the professionalism of the writing of History (Elton, 1969).

But part of the problem is that of terminology. The word 'theory' needs to be defined. Most historians, who concede the above, steer clear of using the actual word. More to the point, they often refer to theory in a condemnatory way as a device for prediction – in the manner of science. The meta-theories, such as those of Marx and Toynbee are, accordingly, criticised for their mistakes in prediction. But it is, generally, acknowledged that the former has had a lasting and positive influence on the writing of History – beyond that of its practitioners.

'Theory' in this chapter needs to be defined in a way that includes those sets of ideas which explain 'how things work'. To this extent, the ideas of Toynbee and Marx are more than useful although their predictions have failed the test of time. Theory guides analysis in a structured way. This may not be philosophically satisfying but it needs to be practical enough to encompass those who use theory both a little and a lot. One of the main aims of the Thesis is to identify those writers (in Australian Economic History) who have been guided in their work, explicitly, by a body of explanatory theory. Further, it is argued that an acknowledgement of the need for an explicit admission of this standpoint is essential for a more accurate explanation of the phenomena.

Arthur Marwick believes that assumptions might be a better word than theories but he favours the explicit statement of these rather than the "unrecognised assumptions which would otherwise be colouring historical interpretation" (Marwick, 1989, p.143). He denigrates those historians who still think that a narrative account will provide all the explanation which is possible and adequate. "But all historians, whether they admit it or not, employ concepts and generalizations" (Marwick, 1989, p.144). This is not the same, though, as using an over-arching theory. Like most historians, he is critical of their use (Marwick, 1989, p. 144). The point to make, here, is that as a practising historian and the writer of an explanatory handbook on History, he is prepared to admit that theory, in the general sense of assumptions, generalisations and conceptual frameworks, is both commonly used and necessary. Consequently, "There are theories but no theory" (Marwick, 1989, p.150).

But this has not always been the case. What Peter Burke calls the "Dialogue of the Deaf" (Burke, 1972, p. P. 2, not his original idea) served to artificially separate the studies of society in their different forms for a significant period. The long history of

historiography shows the many changes that have occurred in the simple act of re-telling a story of the past or the present. From chronicles to analytical works the inter-disciplinary nature of social studies has aspired to improve our ability to explain the world around us. Burke calls this a “convergence” to the “theoretical turn” by historians and “historical turn” by theorists. Here the *Annales* school is credited with having a significant impact on historical studies (Burke, 1972, p.19)

However, as defined above, theory and its uses is not meant to be used in a strict manner. Some practitioners accept a particular theory and follow it through in their work – running the risk of fitting the facts to the theory; Cunningham’s “stylised facts” is a classic form of the accusation (Cunningham, 1892). Others use theories to become aware of problems – to guide their investigations and to find the right questions rather than answers. But “without a combination of history and theory we are unlikely to understand either the past or the present (Burke, 1972, p.19-20).

So the first point to be made is that all intellectual endeavour starts from some sort of theory base. Whether implicit or explicit the theme will show through as content is selected and organized, accordingly. As will be noted when narrative is mentioned below, the acceptance of this fact has resulted in much detailed analytical work into the process of social explanation such that the claim has been made that because the facts do not speak for themselves then ‘History is, in fact, fiction’ (Curthoys, 2006). Most conventional social historians do, of course, dispute this claim. However, from a philosophical and a practical standpoint it is difficult to dispute the contention that “If theory is taken to mean not just causal hypotheses but also definitions of terms, sets of models, categories and concepts about kinds of entities and processes, then theory is indispensable to social enquiry of any sort” (Lloyd, 1986, p. 22).

It is not the intention, here, to relate the use and abuse of theory in historical and social studies. As with any area of study, an historical approach will show a progression from the simple to the more complex. From straightforward chronicles to interpretive works replete with implicit assumptions and moral judgments, to attempts to replicate the scientific method, to determinist over-arching theories with predictable endings, to modest works of analysis using concepts and models as guides to explanation we have reached this state of convergence mentioned by

Burke. In somewhat of a dialectical way, the process has not been linear. At times, the past was shunned as irrelevant and at others, theory was seen as unreal (Lowenthal, 1985). One wonders if the old argument about theory and practice being opposites is still engaged in, seriously.

The purpose of this chapter is to argue the point that theory, as an organized set of ideas that explains the phenomena, is essential in social/historical explanation – as it is in the sciences. As Herbert Spencer, succinctly, says: “It is a truth, perpetually, that accumulated facts lying in disorder begin to assume some order when an hypothesis is thrown among them” (quoted in McLelland, 1975, p.71). The argument, also, is that some theory (explicitly stated) is better than no theory. This is a bold statement but it is supported by the contention that whatever the standpoint taken, or theory used, the results can be evaluated as an interpretation of the evidence along certain lines of enquiry to be agreed or disagreed with, as long as the stance is known. By the term ‘no theory’ is meant those works, for example, which we would classify as being part of the Whig Interpretation of history which stated that what was written was the way things were, based on unstated assumptions and, in this case, a natural progression to a higher form of existence; in essence, natural political and social progress. Similarly, purely descriptive works with unstated assumptions achieve less in effective explanation than the former. This can be argued from an ideological stance, which is self-evident, as well as a practical one. To this extent Kuhn’s elaboration of Normal Science (Kuhn, 1996) is science based on accepted values and theories which, in the main, are not criticised. When revolutions occur science is, in effect, re-written and the ‘incorrect’ version incorporated into the new version.

The matter of relativism may be objected here. Doesn’t this imply that all interpretations are of equal value? Perhaps this is so; but as long as they can be well supported by evidence, then, that is not an issue. Geoffrey Elton (Elton, 1969) argues, moreover, that there are certain professional ‘not-negotiables’ in the study of History which maintain the elements of objectivity that he espouses. This point, too, is debated but it allows structure and standards to be set. This rather eclectic approach allows us to discuss types of theory in terms of their usefulness in particular contexts. Charles Kindleberger uses the analogy of a ‘toolbox’ of explanatory models which can be changed and used when necessary (Kindleberger,

1970, p. 12). In the next chapter this becomes important in assessing the role of theory use in Economic History. The strict idea of theory, as per the paradigm of science, where prediction can be seen as a goal, is not needed in this situation. Because we are dealing with social explanation, in general, prediction is a goal that is very difficult to attain. Related to this is Popper's Falsifiability Principle (Popper, 1968) which focuses on results, more so, than explanation. The question that needs to be asked of a theory is: does it help explain the phenomena?

The reference to science raises the issue of deduction and induction. These two concepts have bedeviled the use of theory in social science for three hundred years. Because of the achievements of science, the desire to make all studies comparable has distracted the attention of those who studied society and is responsible for the wild, pendulum-like swings in approaches to the study. It is, clearly, impossible to predict human behavior, exactly. Not until Heisenberg did the dominance of probability bring the debate back to a more relativist stance.

Over time these two concepts have dominated the types of theories put forward and had serious repercussions for the study of society. The English debate over the study of Economics is one classic instance (referred to below) which resulted, for a lengthy period, in the rejection of theory in much of the studies in Economic History, especially, in England. The mere belief that all theories needed prediction, also, strengthened the position of those in the History profession who were, totally, against the use of theory.

But theory used as a guide presupposes some form of generalisation; and this is part of the human condition: to classify, categorise and organise information into a manageable form. Whether it is gleaned, empirically, in an inductive way or followed through from *a priori* postulates (which beg the question of where they came from), their basic purpose is still the same.

Gottschalk identifies six categories of generalisation:

1. The School of the Unique. This type of generalisation is inadvertent and based on the belief that events are unique and the purpose of the historian is to emphasise differences and not similarities.

2. The School of the Strictly Limited Generalisation. In this category the focus is restricted only to the area under study.
3. The School of Generalisation on the basis of Trends. This is a limited extension of the focus to events before and after the period in question but with the purpose, still, of explaining the focus area, only.
4. The School of Generalisation on the Basis of Comparison. This type finds parallels in other times and places. This is a synthesis looking for more generally applicable statements.
5. The School of Predictive Generalisation. This school, obviously, seeks after laws in history that can be used to predict future events.
6. The School of Cosmic generalisation. These are the philosophers of History who seek to provide a cosmic understanding of course of human events (Tuma, 1971, p.81-82).

These categories are not precise and they overlap to varying extents. But they do give an idea of the different ways that theory, as defined here, can be used.

Gottschalk is using the word 'generalisation' instead of 'theory'. The problem with that usage is that it implies an inductive approach from a neutral initial standpoint. Categories five and six are using a more deductive approach and imposing the laws from above. The inductive-deductive dichotomy, to my mind, has always posed a problem. Even with *a priori* statements the question of origin is inescapable. Except in religious and moral terms it is difficult to see how theories about social life, in general, cannot be grounded in the human experience ie inductively arrived at. Thus, it seems strange to speak of them as opposites. More to the point, perhaps, is a continuum. Generally, theories are looked at deductively and generalisations inductively. But, of course, that need not be so.

The problem of terminology, then, is a serious one and must be specified, strictly. The use of the words theory, hypothesis, thesis, generalisation and law seem to be troublesome because of their connotations and relationships. For example, the influence of science as an absolute has set up the sequence of generalisation-hypothesis-theory-law. In this sequence theory has a specific role. Thesis seems to be related more to non-scientific work and to be equivalent to interpretation or opinion – suitably supported. And, here, the element of prediction is ubiquitous.



When theory is used as a device for explanation the emphasis on prediction is lessened. All theories explain first and predict second. It is as if prediction is a second but risky step in understanding the world around us. It is convenient and, probably, inevitable to so seek to control the world in some way via prediction. But before this goes too far, the point is that theories initially explain. As a result they can perform another role than prediction and that is as a guide to understanding. The question can then be asked, does this body of ideas on how the phenomena works help explain the facts? It leaves room for different theories to approach the evidence in different ways and for the use of theories both large and small.

Theory, then, becomes a general term for those ideas which are organised in a certain logically, consistent way that they can help to explain the phenomena in question. Just as in Kuhn's 'normal science', the theories most used will be those theories that are most satisfying in explaining the facts. This is important for Economic History because knowing which data to look at is important. It will be argued, below, that the main reason that N G Butlin (Butlin, 1965) had such an effect in reinterpreting Australian Economic History of the late nineteenth century was that he asked different questions to many of his predecessors and used Economics theory as a guide to research and, focusing on investment, was able to uncover the, previously, under-stated extent of urban and non-pastoral development. While Economics theory is, certainly, a device for prediction it is, also, designed to explain how the economy works. To this extent, the same theory can be used by both economists and economic historians in similar ways. One seeks to explain what is happening and how we can manage in the present and the future and the other, what has happened and why it has happened. The common denominator is the economy. The same theory can tell us how the economy is working now as well as how it worked in the past. Economic Historians don't need to predict but there is a direct link via the theory to what happened and why and what lessons can be learnt – however useful they may be. And further, to the point of Economic History as a discipline, it sets it apart from general history.

It could be argued that, as a result of what has been said above, the use or non-use of theory can become a matter of methodology. The result would, then, be to evaluate each work on the basis of its explanatory value. Tuma, in his analysis of method, includes "conceptual scheme" as one of his evaluative features ((Tuma,

1971, p.105). He contrasts this with, among others, description and comparison. Both of these methods 'trace' and 'set out', possibly analyse, and, hopefully, generalise in a summative way at the end. These conclusions, though, may or may not actually explain the facts. That essential guiding principle or theme will not be apparent from the outset. We may need to call all such essays 'interpretations' - with which to agree or disagree. Analytical history is, surely, approaching this condition now.

Furthermore, can theories be used as methodologies? Marxist theory develops into a methodology and this is, probably, its value as a legacy. And functionalism as a methodology, surely, stems from a way of viewing society as a working mechanism. The reverse, however, need not be the case.

Probably the key issue in arguing for the use of theory in history is that of causation. In an attempt to explain historical change causal sequences must be discovered and explained, and if history is not to become a series of disjointed explanations of isolated incidents, then, the exercise presupposes a theory or theories of change. These can guide the investigation but not, necessarily, prejudice the results. We do not, always, find what we are looking for but we can be better off by the process of elimination.

We need not go as far as Carl Hempel's covering laws but many social philosophers concede the need for theory of some sort to guide, organise and explain. Even Karl Popper admits to a theoretical starting point in his rigid scientific process with the use of "basic statements". Similarly, the individualist Dray talks of "summative generalisations"; Walshe uses "colligatory concepts" to hold together historical sequences; Scriven uses "normic statements" and "guarded generalisations"; and Gardiner, although not a critic, sees the need for 'law-like knowledge' and generalisations of a weaker kind (Lloyd, 1986). And, of course, Thomas Kuhn's paradigm concept lays bare the basic interpretive nature of science.

Terminology becomes a problem because of the fear that use of the word 'theory' will lead to accusations of 'historicism' in Karl Popper's terms (Popper, 1957) or determinist constructs like Marxism which are flawed as predictive devices. Consequently, some historians call them assumptions and use them implicitly (Marwick, 1989). But if our attempts at explaining historical change are to progress

beyond the fallacy of *post hoc ergo propter hoc* then some reference to theory is necessary. It is, also, useful to note Francis Simiand's distinction between causes and conditions: "This situation most directly obstructs the discovery of causal regularities" (Lane, 1953, p.479). Could it be that this is one of the reasons that description as a causal mechanism is so flawed? Perhaps, but taken to the extreme, all we would achieve would be to analyse trivia.

Using theory as a guide for causal explanation does not imply that we are prejudging or ignoring other explanations. The natural corollary of an idea is its opposite. We are taught at school to look at an issue from different points of view – for example, Edward de Bono's *Six Thinking Hats* (de Bono, 1992). Scientifically, we accept that explanation which makes sense, is logically consistent and corresponds with what we see and hear. Despite the relativist ramifications of Kuhn's theory we like to think that we are being as objective as possible. Having something to guide us doesn't, necessarily, preclude a scientific approach.

The typically non-theoretical approach, that of description and narrative, fails the test of explaining historical change and causation, adequately, because of its adherence to Simiand's "chronological idol" (Lane, 1953, p.470). In elaborating, he says that we "should prepare the framework with which we approach the past by first establishing a well-defined complex or a 'type' which can be found in the period with which we propose to deal. Instead of unrolling the tissue of pure chronology indefinitely and mechanically, we should search for explanatory groupings with an objective coherence. Mere chronological arrangement, as we have seen, is not a genuine organisation of the data..." (Lane, 1953, p.471-472).

In arguing from a time sequence to a path of development, for example, the descriptive historian will need a theory of development or change in some form. Otherwise, the account will rest on the above fallacy. Inescapably, such a theory is, often, implicit. Most such explanation is offered in passing owing to the scope of the work and the acknowledged objective of relating the 'what' and the 'how' as opposed to the 'why'. Understandably, the focus of the latter is more restricted.

It could be argued that good description is often followed by generalisations from the data presented and that, in that way, analysis and causal explanation is offered. However this may be, it is often the case that following the detailed description the

conclusions are either summaries of the facts or sweeping generalizations (Tuma, 1971, p.211)

Analysis, on the other hand, seeks to answer that very question, 'why'? Tuma believes that the first requirement for a meaningful analysis is a conceptual framework "...by which potential relationships can be identified. A conceptual framework is a set of concepts that defines categories and identifies relationships relevant to the problem under study" (Tuma, 1971, p.50). It has two functions: a definitional function and an explanatory function (Tuma, 1971, p.50). Burke, of course, would agree and add that historians, often, use such frameworks implicitly.

So too does Michael Stanford (Stanford, 1986). Using, what he calls, structures, he concedes this reliance on ideas as a matter of course and necessity. He distinguishes between inherent and imposed structures (Stanford, 1986, p7). "Structures are imposed on the world in an attempt to understand it" (Stanford, 1986, p11). In the same way as Burke and Marwick, Stanford argues for the use of a framework of ideas (Stanford, 1986, p.11). But unlike Burke and like Marwick he denigrates 'theory' because of its predictive connotations and inclusiveness (Stanford, 1986, p.24). Further, he believes that by rejecting structures (ie what is here defined as theory in a broad sense) historians can't justify their methodology. Everything becomes *ad hoc*; and that is why history is re-written in every age – "because there is no way of evaluating other than on an internal, literary basis" (Stanford, 1986, p.20-21). Quite simply, methodologies can determine the questions that are asked.

By its very nature, analysis is all about relationships. Explaining historical change requires that events and ideas be placed in a meaningful context which makes sense of the data. Consequently, Tuma's definitional role for the conceptual framework is a basis for clarity. For the explanatory role he quotes Alexander Gerschenkron who asks the question, how else can we "...approach historical reality except through a search of regularities and deviations from regularities by conceiving events and sequences of events in terms of constructs of our mind, of patterns, of models" (Tuma, 1971, p.52). He goes on to discuss two such frameworks, systems analysis and functional analysis, as examples. While both of these have a problem in

accounting for change (Lloyd, 1986) they do provide a definite structure and causal mechanism of explanation.

Relevant to any historical writing is the issue of narrative. The concepts of change and hence, time, imply narrative. And this begs the question of its relationship to theory of any kind. Essentially, a narrative is a story and, as such, has a setting, a plot, a beginning and an end, characters (or actors), events and (if the story is not fiction) a relationship with the truth. By definition, it deals with change over time and describes what happened. If the 'facts' are adhered to, strictly, then there is little place for analysis and little need for theory. At its basic level, it is a chronicle. However, even the facts that are included presuppose selection on some basis so that continuity can be maintained. There can be a problem arise with how to use both narrative and analysis effectively. There is an apparent conflict between the two approaches. An interesting comment is made by N G Butlin in the Introduction to his work, *Forming a Colonial Economy: Australia 1819-1850* (Butlin, 1994) published posthumously (and not cited in "Midas and the Merino"). In it he laments the fact that to achieve his aim of tracing the early convict history of the colony he needs to warn the readers "that it is almost inevitable that any analytical effort requires statistical representation and no easy narrative" (Butlin, 1994, p. 5). This statement, literally, seems to dichotomise analysis and narrative. That this need not be the case is shown, for example, by Schedvin's *Australia and the Great Depression* (Schedvin, 1970); but the point is well made on the limitations of the narrative method.

The issue is a difficult one because some form of narrative is inescapable in dealing with change over time. The question that needs to be asked, here, is can narrative explain the facts adequately by simply setting out the sequence of events? Frederick Olafson (Stanford, 1994, p.99) believes that actions have a built-in continuity that establishes a sequence of cause and effect based on the motives of individuals. David Carr (Stanford, 1994 p.100) goes further and asserts that the past is narratively structured, the plots are real and they correspond to the truth. W R Gallie calls history a true story (Stanford, 1994, p.95).

These claims are usually countered by citing the problem of the plot in the narrative. Paul Veyne believes that the plot determines the selection of events to be included (Stanford, 1994, p..96). Louis Mink supports this and says that the historian imposes

a pattern on the evidence and, reciprocally, selects his facts accordingly (Stanford, 1994, p.97). Hayden White calls it “explanation by emplotment”. White, of course, is a severe critic of the verisimilitude of narrative at all. He believes that it orders events from a subjective point of view. He goes on to elaborate on the various literary forms of narrative. He cynically comments that “If it were only a matter of realism in representation, one could make a pretty good case for both the annals and chronicle forms as paradigms of ways that reality offers itself to perception” (White, 1987, p.24). Postmodernists go so far as to call narrative a form of propaganda (Appelby, 1994,, p.233) because of the implicit construction behind the form. Keith Jenkins believes that “History is theory and theory is ideological...” in commenting on narrative history (Jenkins, 1991, p19). Here he is using theory in the general sense of a system of ideas.

It may be argued, here, that to boldly espouse the role and necessity of theory is to over-do the relativist stance because theories, by definition, are mental constructs and, at base, interpretations. Therefore, aren't they further from the 'truth' than, for example, accurate description? McCulloch (McCulloch, 1998) discusses the issue at length and believes that if an interpretation can synthesise more facts than a previous or rival one, make more facts intelligible and be supported by evidence, then, it can be, rationally, accepted as true (McCulloch, 1998, p.130). He is adamant that historians will change accepted interpretations when they are seen to be wrong. (Perhaps we can see Kuhn's influence here). As with Oakshott and Habermas he follows the line of the coherence theory of truth (McCulloch, 1998, p.20). But, whether the aim is coherence, convergence or consensus, in a world of humans the meaning of truth must be a synthetic concept. And as the aim of the above task is meaningful and useable explanation of the historical, economic and social past, there must be a functional definition.

