

## **HISTORY OF THE MELBOURNE UNIVERSITY ECONOMICS DEPARTMENT (BOOK REVIEW)**

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*Balanced Growth. A History of the Department of Economics, University of Melbourne*, by Ross Williams (ed.) (Australian Scholarly Publishing, North Melbourne, 2009), pp. xii + 275.

This book is a history of economics at Melbourne University. It begins with the establishment in 1925 of the Melbourne Commerce Faculty under the dynamic leadership of Douglas Copland, one of the outstanding economists in the history of Australia. At the same time he was instrumental in the foundation of the Economic Society of Australia and New Zealand and of its journal, *The Economic Record*, of which he was first editor. For 52 years the editorship of this journal stayed in the faculty. In 1929 another outstanding economist, L. F. Giblin, was appointed to a research chair. Both Copland and Giblin played major roles in government policy advising. Copland published extensively on Australian policy issues. In 1939 both left the faculty to take up influential wartime positions in Canberra. That was the end of the first period of economics at Melbourne University. Douglas Copland might be described as the George Washington of Melbourne economics, and perhaps even of Australia more generally.

Wilfred Prest, a recent English immigrant, then took over the management of economics within the faculty. In 1944 a separate department of economics was established with Prest as head. He retired from the faculty and as head of the department in 1972, so that the “Prest era” lasted over 30 years. He ran the department efficiently and conscientiously with a firm hand. This was the era (not unique to Melbourne or even Australia) of the “Professor God” system. The University was governed

essentially by a small oligarchy of professors. The most influential economist at Melbourne during much of that period, carrying on the Copland tradition of prominent involvement in writing and speaking on Australian economic policy, and holding the research chair originally held by Giblin, was Richard Downing.

Next came a transition period when various people became department heads for short periods, some appointed to professorships and some not. Econometrics was (belatedly) introduced, various changes in teaching courses were made, and more emphasis was gradually placed on faculty publishing in scholarly journals, especially international ones. A key role in the transition was played by Ross Williams, who became at first head of the department and then dean of the faculty.

Finally, there is a fourth stage in the history, which can be regarded as having begun around 1990, and which might be called the modern or most recent era when the department was utterly transformed compared with the Prest era. There are now many full professors, many econometricians and, while a few carry on the Copland tradition of researching and writing on Australian issues, the emphasis is on publications in international journals. There is now a large body of international students, and also a strong emphasis on achieving a high quality of teaching in all courses, involving, above all, student evaluations.

I spent four years (1958 to 1961) in the faculty during the “Prest era” as a lecturer and then senior lecturer. I was writing two kinds of articles. First, I had published or was writing theoretical articles published in British (i.e. “international”) journals, and second, while at Melbourne was writing and publicly speaking in the Copland tradition on Australian tariff policy. I had the impression that the theoretical articles in British journals were of no interest in the department, and perhaps I was even thought a little odd to write them. On the other hand, my papers and

talks on Australian tariff policy were appreciated. How different it would be now! The Copland tradition has not disappeared, but clearly the incentive system (coming from outside the department) is heavily biased now towards publications in international (principally American) journals. An article on Australian policy is unlikely to be acceptable in *The American Economic Review*, let alone *Econometrica*. Here I should note that an offshoot of the department, but within the Commerce faculty, is the Melbourne Institute of Applied Economic and Social Research which is indeed focused on empirical and policy research relating to Australia.

This book has nine authors. Of these, the editor, Ross Williams, is a former department head and also dean, Peter Lloyd is a former dean, and Jeff Borland, John Freebairn, and Robert Dixon are former department heads. In addition, Joe Isaac, Peter Drake and Neville Norman were all members of the department during the period that their chapter describes. Only Marjorie Harper, author of the “Copland” chapter, was not on the staff during her period. Thus this book is more autobiography than biography. It is full of detailed and useful information about courses, administrative issues, individuals (both faculty and students), and the physical environment and also the broader Australian social and political environment. Its value is that the authors are extremely well informed. Problems are discussed or referred to, sometimes forthrightly (financial problems), and sometimes gently (personalities). Neville Norman, writing on “The Swinging Seventies,” is somewhat more blunt than the other authors.

