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Resilience and Fragility in the Asian Century:  
Refocusing Australia's economic narratives  
through the lens of economic history

Simon Ville

Keith Hancock Lecture 2014

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# Resilience and Fragility in the Asian Century: Refocusing Australia's economic narratives through the lens of economic history

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# Resilience and Fragility in the Asian Century: Refocusing Australia's economic narratives through the lens of economic history<sup>1</sup>

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## History in our genes

Increasingly, we understand that who each of us is today is partly the product of the hereditary genetic changes of our ancestors, sometimes stretching back over long periods of time. Historic events, individual or collective, caused mutations in our genes by changing their DNA sequence. By mapping our own genes we can discover far more about our biological make-up—its strengths and fragilities—such as the degree to which we are prone to particular life-threatening illnesses.

What scientists have taught us about ourselves underscores the importance of history in its many forms, including economic history. Economies mutate as well—or what economists call shifts of equilibrium—and such changes can have a major impact across many generations. War, for example, is often viewed by historians as shifting economic equilibriums in a remarkable number of ways: forced reconstruction, capital reinvestment; the rethinking of economic values; and the reshaping of social and political institutions that impact upon the economy. In Britain after 1945, the first majority Labour government nationalised large parts of manufacturing industry and introduced a comprehensive free national health service, among many changes.

Interestingly, war can also cause genetic mutations through exposure to hugely traumatic individual and collective events. Indeed, war is a good example of the convergence of the impact of economic and genetic mutation—modern human capital theory shows that the health and condition of the population has an immense bearing on economic outcomes. The institutions, structures and forms of behaviour of our modern economy thus have the genetic fingerprints of history smeared all over them. How can we identify and interpret those fingerprints without access to the same set of tools and experiments that are available to the natural sciences? Economics is not as much of a science as some of its practitioners would have us believe, as human behaviour is unpredictable and difficult to generalise and model. It is less of a dismal science and more of an enriching social science. Historical experience must, nonetheless, be central to our public discourse about economic development.

## Economic narratives in public discourse

Behind every policy strategy, of government or business, lies a narrative statement that contextualises and justifies a course of action. Recent examples include the argument that immigration increases unemployment, that current levels of public debt are unsustainable,

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<sup>1</sup> I am grateful to Claire Wright for assistance in preparing the Keith Hancock lecture.

that manufacturing's decline will damage our economic prospects, and that the growth of cities is close to its limits.

### Who develops these narratives and how well informed are they?

We have many 'narrators' of the public discourse of economics, including the media, political parties, public sector bodies, business, and indeed universities—each with their own set of interests and values. Too often they develop narratives that are ahistorical or 'use' history to serve predetermined perspectives.

Few would deny the media's power in influencing public opinion and policy makers. The *Australian* regularly and unashamedly proclaims it is 'the home of comment—authority, perspective, depth'; while, overseas, *Time* magazine offers its guide to everything you need to know! And, Rumsfeldian-like, some things you didn't even know you needed to know! *Mobilising discourses* emerge when such assertions of authority are reinforced with headlines, editorials, conferences and self-promoted books by author journalists. A good example of how such a discourse was mobilised by the Murdoch press is explained in the recent award-winning work of colleague Luke McNamara.<sup>2</sup> *The Big End of Town*, a co-authored history of big business published a decade ago, is titled with this quintessentially Australian term.<sup>3</sup> Australia has one of most concentrated business sectors in the developed world. The frequent public exhortations of captains of leading banking and mining firms are presented as though the apparent wisdom is held by only a few.

Political parties and their backers have the power to implement policies but they still require a narrative to justify their actions. The narrative is shaped to reinforce their political philosophy and vested interests. Increasingly, the operations of the public service have also become politicised in pursuit of these narratives. Politics is notorious for its abuse of history, with each party being guilty of eulogising past economic achievements by predecessors of their own hue and lambasting those achievements of the other party or persuasion. This madness has meant that political debate about economic legacies has failed to keep up with the wealth and knowledge that those actual legacies have helped to deliver. A good example is the *Australian's* attempt at a new epithet—the *stupid country*—lambasting that Australia is 'a nation unable to solve its public policy problems and, even worse, incapable of conducting a public debate about them'.<sup>4</sup> There are more thoughtful reflections by supranational organisations on Australia's economic performance: for example, OECD surveys tend to look to the future, but their sense of history rarely extends more than a decade and their influence is generally more limited still.