This chapter is about the need for theory. The various aspects of the logic of explanation require a framework of ideas to make it meaningful. Hans-Georg Gadamer believes that we seek meaning in our explanations more than truth (McCulloch, 1998, p.31) and even of "shared meanings" (Lloyd, 1986, p.89). Given the nature of historical enquiry theory in some form needs to be present. More and more this is being recognised. It is, further, acknowledged that this has always been the case but that its explicit admission has not been apparent. Such attempts at

narrative history, for example, which have been coloured by an implicit belief in a particular ideology have not only interpreted the history along unspoken lines but provided a less than achievable level of analysis. As Rondo Cameron has said, "The choice, in other words, is not between theory and no theory but explicit, consciously formulated theory and implicit, unconscious theorizing" (Cameron, 1965, p.112).

The historiography of the study of the past has a long history of its own. It has progressed from the simple chronicle to the detailed analysis. E H Carr concedes that "the economic and social interpretation of history may be said to represent a more advanced stage in historiography..." (Carr, 1964, p.124). The writing of history in all its forms has had to deal with the competing claims of both the interpretation and the facts. In the days of Gibbon, for example, the moralisms and opinions were valued as insights; a valuable part of the story. So too did nationalists accept with pride the Whig interpretation of history as the way we should understand the past (Butterfield, 1931). Today historians study problems of the past and ask questions which are not easy to answer. They admit to the use of ideas and concepts from other disciplines as heuristic devices to aid them in their task. Carr's progressive stage requires the use of "hypotheses...indispensable tools of thought"(Carr, 1964, p. 60). They no longer think that simple narrative and description is enough. Explanation calls for more: explanation in terms of...

## Chapter 3

### The use of theory in Economic History

The previous discussion has tried to establish the need for theory as a guide in any historical analysis. More to the point, it is argued that an explicit statement of the theoretical framework which underlies the analysis is necessary. This is, especially, so as the validity of the claim to objectivity is, generally, questioned on the basis of the unavoidable existence of unstated assumptions or beliefs which colour what we do and how we do it. More to the point, it has been stated, further, that the use of a theoretical framework will aid in the explanatory usefulness of the analysis.

As with the study of History the acceptance of the need for theory, in general, has taken considerable time to occur. In Economic History it has been, further, restrained by disciplinary disagreement. The result has been a history of disagreement and academic conflict which, to a great extent, explains the Australian situation in that as a country of recent settlement what followed was part of an intellectual inheritance. The aim of this chapter is to provide some background and understanding for the observations of chapter 1. This chapter, also, seeks to show that where chapter 2 spoke of the need for explicit theory as a heuristic device in the fields of historical and social analysis, in general, Economic History provides a specific case of the need for theory. That need, can be seen in the, repeated, attempts to apply theory to the study in the face of academic disagreement.

In the case of Economic History, the issue of theory takes on a significant role and has a long history. The essence of the problem as it is seen, here, dates back to the methodological debate over the proper study of Economics in the 19<sup>th</sup> century. Under the influence of Ricardo, Mill and Marshall and others (especially Menger and Walras) Economics, in England, became a mathematical and deductive science. This, of course, was resisted by the more historically-minded scholars such as Leslie, Ingram, Cunningham, Ashley and Clapham who looked back to the days when Political Economy was both theoretical and historical and exemplified by the famous works of Adam Smith and James Steuart (Spiegel, 1996, p.215). From this split, admittedly, Economic History re-defined itself from Economics but the



methodological debate left deep scars. The two related studies became further apart with Economics becoming theoretical, mathematical and non-historical and Economic History becoming predominantly historical, non-mathematical and much less theoretical. The methodological problem was that in the case of Economic History, the narrative/historical approach became the preferred and accepted way of tracing and accounting for the changing nature of an economic system. The two studies of the economy, then, were conducted to the exclusion of each other.

The debate about the study of Economics in England isolated the rival practitioners and raised important issues. Probably the most often-quoted is the exchange between Cunningham and Marshall over the latter's use of "stylised facts" in support of his arguments. Cunningham accused Marshall in an article in 1892, of the same name, of the perversion of Economic History because of his use of historical facts to illustrate, only, his theory and ignore the rest (Cunningham, 1892, p.491-506).

Previously in the debate the issue was the methodology of Economics. Leslie and Ingram focused on a critique of deductive economics and in favour of an historical approach. Leslie spoke of "an illusory exposition based on simplistic primitive assumptions, and Ingram of "vicious abstraction" and "hasty generalisations from insufficient and ordinary premises" (Snooks, 1993, p.27) There were continued exchanges on the matter even as late as 1922 when Clapham and Pigou argued over the content of "economic boxes" and the use of theory in specific cases (Snooks, 1993, p.56)). But by the 1890s the fight was, in effect, over as Ashley conceded in his 1892 Harvard lecture and Clapham, in the unfortunate phrase to the economists: "Yours is the higher work. I want to help" (Harte, 1971, p. 62). Even Cunningham, who showed great passion in his accusations, challenged Marshall's use of history and not the essential nature of the study of Economics - as had Leslie and Ingram (Snooks, 1993, p.56).

As practitioners of Economic History, several of the individuals, above, illustrate the standpoints taken in the debate and the, consequent, polarisation. Paradoxically in terms of what was to occur later, Arnold Toynbee (senior), who was one of the pioneers in this area of study, supported a very sensible and inclusive approach. He believed that both induction and deduction were necessary to explain, adequately, the economic past and that the right method would be determined by the nature of

the problem. Thus, Economics theory must play a role in teaching us “to look out for the right kind of facts” but, in a comment of relevance to the Cunningham-Marshall exchange, he advises us that “misuse of the method does not imply any radical faultiness in it”. Similarly, the historical method, by itself, can lead to “imperfect generalisations” (Snooks, 1993, p.120). Unfortunately, such an approach was not followed by most of his successors.

Despite Cunningham’s accurate methodological criticism of Marshall in terms of the use of history he, in fact, illustrates one of the problems resulting from the split. By rejecting theory he was forced to rely on description and comparison for an account of the period that he was studying. Further, he openly used a framework based on political and social rather economic considerations: “...politics are more important than economics in English history” (Cunningham, 1910, p.9). Thus, in terms of one of the major roles for theory in history *ie* as a framework or guide to the selection of facts and analysis, Cunningham has favoured a political one. Such an approach belittles the qualities needed to explain the economy because the driving forces are seen to be political with social and economic aspects being seen as less meaningful or important. His task, in *The Growth of English Industry and Commerce*, is to “trace and describe” (Cunningham, 1910, p. 1). Clapham, even, went further by stating that the economic aspect was not the most important consideration (Snooks, 1993, p.126). Consequently, it would seem, any general historian can write Economic History!

Ashley and Clapham, two of the other notable names in the English tradition, reinforced this descriptive and non-theory based approach. This down-playing of the economic aspect slowly swung the content of Economic History more towards social history. This is not to say that much good work was not done over a long period. But the level of economic analysis was less than it could have been and Clapham’s ‘lesser role’ came to be accepted as the way it was.

Although it could be argued that the outcome was positive in that Economic History emerged as a separate discipline, the methodological issue left a legacy. It became a matter of ‘theory or no theory’. Economic History found itself indistinguishable from general history of the economic past. The descriptive, narrative method, with concluding generalisations, became the norm. Further, because a specific definition

of economic content and method of analysis seemed to be lacking, resulting in an increased interest in non-economic factors, the areas of interest and research spread to the inclusion of social history as an accepted focus of the discipline. University departments were created accordingly (Snooks, 1993, p.62).

Curiously, while being rejected by the rest of the world, methodologically, the German historical school in Economic History had a significant effect on both the English and American traditions. While their belief in the primacy of the inductive method isolated them, somewhat, they had a significant background influence on the debate. But, more to the point, here, was their use of theory in the form of stages of development. This was, and continues to be, a hauntingly attractive concept for use in discussing change over time. Although much criticised because of imprecision, its implicit use in many forms of history is common. The inherent problem can be seen from the fact that the German Economic Historians, themselves, couldn't agree on what the actual stages were. Each of the prominent figures had their own variation of the process.

List saw stages in agricultural production and sophistication (Savage, Pastoral, Agricultural, Agricultural and manufacturing, Agricultural manufacturing and commercial); Hildebrand based his classification on forms of distribution (Natural or barter economy, Money economy, Credit economy); Bucher focused on the market structure (Household, Town, Nation); Schmoller took this one step further (Village, Town, Territorial, Nation, World); Sombart used the idea of economic system as the basis (Individual, Transitional, Social); Roscher used an organic model; and Knies saw economic development as a result of progress of human culture (Hoselitz, 1960, p.194-224).

These thinkers were not united – in fact they criticised each other, often. But they all shared the preference for the inductive historical method despite the fact that they were beginning with a theory. They, as a group, fell victim to the logical difficulties of stage theories *viz* that the stages were arbitrary, not empirical and varied depending on the criterion used. However, they did give a guide to research and a coherent understanding of the nature of a changing economy. They provided “a framework for economic analysis” and could be used as “heuristic principles, means of orienting research and yardsticks for scientific judgments” (Hoselitz, 1960, p232). Moreover,

the area of study which includes Economic Development and Modernisation theory is, effectively, based on a concept of progressive economic sophistication. *ie* stages of development.

Development studies can be seen to have been an evolving area of study where theory and practice have worked together. Critics could say that as a body of theory it has proved to be flawed. From the early models of Arthur Lewis (Lewis, 1955) and Walt Rostow (Rostow, 1990), in particular, adjustments have had to be made as predictions have been inaccurate. Most notably, the emphasis has shifted to the inclusion of non-economic factors and the realisation that 'one size does not fit all' (Todaro, 1994). But in terms of the issue of the place of theory in research and explanation the point to be made is that the theory guided research and analysis and was tested empirically and modified, accordingly. Charles Kindleberger would, no doubt, say that this is just the role of Economics and Economic History – to work together and test the extent of the applicability of the models being used (Kindleberger, 1990, p.9).

The problem, for stage theories of any kind, is that despite the critical evidence, they are inherently intuitive. When change can be observed in a structural way then the inevitable development from simple to complex is apparent. For example, Adam Smith assumed "the natural progress of things" and saw the "notion of economic growth in stages – hunting, pasturage, farming and commerce" (Coleman, 1987, p.10). Further, it would be fair to say that the body of theory in question was arrived at inductively and then applied. Further research confirmed or denied its applicability. Here we have theory being used as a guide to research.

At this point there is an issue of terminology. Development Economics was a specific movement and area of study which attempted to provide its own body of theory. Economic growth and economic development as concepts can be relevant, here, because of the latter's implication of growth in size (Arndt, 1989, p.1-4). The former can be seen as a specific concept with little ambiguity *ie* the increase in income per head. This is a calculation based on several factors and is justifiable. The latter, although the element of change is usually implied by its use, can be used in a way which limits its content to an increase in size. The problem in this context is that looked at in this way simple description can trace the growth of an economy which

grows in size but doesn't change or mature. There can be no need for theory. It is, also, the type of treatment that social and political histories often give to the economic background – with little analysis.

While in England there was a complete separation from Economics, in America the situation was less severe. Influenced by both traditions, the English and the German, American Economic History seemed less separated owing to the fact that there was a closer link between the two departments in practice and a separate identity seemed unnecessary. This is not to say that the trends weren't similar in direction but not as extreme as in England.

To some extent this was attributable to the background of the Institutional Economics of Thorstein Veblen (and later, Commons and Mitchell) (Spiegel, 1996, p.628-640) who were critical of deductive economics and stressed the circumstances of investigating the economic process. They based their approach on a broad evolutionary framework. This was, especially, so of Veblen, who, while indebted to the German tradition for their evolutionary approach was, also, critical of what he saw as a lack of an underlying theory. He, consequently, used a similar approach with his own theory added (Spiegel, p.639). Also relevant in this environment was the attempt by Harold Innes to apply his Staple theory to Canadian economic development (Watkins, 1963). This was using a specific theory to guide analysis of the past. It was a theory that was later applied to Australia (McCarty, 1964). The point at issue was that there was an attempt to explain the economic development of Canada via a guiding thesis – not just trace and describe it. The success or failure of the attempt is not the point. The result was a better understanding of the development process of recently settled countries such as Canada and Australia. In the case of Australia, the success and importance of sealing and whaling in the early days of the economy had, traditionally, been over-looked while the themes of wool and sheep were accepted, uncritically. The search for other staple industries to test the theory was, consequently, a productive exercise.

Despite the eventual separation of the two branches, as in England, there was, at least, a residual of contact between them. Subsequently, the Cliometrics movement began in America and not England. The main features of the movement were quantification and the use of economics theory as a guide to examining the past. It

was Economic History with some difference. The use of quantification was not new. It had a long history in England going back to Petty and Davenant in the 18<sup>th</sup> century (Spiegel, 1996, p.126-30) and Clapham in the recent past. But the use of explicit theory in Economic History was new. In extension, counterfactuals were proposed as an analytic device. According to McCloskey (a leading spokesman for the movement) the new economic history is the application of economic theory as a form of argument. It is “modern economics in the service of history” (McCloskey, 1987, p.13). The aim is to reinterpret history using economics as a guide and ask different questions – sometimes using the counterfactual method and quantification - but as a means not an end. This is, basically, a change in methodology.

The foregoing has stressed the lack of agreement over time and place on the answers to the questions of ‘what’ and ‘how’ in relation to studying the economic past. This can be seen to revolve around the issue of definition. The nominal versus real distinction becomes important, here. In an area of study (or academic discipline) common ground is essential. In formalised debates, for example, definitions are offered, disputed and the rules of argument based on them. These definitions can be realistic, convenient or situational to maintain the logic of the argument. There is no need for agreement. They are nominal. The real definition, on the other hand, despite the philosophical problems associated with truth and the question of what is real, must be based on agreement if there is to be progress of any kind or, in this case, an organised body of knowledge. Kuhn’s paradigm is based on just such an agreement. Scientists in the field accept the ‘rules of the game’ and proceed along the same lines in the same direction. Progress will come from furthering knowledge towards a common goal. This has been called a “convergent disciplinary community” (Becker, 2001, p.187). Kuhn, also, spoke of a community of scholars. This convergent community has a unified body of theory, practices, objectives, agreements, methods and common assumptions (Becker, 2001, p.187)). It will be argued that in Economic History this wasn’t the case until the appearance of the Cliometrics movement. Tuma is, no doubt, stating the obvious when he says that "The problem of terminology has afflicted all the social sciences and has often caused debate and confusion that could have been eliminated had a definitional scheme been introduced in the right context (Tuma, 1971, p.51). He even goes so

far as to say that "each scholar or generation defines the field in the most convenient way to make his contribution possible (Tuma, 1971, p.10).

Once the split had become permanent between Economics and Economic History in England, practitioners of the latter seemed to know more what it wasn't than what it was. For example, W. Ashworth in his inaugural lecture at the University of Bristol in 1956, stated that the development of economic History as a subject " has happened in spite of there being no agreement about what it is and where it belongs" (Harte, 1971, p.203). The existence of a definitional problem can be seen from a succession of statements by the holders of various chairs of Economic History in the major English and American Universities in the period preceding the 1960s.

WJ Ashley (Harvard 1893) believed that a grounding in economics wasn't necessary for a work of Economic history. Only common sense was needed. "Such exaggerated estimates of the value of theory will disappear when the character of the work of the economic historian comes to be better understood" (Harte, 1971, p.11). He saw little use for theory, it being "...unnecessarily grandiose" (Harte, 1971, p.10). LL Price (Oxford 1908) warned that applying economic principles to the past can be dangerous because of the "slow behind-the-scenes nature of the issues below the surface of affairs" (Harte, 1971, p.30). George Unwin (Edinburgh 1908) stated that Economic History deals with facts and times when economic motives cannot be separated from non-economic motives or forces. Consequently, economic theory wasn't always useful (Harte, 1971, p.42). But non-economic factors were! He questions the applicability of the concept of "economic man" to periods of the past (Harte, 1971, p.42). JH Clapham (Cambridge 1929,) on the other hand, while famous for his downplaying of the role of Economic History (referred to above) as the "hand-maiden of economics" also confused the issue by stating that " Of all the varieties of history the economic is the most fundamental. Not the most important..." (Snooks, 1993, p.126). Methodologically, Clapham uses a descriptive, non-analytical style which has no place for theory although he had been a student of Alfred Marshall (Snooks. 1993, p.125, Tuma, 1971, p. 211).

By 1946 WK Hancock (Oxford 1946) was still questioning the value and relevance of theory to Economic History although he did not reject it. He saw some theory as inapplicable to particular periods of history (eg the price mechanism and primitive

man): “Economic theory may be pure but economic life is not” (Harte, 1971, p.152). But, in a very even-handed way, he notes that “Those who have no theory fill the vacuum with their prejudices...” (Harte, 1971, p153) and “As an economic historian I feel the need of enlarging, simultaneously, my command of economic theory and my knowledge of historical materials” (Harte, 1971, p153).

Previously, though, there were voices of moderation. RH Tawney (LSE 1932) and Eileen Power (LSE 1933) advocated the use of theory as necessary and useful for analysis and the systematisation of economic phenomena (Harte, 1971, p.99). They were progressing from the descriptive/narrative method which (being theory-neutral) was inadequate. Tawney saw that adequate explanation required the “use of more comparison, hypothesis and argument” (Harte, 1971, p.105). Further, he noted that “historians” use un-analysed concepts “with exasperating naivety” (Harte, 1971, p.105). Eileen Power went further and opined that use of the narrative method was a “fit occupation for an economist in his dotage” (Harte, 1971, p.115).

At this stage there are some methodological issues apparent. Even Sir Keith Hancock, who seems quite balanced in his approach, continues the terminology of his predecessors and talks of historians and economic historians as interchangeable. Prior to Tawney and Power this was common in the evidence cited here. Similarly, there is a strong connection from the 1930s with the social aspects of society and to some extent the burgeoning study of sociology. When general statements are made this is the theory that is referred to. The push was to include Economic History as one of the social sciences. The issue of narrative has been noted and, in essence, this could be seen as the methodology of the non-theorist.

The quantitative challenge was apparent by the 1950s but FJ Fisher (LSE 1956) could still question its applicability and accuracy for ‘History’ (Harte, 1971, p.184). By 1960 JD Chambers was still stressing the non-economic factors involved in economic history; the institutional, social, geographical and human (Harte, 1971, p.236), as was R Davis (Leicester, 1965, Harte, 1971p.315-328). By 1970, though, Peter Mathias (Oxford 1970) could see Economic History as exhibiting an “increasing use of statistics and quantitative work...it is a vehicle for a more intensified application of theory” (Harte, 1971, p.372).



What the foregoing references show is a lack of agreement over exactly what economic history was or should be. Over time a general consensus has been reached, even in England, where the reaction against abstract economics was so strong. The issue of the place of theory is the focus. But it is not just a slow progression from the extreme viewpoint to the compromise. Voices in the 1930s, while somewhat socially orientated, did support the use of theory, but these could be heard at the same time as, other, differing viewpoints. Kuhn's community of scholars solving puzzles within sharply defined boundaries was not the case here.

The legacy for Australian Economic History is that the inheritance from England of the descriptive/narrative method as well as a more inclusive approach, stemming from the lack of a clear definition as to what constituted a work of Economic History should be, left the way open for a more varied and eclectic tradition. It is argued, below, that the result of such variety and coverage was that works of a high analytical quality stood side by side with those of a more superficial, descriptive type because of the apparent lack of a strict and accepted definition.

Cliometrics can be seen as a change in methodology in the study of the economic past. It involved the explicit use of economics theory, quantification and, at times, counterfactual speculation. Neither of these first two methods was new. Marxist theory which was, basically, an economic interpretation of society and history dates back to the 1830s. Its extreme nature was open to criticism but it was theory-driven and intellectually satisfying because of its explanatory value. Its major flaw was its predictive element. But as a means of analysis it was attractive and useful.

At about the same time the German Historical School was trying to apply their stage theories to history. Once, again, subject to criticism and disagreement they provided a conceptual explanation for the growth of economy and society. Much useful knowledge was acquired as a result of their application. The theory aided classification and understanding of why and how change takes place. As referred to above, its use is ubiquitous.

Of a more recent time the Institutionalist approach to Economics is a theory based identification of key factors that influence change in economic processes. Having something of a new and old version this approach identifies the more intangible elements of society such as conventions, beliefs and so on that can help explain

economic change. One major attempt has been by applying the concept of property rights (Speigel, 1996, p.628-34).