There is an overview chapter by Ross Williams, followed by the chapter on the early (Copland) period. Then come five chapters where each covers a ten-year period (beginning with the nineteen forties), followed by Jeff Borland’s chapter on “The 1990s to the Present”. Finally, John Freebairn reviews comprehensively contributions to economic policy that have

come out of the department, while Robert Dixon expounds some contributions to economic theory, including Giblyn's multiplier.

Two themes recur in discussions of the various periods,. One is the pride that most or all of the authors have in the "honours school" – i.e. the select group of students who have taken the four year honours degree. Many Melbourne honours students have been very successful as academics, as senior Australian public servants, and in the private sector. These are a small proportion of all students, but great importance is attached to them. They are really the equivalents of graduate students in the major American departments. The other theme that comes through is that the department has been, on the whole, a very "happy ship". There have not been the debilitating factional conflicts that have absorbed such energy in some other departments, notably Sydney and Cambridge (UK). Here it must be noted (as is referred to in two chapters) that in the early sixties some people were not happy with the Prest regime. This was easily resolved as there were other places with ample job opportunities to go to at the time, notably Adelaide, the Australian National University (ANU), and, above all, the newly established Monash faculty.

In my view economics at Melbourne has had a number of advantages. One of these might be the Copland-Giblyn tradition. Another was the maintenance of the Commerce degree in which economics played initially a dominating role and even now a significant one, but which attracted students who expected to follow private sector business careers. This contrasts with universities where economics and business studies split in the eighties into separate degrees and as a result student numbers in economics radically declined.

The most important advantage of Melbourne University has been the following. For many years it was the only University in the large metropolitan area of Melbourne. At the same time it was the Australian convention that potential students would

almost always prefer to study in their own city or state. For that reason the chance of getting first class students was greater in Melbourne or Sydney than in other, smaller Australian cities. Even Canberra's ANU, with its special privileges, had a disability in this respect. The chance was also greater than in British provincial universities, even those close to big cities, because in England there was a creaming-off of some of the best students to Oxbridge. Similarly, in the United States the comparable state universities suffer from creaming-off to the elite private universities. Relative to Sydney, Melbourne benefited from absence of factionalism. With regard to the faculty the exception was the economics department of Adelaide University. For a period it did extremely well, in spite of the relatively smaller size of Adelaide, because of an outstanding head (Peter Karmel).

When Monash was established Melbourne University acquired real competition. And for some time the Monash economics department was regarded as the best and most dynamic in Australia. This was owed to a considerable extent to the foundation dean there, Donald Cochrane, who had transferred from Melbourne. In this case personalities clearly mattered. This outcome was in spite of Melbourne's clear advantage in location – located just at the edge of the city centre, compared to the Monash outer suburban location. In this particular competition personalities entered again when the relative positions of Melbourne and Monash were reversed in the nineties. In this case it was not the personalities of economics deans or heads of departments that mattered but that of Vice Chancellors. The Monash Vice Chancellor led his university to engage in a massive merger-and-acquisition process as part of the “Dawkins Revolution”, which required the Monash economics department to merge with various institutions that were less academically orientated. By contrast, Melbourne's Vice Chancellor (David Penington) protected Melbourne University by resisting this process.

In my view the book is consistently well written and very useful. But, in a potentially larger history of Australian academic economics it would be interesting to pursue comparisons in depth, both between Australian universities and with reasonably comparable UK and US universities.

W.Max Corden  
University of Melbourne

*For the record, this reviewer is an Honorary Professorial Fellow in the Melbourne Economics department (with an office there). He is personally acquainted with every contributor to this book. It is as if an autobiography were reviewed by a family member of the author!*

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