### Where is history in the economic narrative?

Unfortunately, among these many claimants, the voice of economic history has remained largely silent or selectively galvanised to prosecute a particular perspective. Our ignorance

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<sup>2</sup> Katharine Gelber and Luke McNamara, 2013. 'Freedom of speech and racial vilification in Australia: 'The Bolt case' in public discourse', *Australian Journal of Political Science* 48, 4.

<sup>3</sup> Grant Fleming, David Merrett and Simon Ville, 2004. *The Big End of Town. Big Business and Corporate Leadership in Twentieth-Century Australia*, Melbourne: Cambridge University Press.

<sup>4</sup> *The Australian* 29 October 2014.

of economic history begins early; the recent national curriculum review was strongly critical of its omission from school teaching loads. In universities, the teaching of economic history has become the victim of organisational pressures that are pushing out smaller disciplines and intellectual trends occurring on its margins. On the one hand, economics has become more focused on methodology, technical correctness, and robust econometrics than on outcomes. In history, on the other hand, there are some that argue that the discipline is writing more and more about less and less. Whether true or not, the focus has certainly shifted from the *why* of economic history to the *how* of cultural history. In the otherwise excellent *Cambridge History of Australia* (2012), there was only one chapter in each volume (covering the 19<sup>th</sup> and 20<sup>th</sup> centuries respectively) that was explicitly about the economy.<sup>5</sup> Moreover, universities have become much more corporatised in their world view. A recent history of Australian universities bemoans an epidemic of deputy vice-chancellors, although the growth in size of universities certainly requires some additional focus on management and governance tasks, as well as marketing and promotion.<sup>6</sup> As a result, research often has to be perceived as contemporary, immediately relevant, and, ideally, photogenic and financially rewarding. Unfortunately there's not a lot of money in economic history.

### So, who is addressing the Big Economic Questions?

The seriousness of the recent global financial crisis jolted economic history from its slumber. In its aftermath, the *Economist* magazine asked a group of leading economists whether the crisis would affect the teaching of economics. Their overwhelming response was 'yes', and they recommended reinstating economic history into the curriculum. Michael Pettis, an economic theorist, Wall Street veteran, merchant banker, equities trader, and entrepreneur (self-described) exclaimed that 'Economic history should be at the heart of economics instruction'.<sup>7</sup>

### But is this just rhetoric?

Written in the wake of the crisis, Carmen Reinhart and Kenneth Rogoff's ironically titled *This Time is Different* saw common patterns across hundreds of financial crises of many nations over nearly a millennium.<sup>8</sup> Though there have been criticisms of various aspects and implications of the work, it does beg the question: how did so many well-paid bankers and public officials miss what was happening?

There are elements of a revival of intelligible economic history, particularly the history of capitalism movement led by Sven Beckert at Harvard University. This approach includes economic, as well as social, political and transnational dimensions, with the aim of welcoming everyone back to the Temple. Causality does matter and let's understand and interpret it broadly.

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<sup>5</sup> Alison Bashford and Stuart Macintyre, (eds), 2013. *The Cambridge History of Australia*. Volumes 1: Indigenous and Colonial Australia and 2: The Commonwealth of Australia, Port Melbourne: Cambridge University Press.

<sup>6</sup> Hannah Forsyth, 2010. *A History of the Modern Australian University*, Sydney: New South Publishing: 227.

<sup>7</sup> *The Economist* 17 September 2010.

<sup>8</sup> Carmen Reinhart and Kenneth Rogoff, 2009. *This Time is Different: Eight Centuries of Financial Folly* Princeton: Princeton University Press.

The financial crisis barely ruffled the secular boom Australia had been experiencing since the early 1990s. We have certainly had our own share of precedents but we need to look back a good deal further into history, beyond our own lifetimes, to find the lessons. In the 1890s Australia experienced a financial crisis so severe that half of the financial institutions closed their doors, many of them permanently. Deepened by a prolonged drought and industrial unrest, this was one occasion where the Australian economy did not follow international trends.