The important point to be made is that the theory, with or without its predictive element, acts as a framework for investigation and analysis. As Cairncross has boldly stated, "...in trying to understand the past working of the economy, you need the benefit of economic theory. You need to formulate the right questions to address to the past and it is the function of theory to help in framing such questions" (Cairncross, 1989, p.176); and Werner Sombart is famous for his 'no compromise' position: "No theory - no history" (Sombart, 1929, p.4). Given that the selection of historical material is, inevitably, selective the application of explicit theory is both more honest and more rigorous than any implicit assumption-based descriptive narrative. It can be, necessarily, limiting because of the nature of selection but as Richard Hofstadter has realistically commented "...a certain measure of exaggeration, especially among writers that have a new and heterodox thesis, is almost a necessity of interpretive, historical argumentation" (Hofstadter, 1969, p.225). The value is in how useful it is as an explanatory device. A comprehensive analysis might use several approaches. As Edwin Seligman, has noted, we don't have to be a follower of Marx to make use of his analytical approach (Seligman, 1961, p.110); and D. Feeney believes that the support of theory provides the basis for "the application of the tools of economic analysis to historical samples" (Feeney, 1987, p.92).

The Neo-classical approach to economics does, in effect, underlie our whole approach to the analysis of economic behaviour. Implicitly, we look for evidence of rationality, "economic man", risk aversion, opportunity cost, rent-seeking and so on as explanations of what we see. It is a body of theory that we take for granted. Today, we needn't go to the extremes of Hayden White or the post modernists to acknowledge the theory base of our behaviour.

The word 'theory', in the previous chapter was used to refer to any conceptual scheme or framework that was used, explicitly, as a guide for explanation. Here, though, theory has been used in a more specific way to refer to specific theories related to the way society changes, especially, in the economic sphere. In the present context, when speaking of Economic History and the use of theory, there is a

specific body of theory referred to. It makes logical sense that we would use the same body of theory to explain the economies of the past that we use to explain the economies of the present. It has been pointed out that some aspects of the theory do not apply to certain periods of history. Burke cites the interesting example of 17<sup>th</sup> century Poland where the nobles defied the laws of supply and demand by producing less rye when the price rose and more when it fell – contradicting the behaviour of ‘economic man’. The explanation was given that the nobles were more interested in an easy life than in making money. (Burke, 1972, p. 46). Far from saying that ‘the exception proves the rule’ the explanation makes more sense because of the theory which predicts the opposite. Two related explanations can now be offered for similar economic behaviour. The explanatory value has increased.

The point to be made, here, is that we are talking about explanatory value. Does the use of theory help explain the history? For Economic History to be a viable discipline it has to have a purpose which is different from that of Economics. Economics theory is explanatory but can be predictive. It has much to do with policy. It is abstract and logical – in a word, a deductive body of theory. For Economic History to be viable it needs to be more than just applied economics. This role can be taken by economists (as was the case to some extent in American historiography and in Australia) but their aims will, necessarily, be more limited.

Charles Kindleberger has an interesting viewpoint. For him, Economic History is about “applying economic models to history to test the extent of their applicability” (Kindleberger, 1990, p.9). Models are used for their explanatory power but may need to be changed. “Specialists...without some acquaintance with the range of possibilities exemplified by history may generalise from a single case or cases and fail to appreciate the need for care in the choice of assumptions and models, along with the frequent need to change them” (Kindleberger, 1990, p.351). He goes further, though, and advocates “uncovering generalisations about economic life and informing current policy (Kindleberger, 1990, p.13). Kindleberger seems to bridge the gap between using theory to guide the research and explain the history and the applied economics approach of testing the body of theory for its usefulness in policy. He seems to have ‘one foot in each camp’. By stressing the need to change models to explain the facts he is putting historical explanation first. But in seeking to test the

theory for its use in policy, he is putting the theory first. By following the latter approach he runs the risk of questioning the theory's usefulness in a particular situation when it could be very appropriate in many others. This doesn't invalidate the theory or its usefulness for the present. Once again, the reference from Burke cited above in relation to 17<sup>th</sup> century polish nobles is relevant. Economic man' is the foundation of neoclassical economics. The fact that it was found wanting in one particular situation in history tells us more about the history than about the theory. As Kindleberger says, we need to change our model to explain the facts. The very reason that this becomes relevant at all could be said to be a result of the application of quantitative analysis to the history, in the first place; itself an example of using the techniques of economic analysis to history.

Cliometrics, in essence, uses this approach. As noted above, it is the application of economics theory and quantitative analysis to history. But, as Donald McCloskey stressed, the use of quantitative and mathematical methods is not essential. The aim is to reinterpret history (McCloskey, 1987, p.61). At the time of its introduction in the 1960s the alternative was the descriptive/narrative approach. Even though it could be argued that the quantitative approach has been extended and become the most dominant, the application of theory is generally accepted.

But in keeping with the focus of this work, that explaining the history should be the aim, the present state of Economic History is not the point. It could be argued the discipline has moved further along the line of increased use of theory and quantification. However, the lack of a clear definition in the preceding periods and its effect on Australian Economic History, then, is the point to be made. Tuma stresses the importance of definition and methodology (Tuma, 1971, p.16) and then goes on to discuss some of the various definitions that have been offered.

"It is often said that debates on methodology are futile because they rarely solve a problem or promote agreement. Carried to an extreme this attitude would mean that graduates in the social sciences are little exposed to the methodological difficulties of their disciplines. At best they are indoctrinated with the ideas of their professors and thus the schism between the various schools of thought is perpetuated (Tuma, 1971, p. vii).

Once again, we have differing viewpoints. Gras suggested a variety of definitions: "It is the time sequence or chronology of economic happenings"; "an evolutionary sequence"; "In the conception of economic history as a causal sequence...we try to explain why things have happened"; and finally, it is "the study of economic phenomena in their time, genetic and causal sequences" (Gras 1927 p.29-30). Others saw it as "a testing ground for our hypotheses" (Gras 1927, p10) and also, "as a place to test hypotheses rather than strive to develop a new conceptual framework" (Gras 1927, p10). Finally, Ashley again demands that "we shall not include in it the views, right or wrong, which men have entertained, or the doctrines they have put forth, with respect to them". But Tuma is adamant that "The first requirement of a meaningful analysis is a conceptual framework by which potential relationships can be identified" (Tuma, 1971, p.50) and Keirstead believes that to study economic change the researcher "must have formed explicitly or implicitly a theory of change" (Tuma, 1971, P.13). Tuma goes further and believes that "To focus on economic change as a theme implies a research methodology in which the unit of study is a system of interdependent components (Tuma, 1971, p.13). Perhaps the crux of the matter can be expressed by two further quotations: "In the study of institutional organisation and function quantitative methods are usually inapplicable and the method of economic history differs in no way from that of history in general" (Clapham, 1953, p.415); and "For facts to make sense they need to be questioned. To this end, without the aid of economic theory, the economic historian usually lacks what is called the 'heuristic principle'" (Heckscher, 1953, p.429) *ie* explanatory value. Both of these statements were written around the same time: 1929-30. Two eminent Economic Historians are contradicting each other on the way that economic history should be written.

N B Gras in the American context can be seen to encapsulate this situation. In tracing the evolution of the study of Economic History he labels the early works on aspects of the economic process as "commercial history" and not Economic History (Gras, 1927, p.16) but, later, he notes that monetary and financial history has not been integrated with Economic History (Gras, 1927, p.29). And this is starting from a definition of Economic History as being the "story of the various ways in which man has obtained a living" (Gras, 1927, p.12) and later as a causal sequence (Gras, 1927, p.30). In condemning "a theory of economic history" he states that it "deals

with theories of what the past has been" and Economic History "with the facts of the past" (Gras, 1920, p.216). Unfortunately, by following this line of thought he is led to the statement that "an extreme way of putting it would be to say that complete description is complete explanation" and "the broader the treatment the more significant the result" (Gras, 1920, p.30). He concludes by saying that despite the many works covered in his article, "no economic historical work of a general character has been written" (Gras, 1920, p.223). No doubt influenced by the methodological split in England, Gras' vision of a work of Economic History is, indeed, arguable and confusing. Notably, Werner Sombart ("No theory - no history") is included with no negative comment in Gras' background to the present state of the discipline: "Sombart was the first to give a really historical turn to studies on capitalism...His chief enduring work, however, will be to stimulate others" (Sombart, 1953, p.212).

In any discussion of domains of knowledge Thomas Kuhn and Imre Lakatos are, inevitably, referred to. Kuhn's concept of the paradigm, its guiding conventions and the community of like-minded scholars, is relevant here. "The key concept for the authority of science is the scientific community" (Gutting, 1980, p.1). For 'normal science' to exist it is characterised by shared beliefs, a commitment and apparent consensus on fundamentals (Kuhn, 1996, p.11). This general agreement on fundamentals was later extended and called a "disciplinary matrix" and included methodological elements as well as basic tenets of theory. With suitable adjustment for translation from the physical sciences to the social sciences, the message from Kuhn is that a discipline needs agreement on those matters which separate it from other disciplines – not least of which is a *raison d'être*. Similarly, although Kuhn did not use these words, any progress is dependent on having a common aim. His "puzzle solving" is an improvement in the applicability and success of the current paradigm. Such achievement presupposes commonality. Although he did not see paradigm shifts as progress because of their origins, they did, by definition, provide better explanatory value by furthering the puzzle solving ability.

The issue of progress was taken up in the wake of Kuhn's publication by Imre Lakatos (Lakatos, 1970). His progressive research program is a set of methodological rules designed to guide work in the field. As with Kuhn there is basic agreement on what is and what is not pursued (the positive and negative heuristic)

but for Lakatos the improvements are actually progressive. The new research program (or paradigm?) displays superior heuristic power *ie* it has greater explanatory value. The knowledge base is enlarged and more “puzzles” are solved. Inherent in the program is the acceptance of the “hard core” (the negative heuristic) which is not challenged. Unlike Kuhn, differences or rival theories are tolerated but are constrained by a positive performance in further explaining the data. Could it be said that the Cliometrics movement with the application of theory and quantification to the historical data provides a better, more comprehensive explanation of the past than was, previously the case? Has it, therefore, been progressive? As a methodology, to some extent (all studies are not equally mathematical), the approach is now the most common.

Raymond Martin identifies progress in historical studies if the interpretation is better balanced, better justified, more comprehensive, and more accurate than what went before. (Martin, 1998) p.390) As N. G. Butlin showed in his *Investment in Australian Economic Development 1861-1900*, the application of an approach that is informed and guided by theory, in this case the factor-based approach of identifying in great detail the role of investment in the economy, led to new insights into the course of Australian economic history *viz* the role and extent of urban and non-pastoral development. The objective, the result and the criterion is greater historical explanation and understanding. This is not too far from Lakatos’ definition of progress.

If there can be progress in knowledge and, particularly, within a discipline then it is interesting to ponder whether or not a form of stage theory is applicable. Surely, the study of History has progressed from the simple chronicle to the more in-depth and comprehensive analytical studies of today. By the criterion of explanatory power there has been much progress. It is even possible to identify stages through which the discipline has moved. Although these may not be evolutionary stages, the explanatory value in terms of Raymond Martin’s categories, has certainly increased. Similarly, it could be argued that the application of theory to studies in economic history has improved their explanatory value. Apart from the logical necessity of using economics theory in works of economic history, as it is argued here, more is known about economic change in the past and how economies have worked and changed than was the case, previously.

Kuhn and Lakatos, despite their differences, both predicate their theories on a general consensus and acceptance of the 'ground rules'. While Kuhn denies progress, he does concede that theories are maintained because of their superior and continuous puzzle-solving ability. And Lakatos defines 'not negotiable' elements that anchor the progressive nature of the research program. But they both have in common that shared 'disciplinary matrix' - which Kuhn says is only temporary - but it defines what they do as practitioners.

It is argued below, that Australia, in particular, lacked a common or explicitly shared methodological understanding about what constituted a work of economic history. As a result, the works varied both in methodology and content; and so varied the explanatory value.

This discussion has been, purposely, general in nature because the aim of the thesis is to discuss Australian Economic History. The aim has been to establish the confused origins of economic history and the slow evolution towards a theory-related discipline. In keeping with chapter 2, the point is made that more adequate explanation will be provided in this area of study - in terms of its differentiation from general history - if it is guided by a theoretical framework. Because of the ubiquitous nature of theory, in general, the more explicit is the theory, the better.

Further, the point is made that, logically, economic history should be guided by economics theory - in some form. Whether this is the tracing of economic laws for their applicability or a sectoral analysis of a changing economy or the progress of growth and development using stage theories or the findings of development economics, the explanatory value will be enhanced to the degree that these are followed. The Cliometrics movement now covers an array of approaches but there is a common element in the guiding hand of theory - and this can be said to be, generally, acknowledged: "Economic History has been well defined as that part of history which requires a knowledge of economics for its full understanding" (Court, 1970). These need not, necessarily, be the same. There are still Marxist historians and variants of the Neo-classical approach such as D.C. North and his new Institutional version, but their work is guided, analytical and explanatory. For example, North states that:



I take it as the task of the economic historian to explain the structure and performance of economies through time. By 'performance' I have in mind the typical concerns of economists - for example, how much is produced, the distribution of costs and benefits or the stability of production. The primary emphasis on explaining performance is on total output, output per capita and the distribution of income of the society. By 'structure' I mean those characteristics of a society which we believe to be basic determinants of performance" (North, 1981, p.3).

This is written, somewhat, in layman's terms. But there is a strong foundation of an organised body of theory which is providing a framework for such an elaboration. Explicitly, he says that "Facts do not explain the world around us; explanation requires theory..." (North, 1981, p.48).

If there is one thing that can be said to characterise the growth and quality of historical studies over time it must be the prominence now given to analysis. At the same time, there has been an increasing use of theory - as an explanatory aid.

The reference to the English economic historians and the reference to Charles Kindleberger and their views could be seen to encapsulate the problem of definition. The former, given the state of disagreement in the field, saw the study of the social and political context of society as the essential cause of economic change. They could be said to see their task as economic investigation as a branch of general history. On the other hand, Kindleberger could be seen as representing the applied economists who seek to apply and refine the theory to the subjects of history. Their aim is to test the theory.

If, as has been suggested, here, the aim of social and historical investigation is to explain the facts then neither of these views is adequate. It can be argued that Economic History is uniquely placed to bridge the gap between the two approaches. Essentially, by using theory to guide the research the applicability of the theory is, to some extent tested, and a structure for explaining the history in a logical manner is provided. The relevance of economic theory and the social and political context are not lessened if the example of the Polish nobles cited by Burke is remembered. In theory, the economically irrational action calls into question the validity of the assumption that price and scarcity will affect the supply. However, the social context explains the situation. As noted above, one example of contrary behavior does not

invalidate the usefulness of the theory and this situation tells us more about the history of the time than about the usefulness of the theory.

Although much Economic History at present is found to be more quantitatively focused than any of the works cited by Schedvin and discussed, here, the place of theory can, still, be argued. As with any synthesis the middle ground is usually the most productive.

The purpose of this chapter has been to provide a background for the observations on theory use in Australian Economic History. Just as works with, and without, explicit theory were written in Australia so too were there disagreements on how Economic History should be written, occurring elsewhere. The Chairs of many English universities didn't agree. Respected scholars such as Sombart and Heckscher were strident in their demand for the use of theory to explain the facts. Similarly, from a concern with the modernisation of developing societies there was a concerted attempt to construct a body of theory in the area of Development Economics. From the other side of the debate, that of general history, the call is, also, for a greater use of theory as an aide in explanation (cf. Marwick, 1989, Burke, 1972).

The chapter has, also, sought to trace and comment on the on-going problem of the place of theory in Economic History in Australia. It tried to offer an explanation of why the variety identified in the Australian works is so apparent. Australia, to that extent, mirrored the situation elsewhere. At the same time, as Snooks points out, there were examples of an analytical tradition in Australia (which will be outlined in the next chapter).

Kuhn and Lakatos are mentioned because they agree on the need for common methodological rules and assumptions to maintain the community of scholars in the field. Use of an explanatory theory, whether it is the current Neoclassical outlook or the Marxist approach, is functionally and logically relevant to explaining economic change. As a discipline, Economic History has more in common, methodologically, since the introduction of the Cliometrics movement. While this does not preclude variety in approach, the use of theory as an explanatory framework is, generally, accepted.

## Chapter 4

### Australian Economic History: Methodology

The previous two chapters have attempted to establish the need for theory, in general, and the place of theory in Economic History. In terms of the latter, the use of theory has been accepted and rejected at different times and in different places for a considerable period of time. The most obvious feature of this story is the initial acceptance then rejection and then acceptance again. As with general history, distinct stages can be traced through which the discipline has gone. The dichotomous relationship that came to exist between Economics and Economic History, especially in England, was a classic case of over-reaction. Economic History took on a descriptive and very social aspect which seemed to take it further away from the initial study of how the economy actually worked.

As a discipline, Economic History seemed to lack specific direction in terms of methodology and content. This legacy was, subsequently, passed on to Australia, not surprisingly, as a country of new settlement. The continuous 'historical' tradition of the English and belated recognition of the changes in the 1960s was not, though, a wholesale legacy. In the Australian tradition there have been works of variety which follow the English example as well as those showing a more practical orientation. At the same time, Australia was not out of touch with the rest of the world as many educated Australians studied overseas. As Crauford Goodwin (Goodwin, 1966) has shown, there was a keen awareness of economic issues in Australian society from early times. It may be that the perennial problem of transference of ideas to new contexts promoted a practical attitude and Goodwin's documentation provides ample evidence of the application of theory to understanding the economic problems and issues of the day. Even the earliest attempt at an historical essay by WC Wentworth in 1821 argued from a general knowledge of economics theory to support his, rather pointed, analysis. He regularly refers to the forces of supply and demand and the market rate of wages, the use of

the principle of comparative advantage and the existence of excess capacity (in the grain industry) (*Wentworth, 1821, p.107, 84, 260*).

Snooks emphasises the important role of David Syme, firstly, in making a stand in the debate on induction/deduction (Snooks, 1993, p.48) but, also, as a promoter of Australia's separate identity (Snooks, 1993, p.143). The passionate and on-going issue of Free Trade or Protection highlights the example and the role of David Syme. Snooks, also, comments that as an historical economist, Syme made no contribution to the methodological basis of the Australian tradition in Economic History, "which looked instead to deductive economics. Herein lies a fundamental contrast between the Australian approach and the British tradition, which was inspired by the historicists. That strain of economic and social history in contemporary Australia is not home-grown, rather it was imported from Britain after the Second World War, particularly during the 1960s and 1970s" Snooks, 1993, (p.143). The British legacy is undisputed. But the point that will be made below is that the historicist legacy was apparent in Australia long before the 1960s. At the same time, as noted above, there was a background of applied economics. The suggestion is that circumstances in Australia were such that the writing of Economic History was influenced from two different directions and far from having a deductive tradition up until the 1960s when the social influence from Britain was felt, Australia, in fact, has a tradition which produced works 'from both sides' of the debate. It is, further, suggested that the uncertainty that resulted from the split in Britain and the rest of the world, translated to Australia in the form of very broad definition of what a work of Economic History was or ought to be. Consequently, impressive works of Economic History by 'applied economists' stood side by side with narrative/descriptive works, also, of Economic history.

From this point of view, the change that occurred in the 1960s was not the leaning to social history but the move to a more theory based approach of the Cliometrics movement focused (and synthesized), in Australia, by Noel Butlin. Once, again, the more eclectic, Australian path was saved from the excesses of the movement overseas.

The issue, it is argued here, is one of methodology. It revolves around the question of how Economic History should be written. It is logical to use Economics theory to

guide analysis in Economic History. That point is now, generally, accepted. But for that to happen, an agreement, tacit or otherwise, on methodology must be made. In Australia, over the period in question no such agreement on definition seemed to exist. The result was that contrasting works stood side by side with each other. Their explanatory value varied accordingly. The point could be made that prior to the influence of NG Butlin Economic History in Australia was an area of study as opposed to an academic discipline. The major justification for this is the lack of the equivalent of a Kuhnian paradigm on methodology. It will be noted below that some works included in an Australian survey paid little or no attention to the working of the economy but focused on an issue which was, in a related way, 'economic' but was dealt with in a 'non-economic' way *ie* without reference to the economic processes involved.

