

The New Zealand Association of Economists

Memories of Its Early Years

Frank Holmes, assisted by Len Bayliss and Jack McFaull.

I was recently able to satisfy a request from Val Browning, the Secretary of the New Zealand Association of Economists, for early copies of New Zealand Economic Papers. This provoked me to do some research on the early years of the Association. Unfortunately, the minutes of Council and general meetings of the Association from 1959 to 1966 are not among the papers that Val Browning has managed to pull together at the present office of the Association. The Library of the Reserve Bank of New Zealand has a very good collection of papers from the early conferences of the Association, but these do not include any minutes of meetings.

Matthew Young Walls made an application for incorporation of the New Zealand Association of Economists, as its secretary, on 1st October 1959, following consent of an inaugural meeting. The application was accepted on 6 October 1959 and a fee of three pounds was paid. The registered office of the Association was established at Suite 4, Stamford House, Dudley Street, Lower Hutt, which was also the office of Fanning, Cable, Hayles and Walls, Public Accountants.

Hew Walls and many others who were founding fathers of the Association are no longer with us. To convey some impression of how the Association came to be founded, I have combined my own memories with those of Len Bayliss and Jack McFaull, who were there from the beginning. Memories are of course fickle, but our efforts may provoke others to come forward with well-founded information.

According to Len, the concept of such an Association was first mooted at an ANZAAS conference in Dunedin in 1956. The Reserve Bank was strongly represented at the conference; he mentions John Pryde, Warren Hogan, Jack McFaull, Alan Low and others beside himself. They were impressed with the standard of papers and discussions. They considered that more meetings should be organised in New Zealand with a strong bias towards New Zealand economic problems. The Reserve Bank economists at the time were critical of the proceedings of the Wellington Branch of the Economic Society of Australia and New Zealand, although the meetings were well attended and provoked considerable discussion. They wanted more meetings and conferences of a similar professional standard to those of ANZAAS.

Bayliss was given the task of discussing the idea with Professor Colin Simkin, whom the Reserve Bank team considered the top New Zealand economist at the time. Simkin thought the idea was excellent, but was apparently unwilling to undertake the task of promoting it at the closing meeting of the conference.

Back at the Reserve Bank after the conference, Len pursued the concept with Alan Low, then the economic adviser who was very supportive. In Len's

view, Low's support was crucial in getting the idea off the ground. The Reserve Bank in those days had annual meetings with professors and some other academics from universities. The idea was to pick their brains, to keep them informed of monetary, fiscal and overseas exchange developments and to encourage them to participate in public debate, hopefully in support of the economic ideas that the Reserve Bank wished to promote. Len was critical of the "minor" contribution that University economists then made to public economic debate, although he concedes that, unless they made special efforts, it was difficult for them to make an effective contribution, because their sources of information were so limited.

At the 1957 Reserve Bank conference, Alan Low gave Len time to expound his ideas on the need for conferences and publications by professional economists to improve public and particularly political understanding of economic issues. This was favourably received. He was told to produce a paper for the next conference outlining objectives, procedures and so on. (He thinks the Reserve Bank archives should hold records of these conferences, which were rather formal affairs.) Len produced a paper for the 1958 conference advocating the setting up of an Association of Economists with the objectives he and other were promoting.

A foundation or promotion committee was needed to get things moving. A committee was appointed, with Horace Belshaw, then Macarthy Professor of Economics at Victoria University College, as Chairman and Len Bayliss as secretary. Alan Low, John Baker (who was then the Government Statistician) and one or two others were elected to this body. Soon afterwards, the committee met in the office of Alan Low.

Bayliss remembers Belshaw as an excellent Chairman who pushed things along with much common sense. In my view, Belshaw has not received the recognition he deserves for his great contribution to the development of Economics in New Zealand, first at Auckland from the late 1920s to the mid-1940s and later at Victoria in the 1950s. He was the driving force behind the establishment of the NZ Institute of Economic Research with his advocacy securing the required support from leading businessmen and officials. Under his guidance, Len's first draft of a discussion paper advocating the establishment of an Association was greatly improved by two meetings of the committee.

He was instructed to send this document to every known economist in New Zealand. Recipients were invited to suggest amendments to the draft paper, which would be circulated prior to an inaugural meeting to be held at Victoria University College. Len says he had some concerns because Henry Lang was opposed to the idea of the Association, so that Treasury support could not be relied upon. (I do not recall such opposition from Henry- he was certainly helpful later when I was President and Editor of the Association's journal.) University support from Auckland was conspicuous by its absence, with Geof Braae being the only representative from that College.