I also detect some recent shifts among economists and historians. When I recently wrote a chapter for the *Cambridge History of Australia*, a number of younger historians wanted to engage me about economic history and expressed the feeling that this element was missing from their training as an historian. The *Cambridge Economic History of Australia* has been fully embraced by economists, with some contributing to the book and others organising launches. The Nobel Prize winner Joseph Stiglitz requested a copy. So, how do we know when there is about to be a crisis? Some knowledge and understanding of our economic past cannot guarantee economic downturns will be avoided but at least they help us understand when they are coming and how we might minimise their impact.

## The Asian century

Rather than the sudden shock of a financial crisis, the challenge now facing Australia is more the feeling of standing at a crossroads in our economic development. We are at a prescient time to reflect on our economic history and how it might guide our future directions. Behind us, in the recent past, lies a long secular boom that unfolded from the early 1990s. During that time, we experienced one of the most sustained eras of economic prosperity in Australian history and regained some of the ground lost, compared with the living standards of other nations, during the 20<sup>th</sup> century. To put this in perspective, Australia had registered the highest income per person of any recorded nation in the mid-19<sup>th</sup> century.

This secular boom was disturbed, but fleetingly, by the global financial crisis of 2007–8, an event that pounded heavily upon many of the major economies of the world. The strength of Australia's progress in the former and resilience to the latter are noteworthy. Casting forwards, Australia has set foot in the Asian century, during which it is anticipated that Asian nations, especially China, will dominate economic and political development.

The Federal Government's 2012 White Paper<sup>9</sup> states that Asia is already the most populous region in the world, and will soon be the largest producer and consumer of goods and services, as well as home to the majority of the world's middle class. Only a decade ago Asia took 50 percent of Australia's goods exports. This is now 80 percent. In 1991 China alone took three percent of our exports, and they now take 33 percent.<sup>10</sup> The *White Paper* also talks about the 'tyranny of distance' being replaced by the 'prospects of proximity'. While this certainly does provide opportunities, there are also challenges. Given there is geographic closeness and trade complementarity coupled with cultural and political differences with this emerging centre of global power, Australia faces a specific set of

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<sup>9</sup> *Australia in the Asian Century: White Paper*, 2012. Canberra: Australia in the Asian Century Task Force.

<sup>10</sup> John Edwards, 2014. *Beyond the Boom*, Melbourne: Penguin: 128.

challenges in the coming decades. If the recent past resonates with resilience, the near future exposes potential frailties. This is reflected in the concerns of economists like Bob Gregory and Ross Garnaut who anticipate that, with the end of the mining boom, Australia will face an abrupt adjustment and the prospect of lower living standards.<sup>11</sup>

Of course, Australia also shares many of the global challenges of the developed world such as climate change, an ageing population, changing notions of health, education, and wellbeing, new phases of the information technology revolution, reconfiguring of the family, and restructuring of the workplace and working life, all of which are relevant for our economic progress in the 21<sup>st</sup> century.

### How economic history can inform and refocus economic narratives

The collection and analysis of statistics has a rich tradition in Australian economic history, beginning with Timothy Coghlan and carried on by many others. Celebrated ANU economic historian Noel Butlin, along with economist Heinz Arndt, literally dug up Coghlan's notes from a Sydney basement in the 1950s. These notes were those upon which Coghlan's voluminous and largely unreferenced publications of the late-19<sup>th</sup> and early-20<sup>th</sup> centuries had been based.<sup>12</sup> In Arndt's words: 'For three days, strapped to the waste, we worked in indescribable grime, sorting thousands of volumes onto shelves, but also finding what we were after'.<sup>13</sup> Only an historian will understand how salivating that thought is!