It is offered, also, in a tentative way that the underlying methodology, in terms of the use of theory, can, to a certain extent, choose the content of the work. For example, to explain the growth and development of Australian economy in other than a purely descriptive way will require analysis and a framework for the role of the economic (as well as non-economic) factors. However, this will necessitate focusing on the aspects of the economy in a structured way: Butlin used investment (Butlin, 1965), Wood used the borrowing cycle and investment (Wood, 1930), Hartwell used the trade cycle (Hartwell, 1954) and so on; and they chose their content accordingly. The point to emphasise, though, is that to analyse these matters as part of our economic history requires them to be treated structurally. A framework is needed to relate the subject to the working of the economy.

As noted above, Economics provides a body of theory which can do this. The role of immigration, for example, has been crucial to Australia's economic and social development. Its effects have been noticeable in how the economy has changed over time. Its role as one of the factors of production goes a long way to explaining our economic history in terms of who, how many and what type of people have entered the country and what work they have done – and what industries have been successful. But a mere description of the process of immigration fails to provide the linkages necessary for an adequate explanation of its role in Australian economic development.

This contention could be seen to be round the wrong way. Doesn't one choose the methodology after the content has been chosen? Normally, yes. But when there is no accepted "disciplinary matrix" (Kuhn) any area of study, that is in some way related to the economy (and can be called economic), can be treated in any way at all. As a discipline, such agreement is needed. Without it explanatory progress can be questioned. This is what Lakatos (and Kuhn, in effect) talked about. Explanatory progress accelerated once the use of theory became the accepted way of writing economic history in Australia. Schedvin acknowledges this (Schedvin, 1979).

The article "Midas and the Merino" contains a survey of works in the Australian tradition. It, also, traces, in a structural way the evolution of the discipline. One of Schedvin's themes is the application of the use of theory as a methodology. This is seen, implicitly, as progress. There is little or no comment on methodology in general; especially, in the contrasts shown across the collection. Part of the justification for the focus on methodology, here, is the definitional structure which it can impart to the discipline. Once a methodology is specified (in this case the use of Economics theory) both the approach and the content become constrained, to some extent, and identifiable. The framework of the theory will determine what factors are examined in relation to the subject (eg Butlin's focus on investment brought to light new information and a re-examination of its effect of investment on the economy) as well as what areas are studied. For example, an administrative study of an issue or area won't answer the type of questions posed by the application of the framework. Thus the relevance of the content of the work can be questioned.

This last point will be illustrated as will that of theory application in discussing selected works below. The aim is to show that the explanatory value of Australian Economic History has progressed according to the degree of disciplinary structure both in the use of theory as a common methodology and in the content chosen. It is not necessary to discuss all the works cited as categories, as exemplars can be discerned. Further, the intrinsic value of the works is not in question; only their claim to be included as works of Economic History.

Traditionally, Australian Economic History began with the publication of *Labour and Industry in Australia* by Timothy Coghlan in 1918. Much has been made of the author's background as a statistician and his influence on the quantitative approach

to the study of the economy. (Snooks, 1993, p. 143-48). His major work is, indeed, a work of quantification – without being, what could be called, statistical. There are, literally, dozens of tables of information used as illustration. This stems from the implicit model of economic growth that he uses. This can be neatly summed up by the title of a previous series of works and his publication as NSW Statistician, called *Wealth and Progress*. It would not be inappropriate to rename the work with the latter title. This is because Coghlan's growth model focuses on the quantitative increase in the physical output of the economy – in all its forms. Perhaps, his background as a statistician contributed to such a vision of progress which was not uncommon at this time. Economic development becomes synonymous with progress. The work is replete with the use of the word, 'progress'. As a result tables are provided on a regular basis on such things as land under cultivation, livestock numbers, export values, industry employment, growth of towns, prices, wages, immigration numbers and so on. To this extent it is a descriptive work.

However, part of its great value is the fact that it also, analytical. The various chapter headings become structural divisions of the economy. Once the scene is set from the establishment of the colony, many of the chapters repeat the same headings as the chronology is followed. Thus, the headings "Land Policy", "Wages and Prices", "Transportation", "Trade" are continued throughout. To maintain the narrative other significant events and issues are included along the way. But, a descriptive commentary and analysis of the development of the Australian economy as it grew from smaller to larger and simple to complex, is the general aim. Much analysis is provided of the events set out (some from his own experience, such as the 1890s banking crisis) but, also, in an inductive, summative way. For these conclusions he is well supported by the quantitative evidence.

In the Preface of the work he states that "The things most nearly affecting the Labour movement in Australia – immigration, land legislation, prices and political action – are dealt with herein almost to the exclusion of other matters to which historians usually devote their attention, and therefore while this book is a history of Labour it is not a history of Australia." (Coghlan, 1918, p. v). But he, actually, goes much further and covers a great deal more than just the experience of the labour movement over time. This is because the headings that he uses could be rearranged under the headings of the classical factors of production of land, labour and capital.

Consequently, there is much in the way of mutual influence and linkage between the threads of the story. This can be contrasted with the political organisation of, Cunningham, for example, as noted above.

The point to be made in relation to Coghlan is that there is a definite theoretical framework that guides the direction of the work. But this is nowhere stated. In fact it is almost denied to the extent that he claims that the work is a history of Labour, only; but it is more. In the constant use of the term and the idea of progress, in relation to the labour movement, it may be said that if that was all that the work achieved then, the condition of Labour by 1893 showed very little progress. After the disasters of the industrial confrontations of that time, Labour's prospects were dim. But in his tracing of the growth in size of the economy this fact is put into a meaningful context.

Further, throughout the work there is the implicit use of basic economic concepts. For example, the fluctuating history of both wages and prices reflects the application of simple supply and demand as scarcity and abundance manipulated the changing levels. This effect is explicitly stated frequently but with little or no reference to the concepts involved.

The English historicist influence is apparent as description and narrative are the main modes of presentation but the extensive use of quantification, woven in with regular analysis, puts the work into a class of its own at this time. In England, Clapham was still using a "non-analytical pragmatic framework" (Snooks, 1993, p.149). Given this background, Coghlan's methodology was radically different. While, basically, a descriptive narrative which pays particular attention to the chronology (it is divided into specific, succeeding periods) certain chapters are regularly set aside for analytical purposes. For example, in Volume 1, "Wakefield's theory", "Transportation" and the "Financial Crisis of 1841" are analysed in separate chapters. And, there is much in the way of generalisations and conclusions from the evidence. However, this is frustratingly subjective as sources are only, generally, acknowledged and referenced. It may even be stated that there is a form of Whig history manifested in the approach that sees improvement in conditions of all kinds such as improved wages and conditions for workers, political progress and, even,



the end of transportation as part of the continuous progress. It is certain that the dominant woolgrowers of the period would not agree with that conclusion.

What is important for our purposes, here, is the assumption that growth in size is equivalent to progress. The idea that development (a change in structure) is occurring is implicit but is not stated as such. The lack of a reference to explicit theory leaves these conclusions to the reader. The economy, as such, is hardly mentioned. To put it another way, the work focuses more on outcomes than processes. It could be argued that with the use of theory of any sort the importance of process is emphasised; the 'how' and the 'why' as compared to the 'what'.

In *Business and Borrowings in Australia* by Gordon Wood there is a good example of a study of Australia's economic history which uses theory as its main focus. It is based on the assumption of the general theory of business cycles - but only as reference. The main concern is to apply the thesis that Australia's prosperity over time has been significantly affected by the "borrowing cycle" ie the varying effects of the ebb and flow of the excessive import of overseas capital. Wood's aim is to explain why Australia has suffered regular periods of prosperity followed by depression of varying severity. Simply attributing these to the business cycle is not enough. He traces and explains how a cycle develops from extensive and imprudent overseas borrowing. Written in 1930 he traces the recurring scenario from the 1840's depression through to the time of writing.

Although a theory is being applied in a deductive way, the use of the historical record is the means. The aim is, quite obviously, to explain the history by the use of the theory. It is not, so much to validate the theory. Acknowledgement is made of the parallel study of Canada by Jacob Viner, a country of new settlement to which reference is regularly made. But the interesting point is that, within the ill-defined fields of economics and economic history of the time, it is a very readable attempt to explain our economic history by the use of narrative, explanation, comparison and reference to theory. As a result, the work is structured and informative with possible inductive lessons to be drawn for the future. He states that he is applying parts of the theory of international trade to "explain the orthodox sequence of events" (Wood, 1930, p.17).

If a contrast with Coghlan is to be made at this point, it can be seen that Wood explains the changes in national prosperity which have highlighted the period 1820-1930 by the use of an analytical framework based on Economics theory. He explains the general movements as well as the detail. Coghlan, on the other hand, analyses the specific periods of prosperity and downturn and accepts them as part of the overall progress of the country via its growth in physical product. There is no thematic explanation of how the economy has worked over time.

This is not to condemn the latter work as what these two works show is the result of starting from opposite ends of the academic spectrum, in relation to how such works can be written. Coghlan's environment as a work of history was the English influence of non-theoretical narrative of Cunningham and Clapham. He, of course, expresses his individuality by the analytically structured and quantitative treatment that he provides. But as a work of history it is a structured narrative. Wood, on the other hand, approaches the matter from the Economics perspective. His is a practical approach which uses theory to enlighten the history. As noted above, Goodwin ably demonstrated the background in Australia of applying economics theory to the workings of the economy and the solving of day-today-problems. Similarly, D B Copland suggested that the reason for this focus on practical problems and policy was "the habit of seeing the economy as a whole" on the part of Australian Economists (Copland, 1948).

It is important to remember, here, that if it is argued that Coghlan wrote economic history and Wood wrote economics, both are included in Schedvin's survey of Australian Economic History. In contrast, is *Capital Imports and the Terms of Trade* by Roland Wilson (also cited in "Midas and the Merino" (Wilson, 1931). Here we have a work of economics on the same theme as *Business and Borrowings* (Wood, 1930) - excessive overseas borrowing and its effect on the economy. Specifically, the former seeks to examine capital imports over the period 1871-1930 and analyze the effects on Australia's terms of trade - questioning, in the process, the theoretical adequacy of the concept of Gross Barter Terms of Trade. Similarly, Wood is using the applicability of the borrowing cycle as a guide to analysis. There are similar aims but different methodologies. They are both guided by theory but only Wood sees the value of using theory to explain the history. Wilson admits that there is no attempt to discuss the borrowing policy, only to examine the data and the related theory.

Further, and Wood would no doubt agree, he notes that Australia is peculiarly adapted to such an investigation and deeply affected by the issues involved and he likens the situation to an economic laboratory (Wilson, 1930, p.3).

The following two works to be discussed, Walker's *Australia in the World Depression* (Walker, 1933) and Shann's *Economic History of Australia* (Shann, 1930) will, once again, present a contrast in methodology. Walker calls his work "applied economics" (Walker, p. v) and Shann resembles Cunningham in the English tradition with far less analysis than that offered by Coghlan. Moving forward, the variety of works presented, subsequently, in both methodology and content show that a defined and accepted intellectual framework did not exist until N G Butlin put his stamp on the discipline.

*Australia in the World Depression* by E.R.Walker is another example of an economist writing about Australia's economic history with the combined use of both history and theory. Written in 1933 the focus is limited to the one major event. As noted, he sees the work as applied economics. His purpose is to "interpret facts" by using theory as a framework and "demonstrate its relevance to the Australian situation" (Walker, 1933, p. v). The work is based on a chronological narrative with ongoing analysis and constant reference to theory to support and explain the analysis. Similar to Wilson, he has some concerns over theory *viz* the purchasing power arguments against wage cuts and the effects of attempts to maintain consumers' purchasing power in the depression. In contrast to Wilson, his theoretical contribution is an excursus in the second last chapter (Walker, 1933, p. 160-207). The result is a very readable and informative work. There is an occasional reference to alternative theories (Walker, 1933, p.92) and he doesn't hesitate to acknowledge the importance of non-economic factors. The work has consistency of theme and purpose.

Mention could, also, be made at this point of D.G.Copland as another example of an economist who has a more practical approach to the application of Economics theory to the history. In *Australia in the World Crisis* (Copland, 1934) he seeks to learn from the experience (of the Depression) and raises the issue of learning from the past (Copland, 1934, p.10). Although the publication is the compilation of a series of lectures, his methodology is the relevant point. In sketching the causes of the

Australian problem in the 1930s he sets the scene by using Economics theory as a basis and then applies the Australian situation to it. This is a functional approach which sees the economic problem as a whole (hence the quote mentioned above). He stresses the importance of non-and quasi-economic factors as being of importance in explaining economic events and, hence, the working of the economy. He was an esteemed economist of the time and, accordingly, was co-opted to produce the Copland Report in 1931 which was the basis of the Premiers' Plan.

The point to be made, at this stage, is that the above three authors (and one to the contrary) are economists who use economic theory and history in a practical way as an explanatory methodology. The works cited were all written about the same time and, in fact, the inclusion of *Capital Imports and the Terms of Trade* (Wilson, 1931) is informative. As a contrast it is useful. The fact that different economists can adopt different methodologies to discuss similar issues makes the point that there seems to have been no generally accepted method of explanation. (It is significant that both Wilson and Walker state in their Prefaces, that each of their works was begun in fulfillment of academic requirements in Economics). While it may be a bold statement to say that Wood and Walker wrote economic history, the basic elements of what emerged after the 1960s as the New Economic History, are present in their works.

At the same time (1930) others, who called themselves economic historians, wrote differently. *An Economic History of Australia* by E.O.G.Shann is one such significant work (Shann, 1930). Shann, who in fact was a noted and respected economist, himself, (serving on the committee of experts which produced the Copland Report and, subsequently, the formation of the Premiers' Plan) took a different approach. His work would be considered one of the four pillars of Australian economic history (written by Coghlan, Shann, Fitzpatrick and N.G.Butlin). Shann, no doubt, chose his title carefully. He called it "An" economic history of Australia - indicating, probably, that this was his version. Also, interestingly, he says that it is 'an account of Australian economic development'. The use of the term 'economic development' would, perhaps, fit Coghlan's work more suitably than that of Shann because of his emphasis on the growth and the size of the national product. In fact, if we were to judge by the content of Book 3, and Shann's conclusions in respect of protection

policy and wage fixing, the whole concept of Australia's development could be questioned.

*An Economic History of Australia* is an interpretation based on a belief in the power of the human spirit. Shann plans, in the Preface, "to keep to the forefront the private activities by which British settlers in Australia have transformed a prison-yard and hunting ground of savages into a productive annexe to Europe and Asia, proud of using its labour-saving methods as means to general well-being" (Shann, 1930, p.7). To this extent we find a lenient treatment of the officers of the NSW Corps because of their enterprise (Shann, 1930, ch.11) and a more critical treatment of Governor Macquarie because of his resistance to free settlers (Shann, 1930, ch.. V). But, although it could be said that he espouses a neo-classical outlook, it is more of a predilection or a philosophical outlook. His belief in the value of free enterprise can be seen in his treatment of most of Book 1 and Book 2 where he traces both the good and the bad aspects of the process such as the land boom and the railway mania, as examples of excess. Similarly, his implied denigration of the role of government as the obverse of the free enterprise motive can be seen in the fact that he uses the word "communism", to describe the early paternal nature of the colony, nine times in the first thirty pages Shann, 1930, p.1-30).

Methodologically, the book is written in three parts. The individualist motive is very evident in Book 1 as the exchange economy developed (he implies) in spite of the plans and efforts of the authorities. The basic chronology is there but the focus is on enterprise, the development of the wool industry and the circumstances and people most closely associated with it. The chapters are treated, somewhat, in isolation to a continuous narrative as they tend to focus on one aspect at a time. Accordingly, there are chapters on the Bank of NSW, Governor Macquarie, John Macarthur, two chapters on sheep-raising, family life and the gold rushes. The content is selected to embellish the theme. There is no mention, for instance, of the sealing and whaling industry that was so important before wool became significant. There is considerable focus on individuals and the use of anecdote. It is well written, however, and reads in the way of a discussion.

In Book 2 the method changes and it is set out in a similar way to Coghlan's *Labour and Industry*. Although it covers a particular period (1860-1900) the chapters are,

basically, covering land, labour and capital with the enterprise implicit throughout. Thus, the land question and agriculture, the railways and the land boom, the secessionist efforts of the north Queensland sugar planters, employer conflicts with labour and the banking collapse are discussed as something resembling the culmination of a learning process in economic decision making. Indeed, it does seem as if all the follies attendant to freedom of choice, in all its aspects, came to a head in the 1890s.

In Book 3 there is a further change. The positive feeling of the first two books is gone to be replaced by a critique of protection. With little subtlety, the facts are assembled to make the case for the counter-productivity of the policy. The chronology is, also, gone. The section is entitled "The Commonwealth" and nothing else is covered except wage fixing and protection. Any continuity attained up to this point is lost as the consequences of the previous periods are not followed through.

Generally, the approach is traditionally historical to the extent that the problems of Whig history are evident in that Shann sees the Australia's history as one of progress to its rightful place as a "productive annexe to Europe and Asia..." (Shann, 1930, p.vii). This is seen as the culmination of the application of the spirit of enterprise that Shann so admires in, for example, the achievement of the wool industry (Shann, 1930, p.111). Further, personalities and politics play a large part in his account. MacArthur, Macquarie, Caroline Chisholm, Ned Kelly, for example, receive considerable space: Ned Kelly is given two and a half pages (Shann, 1930, p. 216-18) and Caroline Chisholm, nine pages! (Shann, 1930, p.58-66).

In contrast to Wood and Walker, there is no apparent theoretical framework to guide the work. This is strange, given the author's background in Economics. There is analysis and brief reference to theory within each chapter but in an isolated way. Statistically, there is very little to offer in support of the narrative, in keeping with Snooks' contention that Shann had little interest in mathematics and statistics (Snooks, 1993, p.151). There is very little reference to the economy, as such, and how it changed as a process. This, in itself, can be contrasted with a previous publication, *The Boom of 1890 and Now* (Shann, 1927) in which Shann likened and warned of the similarities of the two situations. In that work he writes as an economist. There is a detailed explanation of the process of over-investment, and

our previous exposure to it, liberal use of figures and reference to the relevant parts of Economics theory to structure the argument.

Mention might be made, here, of a small work which, although not mentioned by Schedvin and written as a text book, is useful in reference to the term 'economic development'. Shann called his work in the Preface an 'account of economic development' but showed little in the way of structured and cumulative progress in the growth of the economy. A.G.L.Shaw's *The Economic Development of Australia* (Shaw, 1944) is a modest but effective account of how the economy has progressed and changed. He notes in the Preface that "I have long felt that a short account of Australian economic development would be useful to students..."(Shaw, 1944, Preface). He then goes on to acknowledge his debt to both Shann and Brian Fitzpatrick for his content. The implication is that there was a need for a different type of account. There is liberal use of figures to illustrate the growth, suitable chapter headings, based on economic categories, and relevant and useful insertions of Economics theory embedded into the narrative. In a similar way to Coghlan, although with more emphasis on the narrative, Shaw traces the growth and sophistication of the Australian economy and explains the process. Like Shann, also, there is a guiding theme. This focuses on man's interaction with nature and his efforts to build an economy and a future. "Settlement must be guided by economics...Herein geography limits and controls settlement" (Shaw, 1944, p.14). Shaw is not a noted economic historian; in fact, he is a noted general historian in Australian history. Written in 1944 he saw the need for a short account of Australia's economic development. Within the limits that he set himself, the methodology is effective.

Often contrasted with Shann's work are *British Imperialism and Australia 1783-1833* and *The British Empire in Australia 1834-1939* by Brian Fitzpatrick (Fitzpatrick, 1939, 1941). Written between 1939 and 1941 these works added a new dimension to the study of the history of Australia. To a greater extent, Volume 1 and to a lesser extent Volume 2, Fitzpatrick's work is a scholarly one which combines theme, analysis, narrative and scrupulous attention to sources. This final point is notable given the looseness of presentation of his two eminent predecessors, Coghlan and Shann. In fact, Coghlan is famous for his statement, "For the statistics I am my own authority..."(Coghlan, 1918, Preface). Where Shann gives us an interpretation and

colours the facts with his point of view, Fitzpatrick offers a thesis and marshals his support, accordingly.

Ostensibly, his theme is that Australian history can be understood as an example of the exploitation of the continent by British capital and the pressures of domestic political and social concerns - hence his use of the concept, and the word, "imperialism". But as an economic historian the case could be made that Fitzpatrick traces the development of the Australian economy through a study of the application of capital to those other classic factors of land and labour. The fourth element in the quartet, enterprise, which motivates Shann, is not denied but woven into the equation. Fitzpatrick acknowledges the role played by the enterprising sheep men ("...remarkable accompaniments, private inventiveness and public enterprise (Fitzpatrick, 1939, p.132). But in respect of the former point - that of the focus on investment - and despite the apparent conflict (see Butlin's article in *The Economic Record*, Butlin, 1958), there is, in fact, common ground between Fitzpatrick and NG Butlin's *Investment in Australian Economic Development 1861-1900*. Both focus on where and how investment entered Australia - Fitzpatrick over the whole period covered, 1788-1939, and Butlin for the period 1860-1900.