Since there were no changes suggested to his draft, Len expected an easy

passage at the meeting at VUC on 4th December, 1958. How wrong he was. "From start to finish there was a continuous good natured uproar with numerous interjections and points of order". Wolfgang Rosenberg of Canterbury was well to the fore, but relations were very good, despite differences of opinion. Guided by Belshaw, the meeting ended with what Len thought a greatly improved paper and a unanimous resolution to establish an Association.

Shortly after this, Bayliss went off on secondment to the Bank of England. Hew Walls was well fitted to assume the role of Secretary and meet the requirements needed to get the Association established.

I was lucky enough to discover in the Reserve Bank library a copy of a speech made by Jack McFaull, the President of the Association from 1968 to 1970, at the February 1971 conference when he was due to retire. According to Jack, sixty economists attended the inaugural meeting. It took some time to carry out the decision that the Association should be incorporated, since it was not until October 1959 that the application form was completed and the seal of respectability received.

According to Jack, signatories to the application included , " Holmes, Galvin, Moriarty, Walls, Low, a bunch of erks from the research office of the Reserve Bank who were press-ganged into the job, and a certain NV Lough, who with eyes on higher places, did not describe himself as a humble public servant but as a 'Government Official' ". Jack does not disclose who were among the Reserve Bank group, but expressed his happiness that his own name had been recorded for posterity as one of them.

At a meeting on 4th December 1959, Alan Low was elected as the first President. Professor Alan Danks, described as "our first belted knight" became Vice President. Hew Walls was the Secretary, Bernie Galvin the Treasurer and Jim Shires the Auditor. Jim Rowe had the honour of delivering the first speech on "Mathematics and Economics". Bryan Philpott was runner-up with "The Role of the Agricultural Economist". Mathematician Ian Dick spoke to the group on "Scientific Aids to Increased Productivity".

I seem to remember that one of the key issues for debate at the foundation meeting had been who should be permitted to become a member and in particular what professional qualifications should be required for membership. Someone originally proposed that we should be an Association of Professional Economists. It did not take long for members to appreciate that the acronym would not be helpful in fostering the image members wished to project. "Professional" was therefore not included in the title, but the Association adopted as a general rule minimum standards of attainment for membership -- possession of a professional qualification and the use of economic analysis at work. After debate, it also provided for an additional 10 percent comprising people who did not meet these requirements, but were considered suitable on other grounds. McFaull noted that this proviso had given the Association the benefit of many valuable members.

The membership of the Association was very small at first as the following table included in McFaull's address indicates: --

Membership

<u>Year</u>	<u>Number</u>	<u>Year</u>	<u>Number</u>
1959-60	37	1965-66	113
1960-61	60	1966-67	134
1961-62	81	1967-68	155
1962-63	83	1968-69	180
1963-64	95	1969-70	215
1964-65	98		

The low numbers at the outset reflected the relatively small number of economists working in the typical University economics department and in the public sector at the time. Hardly any were employed as economists in the private sector. The number of graduates increased greatly in the 1960s and this is reflected in the more dramatic growth during that decade.

Jack records that the Association had appointed only one life member by 1971. This was retired Associate Professor John Shearer in 1965. Membership by the early 70s was widespread throughout New Zealand, with strong support from universities and most economists employed in Wellington.

The Association's funds reflected the membership and the level of subscriptions. They had reached over 40 pounds in 1961. For some reason they fell to just over 17 pounds in 1962. In 1963, when the Association was beginning to consider the publication of its own journal, subscriptions were increased from one guinea to two guineas, where they still stood in 1971.

Probably in reaction to the low level of funds in 1962, a decision was taken to ensure that conferences were largely self-supporting. This led to a gradual significant increase in the Association's balance. This reached nearly 2000 pounds in 1969. McFaull observed that this was the result of prudent housekeeping. He added that the funds were subject to a contingent liability connected with the Economic Papers, by then being published by the Association, "which could soon eat them up".

The posts of Secretary and Treasurer were still honorary, but the voluntary work was becoming an increasing burden. The President thought that at some stage it might be necessary to consider whether it was too great.

Jack McFaull considered that the Association had done well in achieving its first object: -- "to promote collaboration and discussion amongst professional economists in New Zealand". By the end of the 'sixties there was an established pattern of two conferences each year. Members had cooperated well in providing speakers and the Association had encouraged younger members to try themselves out before their peers. Participation from the floor had been good, and out-of-session discussions had often reached quite enthusiastic levels.

1963 had seen the inauguration of the first residential conference at Lincoln. Several conferences had been held during the winter at the same location, and towards the end of the 'sixties at Waikato and Massey.