### Internationalisation

Concerns about Australia's reliance on exports are nothing new. Australia has always relied heavily on the international economy and its key players for its economic progress—first the UK, then the US and Japan, and more recently, China. Over the course of Australia's history, with the exception of the 1890s depression, there has been a close synchronicity of trade, investment and labour supply with international trends. Although increases in Australia's export ratio have been historically associated with periods of economic growth, we can see that over recent years this effect has diminished somewhat.<sup>14</sup> This may suggest that our reliance on exports to stimulate growth is reduced, however international economic engagement still remains critical to our future story. Australia's reliance on manufacturing imports from lower cost producers means we need to maintain exports to balance the books. Similarly, this is not the first time the issue of cultural distance has been raised. Concerns about the Americanisation of Australia's economy and society go back to at least the 1920s. Japanese wool-buying firms such as Kanematsu were already established in Sydney by the time of Federation.

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<sup>11</sup> Edwards, *Beyond the Boom: 2*.

<sup>12</sup> For example Timothy Coghlan, 1890. *A Statistical Account of the Seven Colonies of Australasia*, Sydney: Government Printer; Timothy Coghlan, 1918. *Labour and Industry in Australia: From the First Settlement in 1788 to the Establishment of the Commonwealth in 1901*, London: Oxford University Press, Melbourne: Macmillan..

<sup>13</sup> Heinz Arndt, 1985. 'A Course through Life: Memoirs of an Australian Economist', Canberra: National Centre for Development Studies, ANU: 15–16.

<sup>14</sup> Richard Pomfret, 2015. 'Reorientation of trade, investment and migration' in Simon Ville and Glenn Withers (eds) *The Cambridge Economic History of Australia*, Melbourne: Cambridge University Press: 398.



## Debt

The basis for current government policy is that we have a fundamental, structural public debt problem. This is used to justify deep cuts in public services such as education and health. However, though the Coalition government is focused on levels of debt, it is much lower than in many other nations. In 2013 Australia's public debt was 32 percent of GDP. By comparison, in the same year, France's public debt was 93 percent, Germany 81 percent, Italy 133 percent, New Zealand 38 percent, the UK 91 percent, and the USA 72 percent.<sup>15</sup> Historically Australia's public debt remains amongst the lowest in our 150 years or so of records.<sup>16</sup> The narrative has in effect reversed cause and effect—public debt tends to go up because of economic downturns or war since these events cause revenues to fall and some social expenditures to rise. As John Edwards, Phil Lewis and others have explained, the current run of budget deficits is largely due to falling revenue, from personal tax cuts and now the risk of falling tax revenue. Expenditure remains at about the normal historical share of GDP but revenue has fallen. Politically, both major parties are unwilling to face up to the structural fact that, to raise more revenue, they need to return tax rates to their long-term share of GDP rather than reduce expenditure.

Let's go to the heart of questions about the economy—what should we produce, who should make it, and where should they live?

## What should we produce?

Our contracting manufacturing sector creates angst among those who believe that a modern economy is one that produces tangible goods. While this narrative fits many nations such as Britain, USA, Germany, Japan, Korea, and now China, it has never been central to Australia's economic history. Manufacturing's current share of economic activity has returned to a proportion similar to that at Federation.<sup>17</sup> Its intervening expansion owed much to both tariffs and the rise of industries unsuited to international trading. Manufacturing in Australia cannot generate large volumes of exports, that is, instead, the role of primary resources and education. Moreover, Australia simply cannot compete with low labour costs and economies of scale from overseas, especially now there is no 'tyranny of distance' or tariffs to protect these industries. Our focus should now be on research into specialised, high-value, low-volume manufacturing. There is also the myth that innovation is necessarily concentrated in manufacturing sectors, which is simply not true.

In spite of recent setbacks, Australia's natural resource industries have always dominated exports, often accounting for over 80 percent by share. The resource curse hypothesis, which argues that economies that focus on natural resource industries will be consigned to slow growth and belated development, has been vigorously debated since the 1950s. The hypothesis has many aspects to it, in particular the windfall nature of natural resources and their concentrated ownership in some countries. Many would have heard of the so-called *Dutch Disease* where a sudden resource discovery or a boom in demand drags factor inputs away from other sectors, which leads to higher costs in these sectors and pushes up the

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<sup>15</sup> 'Public debt, the World Factbook', Central Intelligence Agency. [www.cia.gov/library/publications/the-world-factbook/rankorder/2186rank.html](http://www.cia.gov/library/publications/the-world-factbook/rankorder/2186rank.html) Accessed 14 January 2015.