To this extent, there is an apparent theoretical framework about the work which distinguishes it from both Coghlan and Shann. This is made explicit on page 130 of Volume II where the author sets out the "five stages in terms of the form of capital investment which was typical of successive epochs". These were (1) the stage of the export of the British public capital to Australia (the convict era 1788-1840); (2) the stage of export to Australia of British private capital to finance pastoral extension (1834-50); (3) the stage of the creation of capital in the colonial mines (1851-60); (4) the stage of the export to Australasia of British private capital to finance economic development by railway construction, chiefly by subscription to colonial government loans but (as at the second stage) also through banks and other company flotations (1861-88); (5) a continuation of the fourth stage but with a novel element inasmuch as, in the modern period, a remarkable concentration of capital and control takes place rapidly with the development of heavy industry as a base formed by the consolidation and connection of silver-lead and coal mining, refining and smelting, shipping and other large capital interests (Fitzpatrick, 1939, p.130).



Here we have a theoretical framework mixed with a chronological narrative. There is not only the tracing of investment as a theme but, also, an implicit acceptance of a stage theory. In a much more traditionally historical manner, Fitzpatrick is following in the footsteps of Gordon Wood and showing the way to N.G. Butlin. Despite his critical article which preceded the publication of *Investment in Australian Economic Development 1861-1900*, Butlin acknowledges the debt that is owed to Fitzpatrick and his enduring legacy. He uses the terms "stimulus" and "jumping off point" (Butlin, 1958, p.10) to describe the effect of the latter's work. (More will be said below on N.G. Butlin).

In contrast with his two eminent predecessors, Fitzpatrick is continuously talking of economic processes. For example, his chapter on gold is entitled "Economic Consequences of Australian Gold Discoveries" and focuses on both domestic and international effects. Two of the four subheadings are, "Britain's New Colonial Market" and "Capital Import and Public Utilities". There is a constant linking of, in this case, the effects of gold on the economy (eg last paragraph, p.122). The final chapter subsection ("Economic Conditions of the Australian Colonies, 1860) provides facts and figures to illustrate the point (Fitzpatrick, 1941, p.123-129).

In following this theme of investment and tracing the key events in the process, such as the Forbes Act of 1834, he can, structurally comment that "The economic history of Australia is strung along this thread" (Fitzpatrick, 1941, p.300). Despite his radical standpoint, few would dispute the significance of the role of investment as an important theme - least of all, N.G. Butlin.

In the second half of Volume II, the structured framework loosens, somewhat, and the style becomes more of a survey with analysis. It continues to focus on the changing nature of the economy, especially the new industries, but the radical outlook is more apparent in this part as he deals mainly with labour relations and the role of the state. While the aim is not to critically analyze the work as a whole, but it's place as a work as Economic History, mention need only be made of the considerable use of statistics as evidence (all strictly sourced) and the, basic, political-economy approach of seeking to engage the economic with the political and social causes and consequences of the phenomena. It might be added, though, that the narrative, itself, can be a little disjointed at times owing to the regular cross

referencing from the British background of the causes to the colonial effects. But as structured work of Economic History, it is superior to its two famous predecessors.

In 1954 R.M. Hartwell published *The Economic Development of Van Diemen's Land 1820-1850* (Hartwell, 1954). At this stage, too, before any theoretical approach in Australia can be credited to the Cliometrics movement, there is a theory-based account of an historical period which focuses on the process of economic development. The work is based on the theory of the trade cycle as an explanatory concept in Economics. It traces the rise and fall of the Van Diemen's Land economy, 1820-1850, in terms of the effects of the trade cycle. It is divided, purposely, in a structured way to take into account the factors involved, especially, capital, land and labour. The filling-in of the chronological detail is explicitly set aside in a chapter called "Narrative". It is informed, implicitly and explicitly by theory. The author makes reference to stage theory, the theory of capital accumulation and staple theory. There are constant references to the state of the economy and the role of the individual factors of production (Hartwell, 1954, p.66-67). He sees the most important result of his study as "its triumphant vindication of the unfettered action of the law of comparative costs" (Hartwell, 1954, p.4). In "Midas and the Merino", Hartwell is credited with the first comprehensive regional study and giving "a lead which has been followed all too infrequently" (Schedvin, 1979, p. 545). Unfortunately, nothing more is said on the matter. It is not clear whether Hartwell set a lead in regional studies or in his methodology. This is, unfortunate given that one of Schedvin's themes is the evolution of a more theoretical, model-based approach - something that Hartwell provides. This is not the work of an economist but of an economic historian who is explaining history with the aid of theory.

In any discussion of the classic works of Australian Economic History mention must be made of SJ Butlin's *Foundations of the Australian Monetary System 1788-1951* (Butlin, 1953). This is a monumental work which covers the whole period up to the time of writing (published in 1953) and traces the evolution of Australia's monetary system in great detail. Its inclusion, though, is in contrast to the work of NG Butlin. As Snooks admits "it is not overly theoretical" and "there there is no overall model" (Snooks, 1993, p.156). Despite his background and ability (as an economist) he chose to 'let the facts speak for themselves' and followed a chronological and

institutional approach. This inconsistency between authors, in terms of methodology, is the major theme of this chapter.

Coinciding with the Cliometrics movement was the publication in 1965 of N.G. Butlin's *Investment in Australian Economic Development 1861-1900* (Butlin, 1965). This work can be seen as a pivotal one in Australian Economic historiography. It was the first major and acclaimed work to base its structure on economic theory and analysis. Previous works, as cited above, were not credited or accepted as such. It may be that this was a product of the times and the groundwork had been laid by postwar developments in economics, development economics and history. Works published since then have tended to lean in various ways, and to varying extents, towards the Butlin model. That model could be said to contain a basic structure of economic theory, a use of economics terminology, some assumption of economic issues, such as the difference between economic growth and economic expansion, statistical analysis and narrative.

Butlin is concerned with economic growth and investment, especially, the creation of physical assets. He speaks regularly of the 'processes' of growth, the 'story' of Australia and of communicating with both historian and economist (Butlin, 1965, p. xiii). In his own words, he seeks to "provide a narrative account to supplement my *Australian Domestic Product, Investment and Foreign Borrowing 1861-1938/39*" (Butlin, 1965, p. xiv) which is a statistical publication.

The work betrays a neoclassical outlook with detailed analysis of the role of investment in the economy. It is informed by Economics theory notably in the division of the book into parts, being, the private sector, public sector and structural readjustment. He focuses on investment via three themes, urbanisation, rural development and communications. It is a detailed examination of investment, capital formation and economic growth informed and replete with the guiding hand of Economics theory. Despite its ground-breaking reorientation of the economic history of nineteenth century Australia *viz* the emphasis on the high rate of urban growth and investment, the work is, in contrast to many others, a work of analysis with narrative. To be discussed below, C. B. Schedvin's work, *Australia in the Great Depression* (Schedvin, 1970), in contrast, can be seen as an informative and detailed work of narrative with analysis. The former model used by Butlin could be

said to be too detailed and involved to be of general use as, for example, a text book given its more limited chronological focus. But the implied reader may be relevant here. Butlin was seeking to set the record straight in terms of the path of investment and economic growth in the period. In the article which was a precursor to the publication, he took issue with Brian Fitzpatrick over matters of fact and not interpretation. The latter's theme of anti-imperialism was not at issue. One would imagine that Butlin was speaking to his peers. Works such as Schedvin's with the emphasis on the narrative could be seen to appeal to a wider audience.

Butlin is fully aware, though, of his obligations as an Economic Historian. As noted, he regularly, uses the word 'story' in referring to the history (three times on p.4) and notes the need, at times, to describe rather than explain (Butlin, 1965, p.186). He also, talks of the usefulness of the Australian case for more general application both because of familiar processes *ie* regions of recent settlement and, also, special conditions. There is the implication of theory construction and evaluation. Reference could be made, on this point, to the views of Charles Kindleberger on the role of theory in economics (see chapter 3). At the same time (as also noted in chapter 3 in the Introduction to *Forming a Colonial Economy 1810-1840*), Butlin is fully conscious of the need to maintain the narrative. In a scholarly way, Butlin is using theory (and narrative) to explain the history.

Australian Economic History since 1965 has shown a decided tendency to follow the lead set by N. G. Butlin. While varying the format of the basic model of narrative and analysis informed by economics theory, the change in approach has been apparent. As Schedvin notes in "Midas and the Merino", the assumption of a Neo-classical approach to the structuring of the narrative and analysis has been a feature of subsequent publications. Informative general works such as R.V. Jackson's *Australian Economic Development in the Nineteenth Century* (Jackson, 1977) and more specific works such as Schedvin's *Australia in the Great Depression* have varied Butlin's model in their emphasis on narrative and chronology but with a strong and continuing structured analysis. E. A. Boehm, on the other hand (Boehm, 1958, 1971)) has followed the more Butlin-like clinical approach of a greater emphasis on the analysis to the extent that he has engaged in some continuing academic disputes with Butlin on the critical period of the late nineteenth century (see Jackson, 1977).

C. V. Schedvin's work, *Australia in the Great Depression*, is a significant work in terms of the importance and effectiveness of the use of theory and narrative in analysis. While more traditional in structure in terms of the primacy of the narrative and chronology he balances analysis, theory and narrative in a very successful way. In the Preface, he states that he wants to set the Australian depression experience in the international context and relate the behaviour of the economy during the early 1930s to the long run pattern of Australian economic development. To do this he focuses on economic processes. He asks questions such as what were the structural features of growth? Was growth accompanied by a significant increase in scale? To what extent did initial stages of growth favour capital goods or consumer goods industries? These are process questions that focus on structural change and require analysis to answer them. He notes that his approach, in historical terms, is on the institutions involved in the events of the period viz the Commonwealth Bank and the government as well as certain outstanding individuals such as Sir Robert Gibson. But, while such an approach could run the risk of becoming a political, institutional narration of events, Schedvin weaves, continuously, the economic relationships with the other, non-economic factors. Analysis is replete within the work and its use, while not overly technical, supports and extends the narration of events. It is inherently explanatory in economic terms. In contrast to other narrative economic histories (such as Shann who uses 3 charts and 2 tables) Schedvin offers 17 charts and 53 tables. There is a theoretical excursus (Schedvin, p.202-210) on the money stock and numerous, smaller explanatory references to Economics theory woven into the narrative. In contrast, again, to R.E. Walker's study of the depression noted above who follows a theoretical theme over the same period, Schedvin shows that use of, what has been called the historical approach, doesn't preclude a basically economic analysis informed by theory. In the final analysis, theory has been used to explain the history.

In a more obviously post-Butlin publication the focus on economic growth and development, in a general economic history, can be seen in R.V.Jackson's *Australian Economic Development in the Nineteenth Century* (Jackson, 1977). Throughout the work economic growth is explicitly linked to the history of the time. Almost every chapter, constantly, refers to economic growth in terms of the subject matter. There is, also, a regular reference to academic sources in the matter of

economic growth such as Butlin/Beaver on wool output, Butlin/Boehm on export figures, McCarty on the Staple Thesis, Hall on the kinked age structure, among others. The focus is, at all times, on economic development and analysis.

Necessarily, the relevant theory is offered to substantiate, guide and explain.

An important post-Butlin publication is W.A.Sinclair's *The Process of Australian Economic Development* published in 1976 (Sinclair, 1976). This is a sophisticated work which tries to place the whole experience of Australian economic history within an explicit economic model based on resource use and inclusion into the world economy. Sinclair postulates and applies stages of development (as well as a variant of the Staple thesis) as part of the ongoing operation of the model. It is heavily structured and explained in economic terms with an underlying theme of the continuing interaction between economic growth and economic expansion - which he defines specifically in economics terms.

Its significance in the context of the present work is that it is applying an explicit economic model and tracing the process of economic change via the key concepts of economic growth and economic expansion. In essence, Butlin does the same thing in his emphasis on economic growth over a shorter period but without the explicit, external model. His guiding hand is Neo-classical economics' emphasis on the role of investment in the process. Sinclair's emphasis is on another of the factors of production *viz* land, as the most prominent. As with Bulin, the others are woven in and their importance evaluated.

Further, with Sinclair's extension of the whole economic process to the international context there is an obvious connection with Shann's much older work. One of Shann's themes was the place of Australia in the international context - as in the old mercantilist thinking - as a place of raw materials for the mother country. As far as he was concerned, free enterprise had developed Australia to the point where Australia could play a part as a country on the periphery. There was no projection through stages of economic development past this point or inclusion in a recognized developmental process. Although, by the time of writing, the Australian economy was starting to change shape into a more mature *ie* complex one. Sinclair includes this vision and extends it, significantly, in theoretical terms as a process of development. At one point in Sinclair's model, the two authors agree but where one sees it as the

result of human achievement the other sees it as a stage in the theoretical progression of the economy towards maturity. The interesting point to make is that Shann was a noted economist and was well-capable of theorising in a similar way - but didn't.

Further comment on works published after 1965 is unnecessary, to the extent that, since then most writers on, what is termed, here, Australian economic history include theory in their work in some form. (In terms of content, however, this has not been the case). Some comment on the Marxist approach, though, could be relevant as it is not a post 1960s occurrence. Although, in Australia it could be argued that the only radical interpretation of Australian economic history before that date was Brian Fitzpatrick's two volumes on British imperialism and the British Empire in Australia, the issue is one of the use of theory. Works by Connell and Irving (Connell, 1979) and Buckley and Wheelwright (Buckley, 1978, 1998) apply the Marxist paradigm. But despite the fact that Marxist theory is, obviously, an economic theory it is not essentially so. In essence it is a sociological theory and, consequently, focuses on social relations and the political and economic consequences of those relationships. As a result, although strong in theory the focus is, usually, on the working class and their role in the economy. Analysis of the actual economic processes is not the main concern (although it is with Fitzpatrick). So, in terms of the use of theory, in relating an economic history, the account of economic change given is, usually, coloured to the extent that the economic processes can be seen as background to the main theme *ie* the social concern of the exploitation of the working class.

The purpose of this chapter has been to show that, methodologically, works of Australian Economic History have, since Coghlan, shown great variety. When dealing with similar subjects of an economic nature the treatments have varied. There appeared to be no standard or accepted way of writing economic history. There was both structured economic analysis and historical narrative. The latter, also, varied between the examples of Coghlan, on the one hand and Shann, on the other.

The next chapter will look at the situation from the point of view of the content of the works.

## Chapter 5

### Australian Economic History: Content

The previous chapter was concerned with methodology *ie* the use and non-use of theory in the writing of Australian Economic History. This chapter seeks to comment on the great variety of content that has come to be included in the corpus of works cited as being part Australian Economic History. Necessarily, the issue of the use of theory as a methodology will be mentioned but the point that will be made is that many works that are concerned with economic issues make little or no mention of the economy in the coverage; or choose content, that may be seen, as belonging to another discipline.

Geoffrey Blainey's works on mining in Australia are good examples of works which fail to link the content to the economy (Blainey, 1967, 2003). Given the effect of the discovery of gold on the history of Australia in all aspects - economic, social, demographic and political - it is a crucial element in the economic history of Australia. The effects of the influx of the new wealth, people and ideas and the continuing importance of gold and minerals to the country as resources have defined and re-defined the economy. Blainey has been a prolific writer on Australian history, in general, for many years. He has written on subjects as varied as banking, mining, transport, early aboriginal society and social history. Most relevant, here, are his works on mining and transport.

In *The Rush that Never Ended* (Blainey, 2003), Blainey traces the history of Australian mining. This is done, very much, by the use of chronology and anecdote. The work is replete with personal histories of key figures in the 'story' of Australian mining. There are detailed accounts of incidents and stories that bring to life the human history of mining. He covers all facets of the industry from gold through to the industrial metals that still, in part, define Australia's economy. He relates how racial attitudes, unionism, law and politics have affected the industry and the people in it; but this is the point. The relevance and on-going effects of mining on the economy over time play little part in the story. It takes until page 60 before the economy is



mentioned and that is to touch on the fact that gold was more valuable than wool for each year 1852-74 in Victoria. In Chapter 5 the effects of gold, both in Australia and the world, are mentioned and the linkage effects (of forward, backward and final demand) are noted, as are effects of the immigration and the political and social effects. However, these are all in brief. The chapter is only 4 pages long.

There are fleeting references to the role of mining in aiding the economy in times of drought *eg* in South Australia in the 1860s (Blainey, 2003, p117), there is a small note of BHP's contribution to the state and national economies (once again in South Australia in the late 1880s and 1890s) (Blainey, 2003, p152-3), a brief note on the effects of Western Australian gold on the recovery in the 1890s (Blainey, p245), and some discussion on the economics of mining - but with an industry focus. Finally, at the end of the book there are generalised economic comments on the linkages and flow-on effects but these are, in effect, a reiteration of comments made previously. Overall, the right boxes are ticked in relation to economic relationships. However, these are brief and not elaborated upon. The focus is, always, on the industry and the people in it.

In the final part of the book covering the most recent period, the 1960s and 1970s, he considers the current issues of national independence and the conservationist lobby. Important as these issues are, they are mostly political and social considerations that bear limited relevance to the structural argument that was dominant in this period over the continuing consequences of Australia' dependence on primary industry.

Blainey does, however, offer conclusions and a theory of explanation on the mining phenomenon in Australian history. It is that when times are tough and the economy is depressed that mining and the search for minerals, in all its forms, grows in importance. Acceptable as this idea is, it is more a social (or perhaps psychological) theory than an economic one. The book is a history of the mining industry and the people in it. It does not add much to our knowledge of how the economy has changed over time. His further conclusions that mining always starts small, that

discovery is dependent on the amount of effort and incentive that is put into the searching, that mining fluctuations are related to changes in technology and that the capital intensive nature of all mining bears a changing relationship to its value are, similarly, industry related.

*The Peaks of Lyell* (Blainey, 1967) is written in a similar way. Focusing on the characters and the varying fortunes of the Tasmanian mining industry it traces, in a social and political way, the history of the period. It is a traditional historical narrative, seemingly, based on a view that the people are the makers of history. This methodological individualist stance makes for entertaining reading as personal histories often give credence to the saying that 'the truth is stranger than fiction'.

As in *The Rush that Never Ended* there is a continuing focus on the technological aspect of the industry. It is more to the point in this latter work because of the need to extract, to a greater extent, the ore hidden within the rock that was the nature of the Tasmanian bounty. Consequently, there is a continuing flow-on in technology from the mining industry to other, especially secondary, industries. The fact that gold was of less importance than the other industrial metals in Tasmania highlights this point.

Blainey's books are well written and entertaining in whatever area that he chooses to write. He has written on many and varied subjects from banking history, to general history to social and anthropological history. His approach is that of a traditional general historian and despite the apparent relevance of the topic to economic history the treatment is, in a word, non-economic - as defined, previously.

However, (and this is the point of the thesis) this seems to be, simply, a matter of choice, in a methodological sense. In the *Tyranny of Distance* (Blainey, 1966) Blainey's involvement with the economic aspects of his theme is much greater. While his theme is an intangible one - distance - his linking of it to economic processes is continual - without varying too much from his sociable style. Essentially, the relevance of mining to the history of the Australian economy is no less important than that of distance (or transport). A case could be made, equally, for their inclusion within one of the classic factors of production: capital for mining and land/labour for

distance/transport. However, their treatment is different. In *Tyranny of Distance* the relevance of the economic theme is constant. In almost all chapters there is an economic connection noted. In Chapter 1 the world trading system is explained; in Chapter 3 the importance of Sydney as a port of call and the economic consequences of this are noted; in Chapter 5 whaling and its economic benefits is discussed; in Chapter 6 distance and its effect on the viability of wool production and inland transport is discussed; in Chapter 7 the convicts' effect on economic development and the economic effects of immigration are noted; in Chapter 11 the economic effects of railways on industry viability and its linkages are discussed; in Chapter 12 the effects of refrigeration on Australian exports is discussed; and so on. This is not like the works of N.G.Butlin but in terms of content, is a work of economic history. The message of the book is how distance has affected the history of Australia; and as S.J.Butlin has commented, Australia's history is, at base, an economic history (Butlin, 1953, p. iv).

Such praise may seem to belie the purpose of this chapter. This chapter is about the 'non-economic' content of many works considered to be, economic. However, when *The Tyranny of Distance* is contrasted with some of Blainey's other works such as those mentioned above then the point is in the difference. This is not to say that there is no story. Chapters 8 and 9 are full of tales of the clipper ships that raced each other across the Roaring Forties and Chapter 10 is more about the political machinations associated with the railway boom. The point to be made is that Geoffrey Blainey is well capable (and qualified - he held a Chair in Economic History) of writing Economic History - although he usually doesn't. The theory may not be explicit but the role of economic processes in the explanation is quite apparent and the use of (a limited) structure of theory is implied in the linkages that he, so frequently, mentions. It is his methodology that separates these works.

Schedvin, in "Midas and the Merino" refers to *State Socialism in Victoria* by F.W.Eggleston (Eggleston, 1932) as one of the few important monographs published in the inter-war period (Schedvin, 1979, p543) - as works of economic history. Eggleston is comparing the performance of, what he calls "state socialism" in Victoria with private enterprise (Eggleston, 1932, p2). "The only question that we need to ask is whether certain services being required by the community, the best results in

efficiency or welfare are obtained when they are operated by a central organisation such as a state" (Eggleston, 1932, p3). This is a legitimate economic enquiry into the processes of the economy and how they work. However, from the outset his choice of labels betrays his standpoint and intentions (he was a minister in the Victorian Liberal government of 1924-27). He sees the issue as one of controversy of "modern politics" (Eggleston, 1932, p3). He sees a benefit from his study to "modern political science" (not economic history) because he is studying the results of "state socialism" (Eggleston, 1932, p9). He unashamedly identifies state action with socialism (Eggleston, 1932, p41).

By Chapter 5, on the Victorian railways, he has become quite polemical: "The Australian Labour Party, however, is not socialistic [in the sense of transferring resources from the rich to the poor] but an opportunistic representative of a unionist party machine without any thought of the ultimate economic effects. It uses its power to serve the definite interests of its most important and numerous constituent group and the improvement in wages and conditions of the railway servant is the continuous object of Labour members" (Eggleston, 1932, p134). Further, he says that "The Labour Party may always be relied upon to sabotage state socialism and destroy the security of the system, precisely because it affords so little which is really attractive to the class-conscious socialist" (Eggleston, 1932, p206).

In the body of the work he analyses in considerable detail, the process and performance of government involvement in the running of the Victorian railways and the Closer Settlement scheme. He refers to Victorian financial history and provides tables and statistical evidence to support his analysis. Despite a dissertation on the theory of progress and the role of planning versus the "self-contained man" (Eggleston, 1932, p329-46) the work is a politically driven account of state enterprises in Victoria underscored by a belief in the inevitability of political interference, vested interests and parliamentary inefficiency (Eggleston, 1932, p296). The analysis is supported by facts and figures and, on that level, seems to be an even-handed evaluation of the performance and structure of the various state bodies. His support for the statutory corporation is based on public information and personal

involvement but his evaluation is coloured by a stated preference for private enterprise (Eggleston, 1932, p128) and an undisguised bias against the Labour Party: "Labour parties are completely unable to install a different system like socialism or even state socialism. In the absence of the constant play of intelligence on its problems, the propaganda of the party becomes a hotch-potch of popular conventions and catch-cries, suspicions and prejudices caught in a web of ideology derived from Marx" (Eggleston, 1932, p326). With difficulty could this be called a work of Economic History. The only theory referred to is political theory and the content relates more to administrative procedures than economic processes. His constant reference to political causes detracts significantly from the work's usefulness as a study of public business.

Another work of considerable interest is *The Rise and Fall of Marvellous Melbourne* (Davison, 1978). Given the pivotal role of the city in 19th century Australian history as both the centre of the gold rush colony and the driving force of the boom that preceded the 1890s bust, the history of Melbourne is significant in its role in the changing nature of the Australian economy. Far from tracing this economic linkage, the author sets out to write an urban history. He refers to the urban historian in terms of the scope and nature of his task in relation to works such as his (Davison, 1978, p15). The cover review sees it as a classic in the genre of Australian social and urban history. It is divided into two parts: city and suburbs. For Part 1 the theme is: "the evolution of a provincial city towards the competitive, bureaucratic structures of an authentic metropolis". Similarly, Part 2 is concerned with the suburbs (Davison, 1978, p16). The general focus is the business and commerce of the city from the point of view of the city and the people who live in it. As a result anecdotes are common and extensive. The chapter and sub-headings alone indicate the tenor of the work. For example: "This Modern Babel - the system and its enemies"; "Architects and builders, journeymen and masters"; "Professions and the Public - professional status"; "A Great Quasi-Mercantile Establishment - the rise of the patronage system"; "A City of Freehold Homes - a home of one's own"; and so on. There is little or no reference to the economy. The economic processes of Melbourne are social processes within the city. It is an excellent book and the city lives and dies and rises again after the disaster of the 1890s. However it is not a

work of Economic History, as such, but a work of urban history. It is, wholly, self-contained.

Similarly, *Cities for Sale* is a work of urban history and not Economic History. Its subtitle is "Property, Politics and Urban Planning in Australia" (Sandercock, 1975). In the preface, the author says that the purpose of the work is to explain the failure of urban planning in Australia in the three leading cities in 20th century: "The issues dealt with in the following pages - property-power nexus of capitalist society, the growth ideology, conservation and public participation in planning - present a series of dilemmas on a local and national scale: whether a Marxist model provides a comprehensive explanation of the present structure of Australian society; whether popular immediate solutions to planning problems are to be preferred to long term more expert ones, whether a combination of popular movements and representative institutions can outweigh entrenched power groups, and whether more participatory and redistributive policies will in the end enhance overall human welfare "(Sandercock, 1975, p4).

The major issues in two of the cities, Adelaide and Melbourne, as a precursor to Sydney were shown to be resistance to organised town planning because of: "...lower houses dominated by conditions of country and city rich, upper houses at the mercy of rural conservatives, city councils whose members have a vested interest in protecting existing property and privilege or in real estate and land speculation, and Liberal Party organisations dependent on the support of the financial establishment"; and Sydney was no different (Sandercock, 1975, p77). The work laments the history of town planning in Australia. It is a work of Urban History. In its focus on political and social factors and the corruptive consequences, it has little or no value as a work of Economic History. The economy is rarely, if ever, mentioned. The issues are insular as are the people involved. The point to be made, here, is that if Urban History lacks focus, as Schedvin notes, ( Schedvin 1979, p. 551) to include such works with such content and call them Economic History, then, the same comment could be made.

To make the point, further, mention of another work, by Sir Keith Hancock, *Discovering Monaro* (Hancock, 1966) extends the meaning of a definition of Economic History, even more. Sub-titled "A Study of Man's Impact on his Environment", Hancock's interest is in the land and the people. "This book will tell the tale of two landscapes [alps and tableland]...or more precisely - it will tell the tale of the men who have made, and are still making, these landscapes" (Hancock, 1966, p10). Consequently, the work is replete with anecdotes and personal histories. By Chapter 3 he writes: "We shall consider successively the material and moral progress of Monaro's white people from the early 1830s to the early 1860s" (Hancock, 1966, p72). This is a regional study but even so, it has more a sociological purpose than an economic one. Schedvin includes it as an extension of the contribution of the economic geographers (Schedvin, 1979, p555), but by Chapters 2 and 3 of Part 4, which deal with the Snowy Mountains Scheme and the viability of the Kosciusko National Park one is, surely, justified in questioning its place as a work of economic history. In contrast with the works of Sinclair, N.G. Butlin and even Blainey's *Tyranny of Distance*, there is little common ground.

Once again, the importance of immigration in Australia's history is obvious. The size, timing and nature of the process have helped shape, not only the economy but the character of the population. Sir Robert Madgwick's *Immigration into Eastern Australia 1788-1851* (Madgwick, 1969) is a much-respected work on this topic. In the Preface the author states that "The history of Australian immigration is at once a sociological survey and a branch of the history of colonial policy" (Madgwick, 1969, pxiii). Consequently, he decided to look at the issue "historically" (Madgwick, 1969, pix). The scope for looking at it 'economically' is, indeed, just as large. There is analysis and chronology as he traces the process of immigration to Australia during the period. There is statistical support but, mostly, the figures are not elaborated on in any detail. Chapter 7, for example, gives an analytical treatment of the "Government System" and focuses on its structure, working and purpose (Madgwick, 1969, p130-49). In noting the key year of 1831 as a turning point in Australian immigration he says that "it becomes necessary, therefore, to consider what effects the influx of immigrants produced, not only on the size of the Australian population, but on the structure of Australian society" (p.87) - but no mention of the economy. The appealing title of Chapter XI, "The Economic Quality of the Immigrants", discusses

only the age, sex, racial and occupational background (Madgwick, 1969, p218-46). The next step in analysis is not taken. Essentially, this is an administrative, social and political study of the process of immigration to Australia in the period.

It is interesting to contrast Madgwick's treatment of this issue with N.G. Butlin's in *Forming a Colonial Economy 1788-1851* (Butlin, 1994). Looked at as part of the labour factor input to the economic process and the changing nature of the colonial economy, Butlin, not only, uses different terminology but approaches the matter from the point of view of its impact on the economy. Beginning with a model to work from he proceeds to analyse and evaluate. "Persons may move between countries when the capitalised value of the differential in expected lifetime earnings abroad as compared with at home exceeds the transfer and relocation costs" (Butlin, 1994, p19). He notes that Madgwick ignores officials. "Yet, clearly, they were vital influences not merely in the government of the colonies but in the early development of local enterprise..." (Butlin, 1994, p. 20). He then goes on to explain that for those people (such as Macarthur, Marsden and Kemp, for example) the transaction and relocation costs were very low with government salaries, land grants and free convict labour (Butlin, 1994, p20) and the opportunity to engage in trade and business. In analysing the types of immigrants that came to Australia (what NG Butlin calls the "colonial calculus") he relates the sociological data in economic terms: "Men were perceived as possessing a comparative advantage in farm production, females as the deliverers of household services" (Butlin, 1994, p25). In this case, "...the subsidised immigration of females allowed improved factor allocation, males being released to concentrate on tasks for which they had this comparative advantage (colonial marginal product would rise even without an accession of male migrants)" (Butlin, 1994, p25). The effect of the source of many of the migrants *ie* the urban poor, is shown to provide a linkage with the nature of colonial development. Despite the constant criticism by rural interests of the unsuitable nature and inclination of many of the migrants for rural work, Butlin shows that there were 'free riders' in the economy *viz* the urban employers who benefited from any skilled craftsmen and female domestics going to the cities. Further, as the larger towns supplied a wide range of services to rural landholders (and squatters) there was thereby provided externalities from urban development. "The original calculus could be adjusted to add the capitalised value of the stream of externalities" (Butlin, 1994, p. 25).



Although in less detail than Madgwick, Butlin covers the same basic facts of the immigration process - the assisted and bounty schemes, the political considerations behind the British government actions, the unsuitable nature of many of the migrants - but with a purpose to explain their effect on the economy - and, in economic terms. Madgwick provides a wealth of data on the subject. In fact Butlin refers to the work and cites it on four occasions in nine pages (Butlin, 1994, p19-28) - but as a source of reference. The point to be made, here, (and it will be elaborated upon in the final chapter) is that merely discussing issues which have economic linkages does not in itself make it a work of Economic History. An argument could be made for the economic relevance of almost any of man's social activities; but to write an account of it doesn't, necessarily, make it part of Economic History.

In a similar way, two classic works by Stephen Roberts, *A History of Australian Land Settlement* and *The Squatting Age in Australia 1835-47* (Roberts, 1968, 1935) can be considered. The importance of the land issue in Australian history whether as a factor of production or the source of innumerable political and social repercussions needs little justification. In a land of recent settlement, as is Australia, the land issue becomes pivotal both in terms of theory and practice. Roberts' coverage, though, (in the former work) is very traditional, in the historical sense. His focus is land policy and most of the work is a chronology and narrative of the tortuous path of the various governments towards a solution to, what was in effect, a land problem. The setting out is based on political and chronological divisions with analysis, especially in Chapter 7 and 8, of the effects and repercussions on society at large. However, there is very little linkage with the operation of effects on the economy. This is to be regretted because there are considerable opportunities to do so. Early in the work, justifying the progress of the colony under Macquarie, figures are given for population, acres cultivated, sheep and cattle numbers, revenue; but nothing else. It takes 5 lines (Roberts, 1968, p24). Similarly, he provides interesting statistics comparing NSW, Van Diemens Land, Western Australia and Canada for 1830 on population, land sold, land granted, food imports, sheep and cattle numbers, wool exports, land revenue, average prices of land and grain, average yearly immigration and average wages. However, there is no comment or elaboration (Roberts, 1968, p81).

There are graphs provided of NSW and South Australian land sales which are annotated to 1850, wool exports of NSW and the growth of Australian wool exports to Britain up to 1850 and the changing importance of Australia as a supplier of wool in relation to Germany and Spain. These are entitled: "Imports to Britain to show the Triumph of Australian Wool" (Roberts, 1968, p82). Once again, there is no comment. There is no relating of land use and policy to this data. Finally, on page 271 there are 7 informative graphs showing the effects of free selection on land use across the country - but no commentary. The detailed data is presented in the way of illustration as are glossy photos inserted in other works with no elaboration. The reader is left with the job of making the linkages. Once again, a key element in the economic history of Australia is covered in a way which focuses on the non-economic aspect (Roberts, 1968, p. 271).

In *The Squatting Age in Australia 1835-47* (Roberts, 1935) Roberts provides a glowing and romantic account of the movement which typified the wool industry of the period. It is a study of an aspect of the industry and, as such, could be excused for looking at the topic in, some, isolation. Despite the on-going relevance to the colonial economy the theme is the squatter and not the wool industry. In the period under discussion, however, the fate of the one was reflected in the fate of the other. Consequently, although the focus is on the origin, lifestyle and success of the squatter as a phenomenon, the value of the work as a background contribution to understanding the growth and working of the colonial economy is high. Roberts' coverage of the depression of the 1840s is deep and analytical. Although there is an extended discussion of personalities (in other chapters as well), the identification of the role of capital is insightful and pointed. Necessarily, the economic climate (especially the slump of the 1840s) and the economics of the wool industry as a going concern could result in considerable linkages to the history of the economy.

However, his main concern is with the social and political aspects of squatting. He spends considerable space on the lifestyle, the background, the origin and changing meaning of the term and the political battles (especially the land issue and Governor Gipps). There is no attempt at working from a basis of theory in either of these two works but, simply, to provide an account of what happened with some analysis. The

methodology is traditional in the historical sense and the economic comment is no more than would be found in a work of general history. But Roberts calls himself, simply, an "historian" and seems less concerned with labels than telling the story of a phenomenon that had fascinated him for many years. The two works are classics. The aim, here, is not to be critical in an evaluative sense but to point out that even in relation to issues such as land and the squatting movement, which were integral elements of our economic history, the tendency to treat them in the traditional historical way was strong. At the same time it was not the author(s), themselves, who labeled them as economic historians. In fact, they may disagree. It may be that labels are important. It may be that an economic interpretation was seen as a, necessarily, a one-sided account of the phenomena *a la* Charles A. Beard's work on the Constitution of the United States (Beard, 1961) which caused such controversy. A further factor could be the intended audience of the work; although, as Crauford Goodwin (Goodwin, 1966) has shown, there was a surprising level of economics literacy in nineteenth century Australia.

In the way of contrast, G.J.Abbott's *The Pastoral Age: a re-examination* (Abbott, 1971) is a, decidedly, economically orientated work on squatting. It is based on a theoretical understanding of the place of the wool industry in Australia's economic development. It assesses the contribution as exports and the viability of wool (and the raising of sheep) to account for the nature of the Australian economy in the period up to 1851. It is an analysis in economic terms. The three parts into which the work is divided: "Wool and the Gaol Economy"; "The Pastoral Economy 1822-1851" and "Wool and the NSW Economy to 1851", clearly, focus the point of interest on the economic process. Even the necessary 'historical' aspects of the early stages to 1821, the survey 1822-1851 and "Sheep farming and the government" are interspersed with chapters on the costs and returns of sheep farming and technology - which is looked at from the point of view of economic viability. This can be contrasted with Roberts' one section on "The Management and Prospects of a Station" of seven pages (Roberts, 1935, p.375-383).

Further, the final chapter on wool and the economy is actuated by an attempt at a theory of economic development relevant to Australia during this period *ie* McCarty's application of the staple thesis to the wool industry (Abbott, 1971, p.187-189). By

using the facts of history to discuss the economic problem Abbott analyses and evaluates the place of the wool industry in Australian economic development supported at all times by an understanding of how the an economy works or, rather, the application of aspects of economic theory that help to explain the phenomena. His emphasis on the role of the commissariat (in terms of exports and foreign exchange), the sale of stock to new entrants, the role of immigration as a source of new entrants, the insertion of capital into the industry and the availability of land are all part of a factorised interpretation of a standard sequence of production available in most Economics textbooks. Far from belittling this approach, it gives more meaning to the history of the times.

Roberts' work is easier to read and romantically satisfying; but Abbott's work is historically enlightening from both the historical and the economic point of view. It explains while Roberts relates. Both are compelling reading. It would be unfair to accept D.W. Baker's comment that Roberts' work was "remotely based upon history" (Abbott, 1971, p5). For as Abbott comments, this and the works of Collier and Bonwick "constitute the major published attempts to examine the history of wool-growing in NSW from its origins to 1851" (Abbott, 1971, p.5). Their methodology of treatment is the point of this thesis. It is not necessary to be critical of the works to point out that the methodology can determine and, sometimes limit, the content and the work's relevance as Economic History.

In *A Historical Geography of NSW to 1901* (Jeans, 1972) there is an example of a geographer's contribution to Australian history. The content and approach is such that there is little reference to economic development. It can be argued, correctly, that the land factor is of the utmost importance to the economic process. However, the approach is a spatial one with the concentration on the use of resources, soils, distance, regional patterns, adaptation, shifting frontiers and so on. When the "economics" of certain aspects are treated, such as transport costs and wool marketing, the purpose is to explain the spread of occupation more than its affect on the economy. Generally, this is a social geographical approach with the spatial aspect as the underlying theme and with considerations of demographics, moving frontiers and resource management. The content is interesting, related and useful for

an in-depth understanding but not, specifically relevant to an economic history as a discipline with specific intellectual boundaries.

Mention should be made of those various works on banking. Once again, the role of banking in an economy is obvious. As a source of investment funds in a country of recent settlement banks play a crucial role. Throughout the various histories the facts are driven home repeatedly on the role of the banks. This can be seen, especially, in the depressions of 1840s, 1890s and the 1930s with the latter adding that political and personal element to the structural one. Despite their importance, though, the focus of much banking history is, rather, insular. The concentration on personalities, policies and competition among the banks takes centre stage. Their relationship with the economy is, usually, given a passing reference. As a general comment this is true of both Blainey (Blainey, 1958) and S.J. Butlin (Butlin, 1961). Once again, it may be a case of taking into consideration the intended audience.

That this need not be the case can be seen in Schedvin's account of Australia in the Depression of the 1930s (Schedvin, 1970). He skillfully weaves the effect of personalities, policies and economic theory into the interactions of the major banks that were involved, the Commonwealth Bank and the Bank of NSW, with the Commonwealth Government and the consequent handling of the economy under pressure. It is, clearly, essential to understand the role of Sir Robert Gibson and the Commonwealth Bank if a full understanding of the history of the period is to be gained.

On a final note, the issue of collections, as a publication, is a significant one. By the fact of having multiple contributors, variations in methodology and content are bound to occur. There have been several influential collections published such those edited by Foster (Foster, 1970), Maddox (Maddox, 1987), and Abbott and Nairn (Abbott and Nairn, 1969). In essence, these types of publication have the opportunity to cover a great deal of ground and still maintain a theme. *Australian Economic Development in the Twentieth Century* (Foster, 1970) has a, generally, economics-based approach. The scope is, somewhat limited (especially compared to *The Australian Economy in the Long Run*) and the articles are less historically focused. It concentrates on the

economic structure, is more technically orientated and quantitative. There seems to be a less obvious common theme. *The Australian Economy in the Long Run* (Maddox, 1987) seeks to "account for the long run performance of the economy and to assess the contribution of economic policies to that performance" (Maddox, 1987, p.1). Consequently, there is a common focus and the authors assume the model of a small open economy (Maddox, 1987, p.2). They acknowledge the need to have some knowledge of economics but, also, stress the historical context. Each chapter covers an aspect of the economy "yet tells a story within the shared framework" (Maddox, 1987, p.2). The work is comprehensive with a high level of analysis. However, as a general comment on collections, the articles tend to be so specific and detailed that they tend to follow perforce, what could be called, the 'essay form' with analysis, throughout, and a conclusion at the end. Continuity can still be a problem.