<sup>16</sup> Rodney Maddock, 'Capital markets' in Ville and Withers (eds) *Cambridge Economic History*: 280.

<sup>17</sup> Matthew Butlin, Robert Dixon and Peter Lloyd, 'A statistical narrative: Australia, 1800–2010' in Ville and Withers (eds) *Cambridge Economic History*: 483.



exchange rate through a surge in exports. Australia has experienced elements of this over the years, such as with the 1850s gold rush, but the effects were never long lasting.

Opinions about the resource curse hypothesis are beginning to shift. Detailed research by the United Nations concluded, 'It is not so much what is produced, as how it is produced', meaning growth and development is not sector-oriented, rather the quality of institutions and the environment is far more important.<sup>18</sup> Additionally, recent economic history research has revealed details of successful resource-based economies (RBEs) such as Australia and Norway.<sup>19</sup> Europeans, and Aboriginal people before them, realised that the natural environment is not only beautiful but also bountiful, which is both fostered by, and reflected in, the landscape art of the 19<sup>th</sup> century. During the 1850s gold rush, Samuel Gill recorded many details of life on the Victorian goldfields. By the 1880s, the Heidelberg School were providing faithful if somewhat heroic representations of many aspects of rural enterprise, most notably Tom Roberts' canvases of the wool industry. Their work told a narrative of the challenges of confronting a rich but harsh environment and of the value of human labour and community in its successful exploitation.

Australian success has been based on the regular development of new resources such as timber, fisheries, wool, gold, coal, wheat, dairy, meat, gas, oil, hydro-electricity, uranium and rare metals. Modern resource economics reminds us that there is rarely a risk of resource exhaustion. Economic incentives have motivated waves of innovation, bringing new resources and new ways of using existing resources more efficiently. Recent innovation in liquid natural gas (LNG) technology is demonstrative of another phase of Australia's RBE creativity. As recent high-demand and prices for coal and iron ore recede, developments in LNG may refocus our exports back to Japan as that country searches for cheap, clean and safe energy sources. The issue of environmental impact is one we are belatedly embracing, as can be seen in developments in coal seam gas today.

If most of angst lies with manufacturing, and most of our exports with natural resources, most of our economic activity lies in the omnibus sector of services—'The Other'! Again, there is nothing new in this.<sup>20</sup> The services sector is rarely studied and even then it is mostly as individual sectors such as finance. The diversity within the sector makes it difficult to analyse. Education and related services is the elephant in the room, accounting for 35 percent of service exports and being Australia's third largest export earner after coal and iron ore. The government has the potential to create a perfect storm, if it cripples the leading exporter in the largest sector of the economy at a time when coal and iron ore are seriously under threat from tumbling prices and Chinese tariffs. However, this sector could be a key shift in this century's reorientation, as education serves as a major export as well as a substantial domestic sector. This serves the Asian middle class, which has flow-on effects to the business, legal, financial, educational, health, tourism/hospitality industries. The recent free-trade agreement with China was partly about primary industries, but also very much

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<sup>18</sup> D De Ferranti, GE Perry, D Lederman, and WF Maloney, 2002. *From Natural Resources to the Knowledge Economy*, IBRD: Washington DC: 49.

<sup>19</sup> Simon Ville and Olav Wicken, 2013. 'The Dynamics of Resource-Based Economic Development: Evidence from Australia and Norway', *Industrial and Corporate Change* 22, 5.

<sup>20</sup> Butlin, Dixon and Lloyd, 'Statistical narrative' in Ville and Withers (eds) *Cambridge Economic History*: 483. Aside from agriculture, mining and manufacturing, the 'other' has historically accounted for over 50 percent (and has recently reached as high as 80 percent) of GDP.

about improved access and opportunities for services.