The latter of the three works will be commented on in depth, because, from the standpoint taken in this thesis, it could be said that its structure and content represent, in one volume, the variety of works being analysed. Entitled, *Economic Growth in Australia 1790-1820* (Abbott and Nairn, 1969) the editors, at the outset, state that their intention is to examine new sources and re-examine and reinterpret old sources in the light of economic theory (Abbott and Nairn, 1969, p.4) - but this doesn't always happen. The book is divided into 6 parts which indicate an approach based on an analysis of the elements of a working economy set in the nineteenth century colony of NSW. These are: Part 1: "The Foundation of the Colony"; Part II: "Constraints on Progress"; Part III: "Nature and Rate of Growth of the New South Wales Economy"; Part IV: "Constituents of the New South Wales Economy"; and Part V: "Van Dieman's Land".

Briefly, Chapter 1, "British Colonial Policy" by D.K. Fieldhouse (Fieldhouse, 1969) and Chapter 2, "British Background" by R.M. Hartwell (Hartwell, 1969) are general political, social statements of affairs. It is useful background information but methodologically, of little use in analysing the working of an economy; so too is Chapter 3, "The Selection of Botany Bay" by N.B.Nairn (Nairn, 1969) which canvases the evidence supporting various theories on the reason for settlement. This part is, suitably, labeled "Background".

Chapter 4, "Government policy" by R.B. Joyce (Joyce, 1969) validates the contention that government of the day supported private enterprise and the development of the economy and was not, as has been argued (eg Shann), resisting the growth of private enterprise. Much of the content is anecdotal. Chapter 5, "Land" by K.W. Robinson (Robinson, 1969) is, mostly, a geographical /demographic study. It discusses land use but not so much the effects of the particular use of land on the economy. Chapter 6, "Labour" by A.G.L. Shaw (Shaw, 1969) is more a sociological treatment of the labour force. It discusses what the labouring population was like and not, how this type of labour contributed to the development of the economy. There is little sign of the economic theory mentioned in the introduction. Chapter 7, "Enterprise" by M.J.B. Steven (Steven, 1969) is largely anecdotal but it does relate the activities of the emancipist traders to the development of colonial industries such as sealing, whaling, ship building and flour milling but there is still much biographical content.

Chapter 8, "Economic Growth" by G.J. Abbott (Abbott, 1969) is approached from and based on theory. It interprets the history in terms of an aspect of economic theory *ie* the process of import/export and the effect of the availability of capital and foreign exchange. There are further analyses by the use of the 3-way linkage effects (backward/forward/final demand) and the role of the commissariat and the officers and how the primitive economy actually worked. Further, the matter of economic growth is analysed where possible, statistically, but also terminologically as per the elements of economic theory *ie* the difference between economic growth and economic expansion. Chapter 9, "Governor King's Administration" by G.J. Abbott (Abbott, 1969) has the same focus with the guiding hand of theory. Once again, the importance of foreign exchange and the role of the commissariat *via* King's edicts is the interpretive factor in understanding the behaviour of the officers and the development of agriculture, commerce, the pastoral and other industries. The history is interpreted "in terms of" the role of capital, imports/exports and foreign exchange.

Chapter 10, "The Changing pattern of Commerce" by M.J.B. Steven (Steven, 1969) focuses more on personalities and is anecdotal. It is mostly a tracing of the social/political conditions and its effects on the state and the nature of commerce in the colony. It is more a narration than an analysis. It can be contrasted with the

previous 2 chapters. It seems more like a general historian's coverage of economic issues. Chapter 11, "Agriculture" by B.H. Fletcher (Fletcher, 1969) is a social and political analysis. It examines who the settlers were and why they did or didn't succeed. It stresses the social and demographic aspect and industry-related developments. It is comprehensive and analytical but in contrast to Chapter 8 there is no reference to theory in relation to the economy. Chapter 12, "Pastoral Industry" by G.J. Abbott (Abbott, 1969) is a coverage of the increasing size of the industry and its development in terms of wool production but there are still references to the theoretical aspect of why, for example, the officers became involved in livestock raising *ie* converting currency to sterling and selling to the government. Overall, there is a short focus on the physical increase in the size of the pastoral industry with several references to the economic reasons for the growth.

Chapter 13, "Manufacturing" by G.P. Walsh (Walsh, 1969) is a descriptive account of what was the state of play in the period. There is no analysis or linkage to the economic effects. Chapter 15, "Exports other than wool" by M.J.B. Steven (Steven, 1969) is another descriptive chapter. It provides detail and anecdotes on attempted exports and there is implicit relevance to economic growth. Chapter 16, "Government works and services" by G.J. Abbott (Abbott, 1969) is a description without explanatory comment. There is primary explanation without economic linkage. Finally, Chapter 17, "Economic Growth of Van Diemen's Land" by W.G. Rimmer (Rimmer, 1969) is a comprehensive account of the growth in physical output in the period. There is little or no reference to theory but there is a good account of how the island grew and changed and how the economy operated.

Methodologically, the articles in *Economic Growth in Australia 1790-1820* (Abbott and Nairn, 1969) are as varied as the content of the works analysed, previously. In this case there is commonality of theme and the end the coverage of the area of study is excellent. But in terms of the linkage of economic growth, the connection is too often implicit. Chapters 8 and 9 are explicitly stated and argued and chapters 12 and 17 are, similarly, theory-related. Others are, merely, descriptive and factual and the connection with economic growth is, often, implied and left to the reader's assumptions and conclusions. The background chapters are just that with no immediate connection to economic growth in NSW.



In a publication such as *Economic Growth in Australia 1790-1820* the end result is a well-balanced account. The coverage, as noted, is very good and the issue of economic growth and expansion in the early colony is covered from all angles. But in terms of being works of Economic History, most of the various authors focus on content and not method. Further, the relevance of some of the content (for example, the background chapters) could be questioned. The initial claim to review the facts in terms of economic theory is not followed through by all the authors and, even the economic growth/economic expansion dichotomy - an essential element in economic change - seems forgotten by all but the articles by Abbott (Chapters 8 and 9). When primacy is given to chapters 8 and 9 the theory embedded in the explanation gives structural meaning to the other chapters. When the basic economic condition of foreign exchange financing investment in the import/export process and the size and importance of the local market is established then the mere recounting of the facts of what happened assumes more meaning and, in fact, supports the causal explanation. The use of theory could, then, be said to cement the facts, and the other chapters, together. This is apparent when the book is looked at as a whole. The inevitable appearance of the free market and the path of economic growth were based on the necessary structure of the economic process at the time. But looked at in isolation, could this be said of each individual article - especially those in the second half of the book which, generally, describe and retell but do not relate in a structural or analytical way?

While the coverage is comprehensive there is great variety within the volume. Indeed, all essential aspects of the subject are covered. However, with the exception of the chapters by Abbott ("Economic Growth" and "Governor King's Administration") the coverage is not based on explaining the economic growth. The section headings, in fact, do provide an economic structure to the coverage - as a whole - but the analysis by the individual chapters shows more of a concern for 'what happened' rather than 'why'. This, it is being argued here, is what has characterized Australian Economic History from Coghlan to Butlin: variety in methodology and content.

The issues of content and methodology can be separated but can, also, be part of the same issue. The focus of some of the works cited above is, clearly, (what is defined, here, as) non-economic. *Immigration into Eastern Australia 1788-1851* (Madgwick, 1969), for example, is an administrative/historical study of how the

process worked over time. It is procedural, historical and analytical. The content of the work, as such, throws no light on the development of the Australian economy. If it were looked at as part of the labour problem, however, it could be said to be crucial to an understanding of how and why the economy developed as it did. Economics theory gives us a standard model of approach *via* the factors of production, and the essential linkages, to the operation of the economy. For this to take place the methodology must be adjusted.

The other issue is that of content some of which, arguably, might belong to other disciplines. *State Socialism in Victoria* (Eggleston, 1932) and *Cities for Sale* (Sandercock, 1975), for instance, can be seen as historical treatments of issues which, more properly belong to administrative history and sociology. Even *Discovering Monaro* (Hancock, 1966) has a focus on man and the environment despite the ostensible concern with the pastoral occupants of the region. As with various chapters in *Economic Growth in Australia 1790-1820* (Abbott and Nairn, 1969) their value is as background or peripheral information but not as constructive studies of economic processes. An historical treatment of the facts does not preclude economic analysis. Similarly, non-economic treatment of economic aspects does not illuminate the working of an economy. In the same way, studies of related subjects can be seen as belonging to another discipline – despite their usefulness in broadening the understanding.

The issue, to be taken up in the final chapter, is: Can any coverage of an element in the economic process be termed economic history? Can a political or administrative or social treatment of an element of the economic process be termed economic history? Does methodology count as part of the rationale of inclusion within a discipline?

## Chapter 6

### Analysis

The aim, in previous chapters, was to pose the focus question and set up the basis of an attempted answer. Specifically, the question was asked, how can such a range of works as is quoted in Boris Schedvin's article, "Midas and the Merino" (Schedvin, 1979) define the discipline of Economic History in Australia when the survey is characterised by a significant variety in both methodology and content. The salient feature was noted to be the use and non-use of theory in an explicit, structural way as a guide to analysis. As a result, several categorisations of the works mentioned were offered to emphasise the variety. These were not meant to guide the analysis, here, but to make the point that, overall, there is little that distinguishes many of these works from others of a, general, historical type. As works of Economic History is it is not obvious that there is much in common.

Because of the importance attributed to the use of theory in Economic History, Chapter 2 attempted to argue the need for theory, in a general way. To make the point, theory is defined in terms of an organized body of assumptions, conceptual frameworks and guiding principles. This is because the word 'theory' can have connotations which serve to cloud any productive discussion. Historians, for example, often relate theory to over-generalisation and prediction and, immediately, deny its usefulness in their field. Classic cases are the theories of Marx and Toynbee whose predictions have not proved to be accurate. But all theory need not be predictive. It is argued, here, that the main purpose of theory should be to explain.

The issue of theory was discussed, taking note of related concepts and considerations. Using the appropriate terminology was seen as being most important because of the confusion that arises from non-specific use of the terms. Once again, historians have denied the usefulness of theory in History but acknowledge the need for conceptual frameworks and assumptions. In a broader definition, theory will include the latter but it must be made explicit and the acknowledged basis for analysis.

This approach was seen as necessary for two reasons. Firstly, an acknowledgement of the need to state, explicitly, the assumptions and guiding principles behind a work is necessary. Secondly, in the context of writing Economic History, it is necessary to note the limitations of the use of the narrative method as a methodology for explanation. Narrative, as form of explanation, is superficial but will, still, be predicated on assumptions and (possibly) unstated theories. These will colour the content of the work and limit the depth and direction of analysis. In the case of Economic History, to focus on an issue such as immigration, for example, without constant reference to the economy and economic processes results in a study of limited value. On the other hand, was the study to be guided by a theory-based framework, such as the role of immigration as a source of labour for the productive industries, then the linkages to the development of the economy would be apparent. In the case of nineteenth century Australia, the type of immigrant (and the process) had a definite effect on how and why the economy developed the way that it did. In this case, Sir Robert Madgwick's *Immigration into Eastern Australia 1788-1851* (Madgwick, 1969), a much-respected work, is an administrative/historical study and useful as background information. As a work of Economic History, it is of limited value.

The specific case of Economic History, in relation to the use of theory, is the focus of Chapter 3. Probably, no issue has characterised its historiography more than this one. The polarisation in England is noted, first, when the split over the correct way to study Economics was highlighted by, at times, heated exchanges between the main participants such as Ingram, Leslie, Cunningham, Marshall, Clapham, and Pigou. The result was that Economics became a study based, primarily, on abstract theory and, consequent to the split, Economic History became, to great extent, non-theoretical. This, in effect, by default resulted in the primary use of narrative as a methodology. Further, the shift away from the use of Economics theory assisted the drift in content towards a more social emphasis and a lessening of the depth of analysis of economic processes.

The role of stage theory is noted, first in Germany and then in its effect across the world. The fact that some logical problems existed in its use did not seem to affect its intuitive appeal. The point to be made is that it was a theory-based approach – which was, often, used implicitly. Similarly, Development studies relied, heavily, on the concept of stages with the names of Lewis (Lewis, 1955) and Rostow (Rostow, 1990) being prominent. Staple theory could, also, be seen as a related approach. The point to be made is that there was a need for theory to aid in explanation. Finally, Cliometrics seems to have brought the matter to full circle with a, specifically, theory-based approach. It would not be an overstatement to say that the level of economic analysis has increased, accordingly.

The problem of definition is seen as crucial. In England it can be seen manifested in the series of inaugural addresses from the Chairs at the various prestigious universities on the role, place and nature of Economic History, as quoted in *The Study of Economic History* (Harte, 1970). What this showed was a lack of agreement over exactly what economic history is or should be. The legacy for Australian Economic History was that the inheritance from England of the descriptive/narrative method (against a background of disagreement, elsewhere) as well as a more inclusive home-grown approach, left the way open for a more varied and eclectic tradition in Australia.

The point was, then, made that as theory-use can add to explanatory value it makes logical sense to base an economic explanation or analysis on Economics theory. The Neo-classical outlook has become, at least in the Western world, a very common assumption about economic behaviour. 'Economic man' and rational choice theory form the basis of our economic decision making. Similarly, the standard production function and supply and demand theory, implicitly, directs our economic analysis.

Most importantly, it is not being said, here, that non-economic factors are not relevant or significant in economic analysis. Mention need, only, be made of Schedvin's *Australia in the Great Depression* (Schedvin, 1970). In this work the relative roles of all factors are balanced and offered together. The apparent conflict between conservative Depression economics and the role of the individual is

resolved by the structured analysis. The role of Economics theory (of the times) in the policy choices of the period is essential to an understanding of the course of the crisis. So too, is the role of Sir Robert Gibson. In fact, knowledge of the former helps to explain his behaviour.

Given that the aim of the study of Economic History is to explain the history of the economic aspect of society, all contributing factors must be accepted; both economic and non-economic. The argument, here, is that the most effective (and logical) way of doing this is to use the structure of Economics theory as a framework for analysis. It, basically, tells us which questions to ask; it doesn't predict the answers. The example of the Polish nobles quoted by Burke (see chapter 2, p. 34) is significant. Classic Supply and Demand theory led the investigation but a local idiosyncrasy explains the ultimate behavior. A full explanation requires input from both sources.

The relevance of Kuhn (Kuhn, 1996) and Lakatos (Lakatos, 1970) was stressed because of their emphasis on agreement within a community of scholars on fundamentals. Although they disagree on several important matters (such as progress) they do agree that when the research program or paradigm is accepted the participants follow those beliefs and methodologies as a matter of course. They become a community of scholars and are definable by their means and ends. Consequently, improved explanation and analysis (progress for Lakatos and improved puzzle solving for Kuhn) within the disciplines, in terms of content and methodology, are recognisable within a common framework.

For Economic History, as a discipline, to achieve that situation there needs to be such a common basis of agreement on what constitutes a work of Economic History. Economics theory provides that basis and since the 1960s (and the beginnings of the Cliometrics movement) works of Economic History are much more readily recognisable because of that more common methodology.

Chapters 2 and 3, then, sought to argue that for enhanced explanatory value theory should be made explicit and for Economic History, as a discipline, the explicit use of Economics theory can provide that basis for analysis and commonality.

Chapters 4 and 5 set out to analyse selected works in Australian Economic History in terms of their methodology and content, as set out in Chapter 1. Chapter 4 looks at methodology. The point is made at the beginning that there was an awareness of economic issues in Australia from early times and that a local application of current theory gave a practical nature to any discussion. By the time serious works in the field were being written, usually taken as following on the example set by Coghlan in 1918 (Coghlan, 1918) Australia could claim an interest in and knowledge of economics. At the same time the English narrative tradition was an obvious import.

Consequently, the works mentioned in Chapters 4 and 5 show a contrast between those that use theory, analytically, and those that follow the more traditionally historical methodology and focus on the narrative. *Business and Borrowings in Australia* by Gordon Wood (Wood, 1932), *Australia in the World Depression* by E.R.Walker (Walker, 1933), *Australia in the World Crisis* by DG Copland (Copland, 1934), *The Economic Development of Van Diemen's Land 1820-1850* by RM Hartwell (Hartwell, 1954) of the earlier period and N.G. Butlin's *Investment in Australian Economic Development 1861-1900* (Butlin, 1965), C. B. Schedvin's work, *Australia in the Great Depression* (Schedvin, 1970) and W.A.Sinclair's *The Process of Australian Economic Development* (Sinclair, 1976) in the later period show a structured use of Economics theory to guide their analyses. At the same time *An Economic History of Australia* by E.O.G.Shann (Shann, 1930) uses a traditional narrative approach with little or no use of explicit theory. *Labour and Industry in Australia* by Timothy Coghlan, *British Imperialism and Australia 1783-1833* and *The British Empire in Australia 1834-1939* (Fitzpatrick, 1939, 1941) by Brian Fitzpatrick are works which bridge both types of approach and, in effect, stand alone in terms of methodology. Neither, explicitly, uses economics theory in the way of those titles mentioned above although Fitzpatrick's works are heavily guided by social and political theory and Coghlan's work is very quantitative and focused on progress.

Further, many works on economically relevant topics are mentioned such as *The Rush that Never Ended* and *The Peaks of Lyell* (Blainey, 1967, 2003) on mining by Geoffrey Blainey, *State Socialism in Victoria* by F.W.Eggleston (Eggleston, 1932) on aspects of government, *Rise and Fall of Marvellous Melbourne* by Graeme Davison

(Davison, 1978) a study of the city, *Cities for Sale* by LK Sandercock (Sandercock, 1975), *Discovering Monaro* by Sir Keith Hancock (Hancock, 1966), *Immigration into Eastern Australia 1788-1851* by Sir Robert Madgwick (Madgwick, 1969) and others which use a narrative/analytical method and fail to relate the content to the economy in anything other than a superficial way.

Special mention was made of Phillip McMichael's *Settlers and the Agrarian Question* (McMichael, 1984) which is a structured analysis of the Australian economy over time based on an explicit theory. Despite the fact that the theory is Marxist and he calls the work a "sociological investigation" (McMichael, 1984, p.35) its explanatory value is high and it deals with economic processes *viz* the integration of the domestic/market economy with the world market economy. This is the use of an alternative economic theory but the result is the same.

The result of the, apparent, lack of agreement is that there are works which use Economics theory as a guide and are impressively analytical standing side by side with works which treat economic matters in a purely historical, narrative way. At the same time, some deal with economic processes and others with historical anecdotes and personalities, some with administrative detail and others with areas of background interest. The variety in methodology and content calls into question the boundaries of the discipline. The question was posed, earlier, whether or not Australian Economic History in the period before NG Butlin could be called a discipline or an area of study. Those features of Kuhn and Lakatos' community of scholars where accepted methodologies and interests are apparent, seems to be missing.

It is offered as an explanation of this situation that the combination of the English historical legacy, whereby the split in the study of Economics and the consequent non-theoretical approach to the study of Economic History was combined with a practical approach to the application of Economics theory in a country of recent settlement that had shown rapid progress, had led to a reinforcing of the definitional problem that already existed in England (and elsewhere) in the matter of what the writing Economic History really was about. The publication of the work by Harte supports the latter statement.



As a result, what is here seen as good Economic History, those works by the Australian economists Wood and Walker (for example) who classified themselves, not, as Economic Historians, but as applied economists are, unfairly, overlooked. Similarly, Coghlan denied that he wrote Economic History but he traced, analytically, the development of the economy over time. At the same time a noted economist, EOG Shann, wrote a history of Australia which, while using some economic divisions in its structure, was basically a political and social interpretation based on a personal philosophy using narrative and anecdote. This is all the more significant when it is remembered that he was involved in an official capacity in the formulation of the Premiers' Plan in 1932 as a practicing economist.

It is, also, offered as explanation that the narrative tradition, looked at as a methodology, could be seen, in part, to determine the content and treatment of many of the works cited. Given the legacy from the English historicists who eschewed a theoretical approach and had, ultimately, taken a more social orientation where narrative and description played an important role, Australia inherited this academic approach to social enquiry. Consequently, it could be argued that this approach was seen, by some, as a standard approach. Support for this statement could be the two works by Shann. *An Economic History of Australia* is, basically, a narrative; but *The Boom of 1890 and Now* is written by an economist using economics' terminology. Did Shann need to modify his natural economic inclinations to write the former and not the latter? On the other hand, Wood and Walker were, also, economists but they didn't see the need to do that. Other examples could be Madgwick's work on immigration and Davison's work on Melbourne. Both chose not to link their studies to the economy; although, the latter boldly labels his work as a contribution to Urban Studies. If that was, indeed, the case where does that place Coghlan and Hartwell who didn't write that way? The point to be made is that there is no consistency.

If NG Butlin's major work, *Investment in Australian Economic Development 1861-1900*, published in 1965, is seen as a watershed event, then, Blainey's works on mining (written in 1954 and 1963) and his work on *The Tyranny of Distance* (written in 1966) show a, decidedly, different approach. As noted above, the latter work has

innumerable references to the economic linkages of his subject but the former works do not. The question could be asked, why did he treat transport and distance so differently to mining when each can be seen as integral to the economic process? At the same time that he wrote *The Peaks of Lyell*, a history of mining in Tasmania RM Hartwell wrote his work on the history of Tasmania with a definite and explicit theoretical structure that explained the Tasmanian economy over time in terms of the trade cycle. It will not do to say that Blainey was a general historian and Hartwell an economic historian. Blainey held a chair in Economic History at Melbourne University and Shann was a noted economist but wrote traditional history.

The nature of academic disciplines is relevant, here. Science is based, *inter alia*, on classification and intellectual boundaries. As Adam Smith said on specialization, "...each individual becomes more expert in his own particular branch, more work is done upon the whole, and the quantity of science considerably increased by it" (Smith, 1910, p. 6). The authors of *Academic Tribes and Territories: Intellectual Enquiry and the Culture of Disciplines* (Becker, 2001) believe that the important considerations are "epistemological issues, the role of theory, the importance of specialised techniques, the extent of quantification and modeling, the way conclusions are established and the like" (Becker, 2001, p.26). For convergent disciplinary communities there needs to be "a unified body of theory, practices, objectives, agreements, methods and common assumptions" (Becker, 2001, p.187).

The absence of these qualities in Australian Economic History for most of the twentieth century is illustrated, not only by the above analysis, but, also, by the findings of two other, although contrasting, opinions. M. Haig-Muir (Haig-Muir, 1991) believes that NG Butlin's *Investment in Australian Economic Development 1861-1900*, represents a paradigm shift in Australian Economic History (Haig-Muir, 1991, p.459). She sees his predecessors, Coghlan, Shann and Fitzpatrick as representing an older and superseded paradigm based on a more traditional approach. She sees Butlin's focus on quantification, his use of theory, his nationalist outlook, his concern with economic growth (not to mention his conclusions on the sources of economic growth) and his effect on his successors, as separating him from his predecessors.

However, while few will disagree with Butlin's influence on his peers the categorisation of Coghlan, Shann and Fitzpatrick together could be questioned. Methodologically, all three are different. Coghlan's quantification and concept of progress stands alone. Shann's narrative methods and political theme separates him; and Fitzpatrick's radical interpretation and more scholarly approach, extends the contrast.

On the other hand, Gerald Snooks (Snooks, 1993) sees Butlin as part of a continuing analytical tradition in Australia that predated the Cliometrics movement. While including David Syme (as a precursor) and excluding Brian Fitzpatrick, Snooks sees a "tradition of economic historians who employed economic theory and quantitative techniques" (Snooks, 1993, p.140). While it is difficult to agree with the inclusion of Shann in these terms, and the exclusion of Fitzpatrick, Snooks' subjects are too few. Although he would describe Wood and Walker as "economists who dabbled in history" (Snooks, 1993, p.140) their works, in terms of methodology, are far superior to Shann's. The inclusion of Edward Dunsdorfs' *The Australian Wheat-Growing Industry 1788-1948* (Dunsdorfs, 1956) as an example of sophisticated statistical work is consistent but, as he notes, "not his theory" (Snooks, 1993, p.141). Further, RM Hartwell is not mentioned.

The current yardstick for works of Economic History is Snooks' "economic historians who employed economic theory and quantitative techniques". The problem with using such a yardstick is that there are so many works considered to be works of Economic History that don't qualify. Many of these have been mentioned in Chapters 4 and 5. In fact, it may be significant that both Haig-Muir and Snooks limit their citations to a few titles. Haig-Muir mentions only Coghlan, Shann, Fitzpatrick and Butlin (with passing reference to Jackson and Sinclair – both as examples of Butlin's subsequent influence) and Snooks mentions, only, Coghlan, Shann and the Butlin brothers (with passing reference to Dunsdorfs).

Given the dominating position of NG Butlin's work both in terms of his subsequent influence and his relationship to his predecessors, it is possible to identify several issues of importance which subsume the work that has been presented so far. The

first of these is the issue of the adequacy of social explanation and the need for theory. Much has been made in Chapter 2 of the need to acknowledge and state, explicitly, the underlying assumptions that guide our thoughts and actions. Further, considerable supporting statements were given for the importance of having a conceptual framework to guide social explanation and analysis. It was shown that, in essence, simple narrative as a methodology is inadequate. To explain causation more than a chronological sequence is required. The logical fallacy of *post hoc ergo propter hoc* is relevant, here.

In terms of economic explanation the theoretical framework, also, provides the linkages that select the relevant data and provide potential causal sequences. Economics theory is a body of theory that explains how economies work and can, therefore, provides a functional framework for analysis. Looked at as a methodology, the explicit use of theory is far superior to narrative and description – even though, they do not preclude analysis. Without a guiding structure, analysis can be limited and superficial because the chronology has influenced the content in a simplified, linear way. Too many works cited in Chapters 4 and 5 are of this type. The level of analysis, the relevance of the content to the economy and, as an explanation of economic change, the contribution is limited. However, from other works that are cited, our knowledge and understanding of Australia's economic history has deepened as a result of a greater specialisation and use of theoretical tools.

A classic case of the difference in explanatory value which results from this can be seen from comparing two works (already cited in Chapter 5). These fit, neatly, into the last statement, above. The two works are SJ Roberts' *The Squatting Age in Australia 1835-47* (Roberts, 1935) and GJ Abbott's *The Pastoral Industry: a Reappraisal* (Abbott, 1971). Roberts' work is a classic and he is, unashamedly, fascinated by his topic. (His comments in the Preface to his companion work, *A History of Australian Land Settlement 1788-1920*, p. xiii) more than make the point. The work is a romantic account of the life-cycle of Australian squatting and, written in the traditional narrative style, canvases the period in the title. It has useful sections of analysis but these are focused on the 1840s Depression, the political struggles with Sir George Gipps, the land problem, the personality clashes of Wentworth, Lowe and

Gipps, and the origin of the term. Except for a short section on the economics of wool growing (of seven pages) the majority of the work is focused on description, anecdote, personal histories and non-economic analysis. The work is a pleasure to read and the author's literary qualities shine through continuously, especially his description of the dynamics of the Legislative Council of the period.

On the other hand, G.J. Abbott's contribution is a work that is focused on contributing to an on-going dispute within the field on the economics of wool growing.

Necessarily, he must cover the same ground. His methodology, though, is quite different. Each of his section titles has the word 'economic' included. He uses narrative and description, where needed, but his focus is the economic problem. The basis of his analysis is the economic structure of the colony *viz* the, early, lack of a staple export to provide foreign exchange to finance the high rate of imports. Later, when the industry was established, the focus is on the internal market (and the sale of sheep) to counter the existing Terms of Trade. He, also, covers the issue of economics of labour and technology. The work is, thoroughly, analytical and applies Economics theory in a practical way. Consequently, some recurrent myths of the pastoral economy of the early nineteenth century are exposed. The contrast highlights the explanatory value of a focused method of analysis guided by theory.

Secondly, the issue of, what has been called, definition is significant. It has been argued that clarity in terms of definition, roles and procedures is essential if the best results are to be achieved. This, of course, is a truism. In the present context, it has been argued that the lack of agreement on an appropriate methodological approach to the writing of Economic History has resulted in conflicting approaches and labels and varying levels of explanation and analysis. The fact of specialisation and membership of communities of like-minded scholars can contribute to enhancing that agreement. The Cliometrics movement has given us what is, in effect, a definition. It is characterised by the use of Economics theory as the guiding framework, a high level of analysis, the use of quantification in some form and the possible use of counter-factual speculation as an aid to understanding. The definition is not strict but one or all of these characteristics is apparent, and recognisable, in most current works of Economic History.

One result of the absence of this commonality could be that opportunities for deeper analysis can be missed. The example of the early English Economic Historians (especially Cunningham and Ashley) is a case in point. Both were trained in Economics (and History) but chose to ignore this training because of a dispute over how Economics should be studied and taught. Their work, especially Cunningham's, is often criticised as too descriptive and leaning too heavily on political divisions in structure (Snooks, 1993, p.121). His ability to analyse to a deeper level about the economy would not be disputed but he chose not to because of the lack of agreement as to how to write Economic History.

In the Australian context, Geoffrey Blainey might be considered in the same way. *The Rush that Never Ended*, *The Peaks of Lyell* and *The Tyranny of Distance*, are written differently. There is considerably more mention made and linkage to the economy in the latter work. Perhaps the anticipated audience could explain this but, probably, not. Most of his books were written for the popular audience.

A second result could be that good work in the field is not repeated. Gordon Wood's *Business and Borrowings*, which is seen, here, as good Economic History was not repeated; neither was *Australia in the Great Depression* by RE Walker. It could be that they, actually, agreed with Snooks' description and were economists dabbling in history. They may represent, though, by not writing any further works in the field, opportunities lost for valuable contributions to our economic understanding. These were written, moreover, at the same time as *An Economic Interpretation of Australia* by EOG Shann which is acknowledged as superficial in its treatment but was considered a work of Economic History - whereas the two former works were not.

A third issue, to be mentioned, is that of continuity and change. It was noted, above, that M. Haig-Muir sees significant change in Australian Economic History over time. Although she talks of a direct line of achievement from Coghlan to Butlin (Haig-Muir, 1991, p.459) her main point is that Butlin's work represents a radical change; in fact, a paradigm shift. G. Snooks, on the other hand, sees more continuity in recognising a tradition of analytical economic history in Australia. Undoubtedly, there are elements of both. The works of Butlin (and Sinclair) stand in stark contrast to the work of Shann, and, for a different reason, does Fitzpatrick. Methodologically,

Coghlan stands alone, although, Butlin praises his achievement. A nationalist point of view is, certainly, common to most authors mentioned; although Shann's view of Australia on the periphery of the world economy could be seen as negative in that regard.

The fact that some works have been identified which exhibit those features which are praised as belonging to good Economic History does pose the question of whether or not isolated elements can be part of a continuing tradition. Wood and Walker are praised but they were followed by Shann and Fitzpatrick who wrote differently. Twenty years later, Hartwell is praised for his work. Ten years later, NG Butlin makes his impact. In the meantime, there were many works cited which covered economically-related issues in a traditionally historical way and focused on narrative with limited analysis and linkage to economic development. Does the mere existence of commonality qualify as continuity? Coghlan is praised for his analysis, his focus on progress and his use of quantification - without the theory. The next traditionally significant work, Shann's *An Economic History of Australia*, does not follow Coghlan's example. Wood and Walker are not, usually, credited with writing Economic History. Fitzpatrick wrote his own version, which was different, again, although there is enhanced use of statistics and reference to theory; and Hartwell is, rarely, mentioned perhaps because of the regional nature of his work.

There could be said to be a common thread but not continuity. It is difficult to agree with Snooks' inclusion of Shann in his continuing analytical tradition and the exclusion of Fitzpatrick. He seems to praise the man but not the work. Despite Fitzpatrick's detractors his is a scholarly work. It is well referenced, analytical and thematic. At the same time, Butlin does not stand alone. It is suggested, here, that a lack of definition, or, what could be called a blurring of disciplinary boundaries, can explain the anomaly.

The final issue to be noted is that of progress. In general terms, progress can be said to exist if the explanatory value of our work has improved. Lakatos entitles his contribution to the debate a "progressive research program" and Kuhn, while denying progress, as such, in science does concede that theories are maintained because of their superior and continuous puzzle-solving ability. In the Australian

case, NG Butlin's classic work, *Investment in Australian Economic Development 1861-1900* increased our knowledge of the period by improving the depth of analysis through the use of a more structured, theory-based approach (focusing on Investment as a factor input) and the use of enhanced quantitative methods. These, in effect, revealed new data and modified previous assumptions about economic growth in the second half of the nineteenth century in Australia.

The intuitive appeal of the idea of progress (Bury, 1955) may help explain the continuing references to stage theory in some form. Despite the inherent problems in its construction (as outlined in Chapter 3) stage theory could be seen to be symptomatic of the biological need to evolve. Consequently, as is illustrated by general historiography, and the overall transformation of the study of History from chronicle to sophisticated analysis, our explanations have improved over time. As EH Carr noted in Chapter 2, the current "economic and social interpretation of history may be said to represent a more advanced stage in historiography..." (Carr, 1964, p. 124). The relevant question is, can a similar theory of stages, necessarily, apply to an academic discipline such as Economic History?

It may be that the path from Coghlan to Butlin (and Sinclair), simply, traces the progress of the discipline to a level of greater sophistication. Clearly, works of Economic History today are more intellectually satisfying than previously. Similarly, we know more about Australian economic development, today, than we did one hundred years ago. Schedvin in "Midas and the Merino" does note the change to a more theory or model-based approach. It has been noted, though, that this is not continuous. It is difficult not to see progress as linear. NG Butlin could be looked at as the next, inevitable step in the evolution of the discipline or as the representative of the Cliometrics movement which changed the way Economic History is written. It could be argued that what we see as progress is, in fact, the study of economic life gone full circle, back towards the approach of Political Economy from whence it came. Or, in terms of Australia, it could be argued that Butlin, in effect, pulled together the threads of a confused tradition and represents, something of a synthesis.



At the same time, one must be careful with using labels. The purpose of a work and the intended audience are important considerations when attempting to judge or label the work of other people. This is especially the case, as is identified here, when there are no clearly defined guidelines or boundaries. It may be that academic disciplines evolve in terms of sophistication, in the way of disciplinary communities, noted above, and that this is similar to or part of the improved explanatory value of our tools of analysis. Consequently, we should not be too critical. Schedvin, certainly, is not as he, even-handedly, includes works of all types in his survey. It may not be, then, inappropriate to say that before NG Butlin's influence became effective, Australian Economic History was, in effect, an area of study and not, as we know it today, a clearly defined discipline.

## Conclusion

This thesis has attempted to criticise the inclusion of all the range of works that were claimed to belong to the category of 'Australian economic history' in Schedvin's well-known 1979 article on "Midas and the Merino" (Schedvin, 1979). His survey included writings that display a wide variety of methodology and content. Schedvin commented that one of the achievements of the period leading up to the late 1970s was "the application of simple mechanical models drawn from neoclassical economics" (Schedvin, 1979, p.542). In simpler terms, this is the claim of explicit use of theory - specifically, Economics theory.

However, the analysis here has attempted to show that, in Schedvin's survey, side-by-side with works that analysed the economic history of Australia by the use of a theoretical structure as a guide to analysis, such as *Business and Borrowings in Australia* (Wood, 1930) and *Australia in the Great Depression* (Walker, 1933), are works with a similar intent but which use a "traditional narrative" approach (Snooks, 1993) based on chronological accounts and a focus on personalities and anecdote such as *An Economic History of Australia* (Shann, 1930) and *The Squatting Age in Australia 1835-47* (Roberts, 1935). Similarly, alongside works that attempt to explain the history of the economy are those whose content is related but separate such as *Cities for Sale* (Sandercock, 1975) and *The Rise and Fall of Marvellous Melbourne* (Davison, 1978) which may, it has been argued, belong to another discipline. Both of these latter works can claim contributions to Urban Studies but not Economic History.

The most significant feature of the variety that has been identified is the use or no-use of Economics theory as a guide to analysis. Whatever the content of the work the methodology is of the most importance. Even works on subjects that have discernable linkages to the economy can limit their value as Economic History by the methodology chosen. Blainey's works on mining (Blainey, 1992, 2003) and Madgwick's work on immigration (Madgwick, 1969) are written with little or no reference to theory and little explicit linkage to the economy even though, in essence, they relate to two of the classic factors of production: land and labour.

It is argued that this variety can be explained by the combined effect of the English scholarly tradition in the field with the prevailing social/political/narrative approach and the more practical approach that evolved in Australia as a country of recent settlement. Consequently, some economists wrote good Economic History (Wood and Walker) at the same time as traditional Economic History focused on political and social factors, personalities and anecdotes. What has been called the definitional problem is seen to have created this lack of clarity. To this extent Australia could be seen to have mirrored the rest of the world. As chapter 3 set out, the use of theory in Economic History, prior to the 1960s was a debatable point among its practitioners. While Australia inherited a strong legacy from Britain in terms of the narrative approach it was not cut off from the rest of the world. To that extent, Snooks' analytical tradition is apparent.

In terms of academic disciplines this need to define boundaries in terms of methodology and content is seen as crucial if both identity, quality of explanation and progress in the discipline are to occur. Economics theory, logically, provides the structure needed to analyse how an economy works and changes. Its use in the study of Economic History allows an economic analysis to proceed with full benefit from the two disciplines involved: the economic structure to guide analysis and the historical perspective to evaluate the results.

The much-quoted works of Kuhn and Lakatos are still relevant, here, as their emphasis on the community of scholars and shared beliefs and approaches underlines what is necessary if progress and (puzzle solving) success is to be achieved.

The two underlying themes of this work relate to the importance of methodology and the need to evaluate on the basis of explanatory value. Methodology can be seen to, in effect, determine the content. If a narrative method is used, then, the content chosen need only reflect the superficial and linear relationship of apparent cause and effect. This is, not only, fallacious but explanatorily limiting. Simple conclusions are drawn because of the 'obvious' relationship of one factor following another. The explanatory value of this approach is low.

Conversely, when an explicit explanatory structure is used as a guide, on a non-linear basis, the investigation, perforce, must go to a higher and broader level to

explain the phenomena. The chance that the facts may not fit the theory is unimportant because, as is shown by the example of the Polish nobles cited by Burke (Burke, 1972), the theory has uncovered the facts (so to speak) even though the prediction was wrong. The level of explanation has risen. At the same time the role of non-economic factors has been highlighted and placed in perspective.

The matter of Economics theory and its use by Economic History is, to that extent, of lesser importance. The improved explanatory value of those works cited above that use a structured form of analysis is there for all to see. The fact that it is now an accepted methodology to approach the study of Economic History in this way is not sufficient to conclude that the discipline has just evolved in Australia over time. The quality of those earlier works supports the contention that it is a superior methodology. There was no need for N.G. Butlin to 'revolutionise' the way Economic History was written in Australia. The precedents had been set. It may be overdue for a re-evaluation of some of the works mentioned in this thesis. Butlin was clear in acknowledging his predecessors especially, Coghlan and Fitzpatrick (whom he disagreed with but, only, on matters of fact). The latter's contribution as a work of structured analysis is high. Perhaps this very situation supports the calls of Kuhn and Lakatos for clearly defined disciplinary boundaries and methodologies in the name of progress.

A final point on methodology may be appropriate. In the same way that Cunningham criticised Marshall for his use of history, it may be objected that the works mentioned, above, were chosen, specifically, to support the line of argument presented *ie* 'stylised facts'. While, undoubtedly, specific examples were chosen as the most representative, the fact that the article, 'Midas and the Merino' is used as a starting and reference point is to highlight the collection of titles as one chosen by a respected member of the discipline of Economic History. Titles were not chosen at random from the great array of works in Australian history – in which there would be, obviously, great variety in methodology and content. Consequently, the criteria for inclusion in the article were set by the author. Schedvin's contribution to the historiography has served (and this would, no doubt, have been his aim) to provoke discussion.

The methodology of this thesis has attempted to reflect the comments made about the ideal methodology. Questions were asked of the evidence to inductively arrive at tentative conclusions or hypotheses, more research into the contexts and background of texts was conducted, and conclusions were drawn according to the new evidence gathered. At the same time, a belief (a theory in the broad sense) that academic disciplines need to be defined, separately recognisable by their methodology and content and accepted by their members, guided the work.

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