### Who should produce it?

Though today a large and increasing proportion of Australians were born overseas, Australia has always relied heavily on immigration, with population expansion consistently serving as an important driver of economic growth and development.<sup>21</sup> There are fears that immigration will lead to overpopulation relative to Australia's economic resources or, more specifically, will increase unemployment.<sup>22</sup> However, Pope and Withers have shown that immigrants do not 'rob jobs', rather they act as consumers as well as workers, impacting on demand for products as much as on the supply of labour.<sup>23</sup>

In reality, migrants respond to economic vicissitudes rather than create them. As history shows, immigration has been strongly pro-cyclical, rising during times of economic prosperity and falling in downturns. Immigration is in large part a reaction to economic cycles rather than a cause of them. Migration is also economically stabilising, attracting labour in periods of shortage and discouraging it when there are unemployment risks.

Women's share of the employed workforce has doubled since the 1960s, increasing from 20 percent to 45 percent.<sup>24</sup> Equal pay legislation provided an immediate shot in the arm in the late 1960s and early 70s but a gap remains. This partly reflects occupational differences, but an estimated gap of around 10 percent, often attributed to discrimination, remains.<sup>25</sup> Human capital skills remain imperative for Australia's services and sophisticated resource industries. The nature of our service industries means that additional training in cultural sensitivity and understanding is also required to meet future demands. More education and training, rather than changes to industrial relations, will make a difference in this area, with the Australian Workplace and Productivity Agency, emphasising, prior to its abolition, the challenge of keeping up with growing demand for high level skills. Edwards, comments that 'Far from producing too many graduates...Australia is much more likely to produce too few.'<sup>26</sup>

Australia's economic history for too long ignored Indigenous history, accepting at face value contemporary accounts that the Aboriginal economy and society were already in decline on the eve of British settlement. In several important works, especially *Our Original Aggression* (1983) and *Economics and the Dreamtime* (1993), Noel Butlin reassessed our view of the pre-1788 Aboriginal population, revising estimates upwards from few hundred thousand to at least 1–1.5 million.<sup>27</sup> Butlin went on to identify evidence of a range of important economic

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<sup>21</sup> Butlin, Dixon and Lloyd, 'Statistical narrative' in Ville and Withers (eds) *Cambridge Economic History*: 480.

<sup>22</sup> For example, 'It's not the economy, stupid': entrepreneurs Dick Smith and Graham Turner call for brake on population growth', *Business Review Weekly*, 15 August 2014. [www.brw.com.au/p/entrepreneurs/turner\\_growth\\_brake\\_economy\\_stupid\\_5flrfPClknI86mCDThQNAI](http://www.brw.com.au/p/entrepreneurs/turner_growth_brake_economy_stupid_5flrfPClknI86mCDThQNAI) Accessed 14 January 2015.

<sup>23</sup> David Pope and Glenn Withers, 1993. 'Do migrants rob jobs? Lessons of Australian history, 1861–1991', *Journal of Economic History*, 53 (4).

<sup>24</sup> Tim Hatton and Glenn Withers, 'The labour market', in Ville and Withers (eds) *Cambridge Economic History*: 355.

<sup>25</sup> Hatton and Withers, 'Labour market' in Ville and Withers (eds) *Cambridge Economic History*: 367.

<sup>26</sup> Edwards, *Beyond the Boom*: 130.

<sup>27</sup> Noel Butlin, 1983. *Our Original Aggression*, Sydney: Allen & Unwin; Noel Butlin, 1993. *Economics and the Dreamtime. A Hypothetical History*, Cambridge University Press.

activities and social relationships within these communities. Diseases that came with the Europeans, especially smallpox, had a devastating effect on Indigenous populations that were previously unexposed to European disease. Butlin's was a courageous and inspirational study that drew comparisons with the modern impact of smallpox on previously unaffected Indian populations to develop conclusions about its impact on Aboriginal populations in the early-19<sup>th</sup> century.

This tradition is carried on, especially by members of ANU's Centre for Aboriginal Economic Policy Research (CAEPR). Altman and Biddle have estimated socio-economic outcomes for Indigenous Australians since the 1970s.<sup>28</sup> In some areas there is evidence of a closing gap but other measures still remain stubbornly separate; while educational participation is improving, employment and life expectancy are still low.

### Where should they live?

A popular economic narrative argues that cities are too large, property is expensive, and there is too much congestion. Australia has been one of the most highly urbanised nations in the world for a long time.<sup>29</sup> Concern about excessive urbanisation also has a long history, with Timothy Coghlan, the New South Wales Statistician, stating in 1897 that 'the abnormal aggregation of the population into their capital cities is a most unfortunate element in the progress of these states'.<sup>30</sup> Although wealth may originate in the bush, it is the city and its services that converted this wealth into exportable value through transport, storage, marketing, finance and insurance. Rather than arguing that cities are too large, we should be learning from other nations to plan better for larger cities.

### Conclusion

LP Hartley famously began his 1953 novel *The Go Betweens* with 'The past is a foreign country: *they do things differently there*', and sometimes stories of lives spent a century or even half a century ago can appear strange and unfamiliar to us.

Images of the past can indeed seem 'foreign' as, for example, the view of the crowd at a 1920s soccer match in England—all boys and men, standing, many smoking, all cloth caps and formal-ish attire. But the way they lived their lives matters for us today in so many ways—from genetics to economics. Indeed, these generations experienced dramatic social, economic and political change in their lifetime, including two world wars and a serious economic depression all in 30 years. No one came out unscarred.

Returning to Hartley, there was irony in the quotation. The main character, Leo, who recalled for much of the novel a traumatic experience in his youth, comes belatedly to the realisation that his attempt to suppress this experience throughout his life had done him serious harm, making him an emotionally detached figure. In an experience which has a certain resonance for our own times, not only did his own troubled history matter, but ignoring it had done him

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<sup>28</sup> Jon Altman and Nicholas Biddle, 'Refiguring Indigenous economies: a 21st-century perspective' in Ville and Withers (eds) *Cambridge Economic History*: 540.

<sup>29</sup> Lionel Frost, 'Urbanisation' in Ville and Withers (eds) *Cambridge Economic History*: 255.

<sup>30</sup> TA Coghlan, 1902. *A Statistical Account of the Seven Colonies of Australasia*, Sydney: Government Printer: 543.

harm. This takes me back to my initial thought about history and gene mutations: ‘mutations’, or shifts in economic equilibrium, occur regularly and, in fact, we are probably going through one right now.

We may not have particularly sophisticated tools to analyse the connection between the economic past, present and future; and history is not the only place to look to inform our judgements and responses to a changing environment. However, as we reflect on where we are headed economically in the coming years, history has an important place, which we ignore at our peril. Not only has history helped make us what we are today, but the way we behave now—hopefully to plan for our future economic development in a manner that is well informed and without gross prejudice—will matter enormously for the lives of future generations.

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## About the Lecture

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The Keith Hancock Lecture is named in honour of Emeritus Professor Keith Hancock AO – a Fellow of the academy since 1968, academy President for the period 1981–1984 and one of two Australians who are Honorary Fellows of the London School of Economics. The annual lecture was inaugurated in 2009. The academy Fellows are invited each year to nominate distinguished social scientist to present the Keith Hancock Lecture.

As part of the academy's Outreach program the lecture is presented twice—first at the lecturer's home university and then at another venue usually in a different city.

In 2014, the lecture was presented at the University of Wollongong and University of Melbourne by Professor Simon Ville FASSA

# The Lecturer

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## **Professor Simon Ville FASSA**

Simon Ville is Professor of Economic and Business History and Head of the School of Humanities and Social Inquiry at the University of Wollongong. He previously worked at the Australian National University, and at the universities of Auckland and Manchester, with visiting positions at Harvard Business School, University College London, London School of Economics, the Universities of Glasgow and Melbourne, and the Australian National University. He has written widely on big business, industry associations, social capital, the Vietnam War, and the rural and resource industries for major publishers such as Cambridge, Oxford and Melbourne University Presses and many leading international journals. He has research collaborators from the USA, Norway, Britain, and Japan. His edited Cambridge Economic History of Australia has just been published and was recently cited in Hansard. He is a fellow of the Academy of Social Sciences in Australia and a member of the College of Experts at the Australian Research Council.



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