General de Gaulle had been elected patron of the Association, (and he was toasted regularly at the conference dinners). Rightly or wrongly, his veto on British membership of the EEC was regarded as making him worthy of this honour. McFaull reported with regret that the Patron had been unable to attend prior to his death. However towards the end of the 1960s, the Association was told that Mr John Pryde had apparently successfully established contact by undisclosed means and hoped that he could continue to do so.

Attendances at conferences had often been as high as or higher than half of the total membership. This had been declining a little, but the President hoped that the ratio would improve. The residential conferences had generally adopted a theme of some importance to the national economy and often debated issues of policy. This procedure had been facilitated by acceptance of the Chatham House rule that allowed members to speak freely without the fear of being reported.

Jack was less happy about the success of the Association in achieving its objectives of encouraging research and publishing the results, although initially the proceedings of the meetings had been published. N. Z. Economic Papers were being produced, but the editors had not been deluged with copy. It could succeed only if members gave it support. Professor Castle seemed to have been accurate in his forecast in 1964 that "after some initial enthusiasm, members' support generally relapses into that state of placidity which characterises many New Zealand intellectual activities."

The President thought that the constitutional prohibition on the Association from making statements on economic policy was sensible. The Association had never developed a "pressure group". However he was concerned that it might have inhibited the growth of enthusiasm and promoted the fairly quiet discussion group type of atmosphere that characterised meetings. He wondered whether the Association had been sufficiently successful in persuading "our masters" to take corrective action soon enough to deal with serious economic problems.

The Establishment of New Zealand Economic Papers

A proposal that the Association of Economists should produce a journal was resurrected at its Feb 1965 Conference. The decision to go ahead was taken in August 1965. Professor F. W. Holmes had agreed to become the first editor. An editorial committee was set up to assist, consisting of J. V. T. Baker (ex officio as president), Professor A.D. Brownlie, Mr Colin Larsen and Professor Bryan Philpott. The journal was to be published twice yearly under the name New Zealand Economic Papers. Paul Hamer of the New Zealand Institute of Economic Research agreed to be Business Manager.

Donations were sought from universities and the Reserve Bank to help the Association surmount "a large financial hurdle". The Reserve Bank decided to grant 100 pounds; Canterbury University, Victoria University of Wellington, Lincoln and Massey gave 25 pounds each. Otago University became a contributor in 1966. There must have also been one other donor as total donations in that year were said to be 250 pounds. By then 96 subscriptions had been taken, as against the estimated break-even point. This had been raised from 100 to 300. The break even point was increased to 500 in the following year 1967, when it was decided to print 750 copies of the second issue.

As editor, I apparently reported that there was little likelihood of any conflict with the Economic Record, published by the Economic Society of Australia and New Zealand. At the time I was president of the Central Council of that Society and indicated that I had established good relations with the Editorial Board of the Economic Record. However continuation of the relationship would later become a problem. Some NZ branches of the Society decided that they should support New Zealand Economic Papers. Later many members of that Society began to object that NZEP, like the Economic Record, was too "academic" and mathematical for their taste.

Having decided that I would leave University to take up a position with the Tasman Pulp and Paper Company, I relinquished the editorship in June 1967. Professor Ian McDougall of Massey University took over for a period, and was succeeded by Professor Bert Brownlie. Brownlie reported in February 1971 a serious lack of suitable material for the journal. Only one issue was published in that year.

Gary Hawke took over the editorship in 1973. He tabled an interesting paper on the history of New Zealand Economic Papers dated 31 October 1973 at a Council meeting. He noted that the journal had always carried the following statements, which he presumed had been intended to represent editorial policy.

"The primary object of the Association is to promote collaboration and discussion amongst professional economists in New Zealand."

"The Journal's main emphasis is upon aspects of economics and economic history relevant to New Zealand, but the Board will seriously consider the publication of articles, notes or reviews of quality on any aspects of economics or economic history."

He noted that NZEP had had three editors. Holmes had been responsible for volume 1, Nos 1 and 2, and volume 2, No 1. McDougall had edited volume 2, No 2 and (possibly) volume 3, No 1. Brownlie had produced volume 3, No 2 and volumes 4 to 7.

Hawke had attempted to categorise the contents of the journal from volumes one to six, under the different editors, as follows: --

	FWH	IAMcD	AB
Discussion articles relating to NZ	6 (32)	4 (36)	0 (0)
Articles relating to NZ with limited quantitative content.	2 (11)	2 (18)	2 (7)
Articles relating to NZ, more quantitative in content.	6 (32)	1 (9)	12 (41)
Economic history of New Zealand	1 (5)	1 (9)	2 (7)
Discussion articles not relating to NZ.	1 (5)	0 (0)	3 (10)
Theoretical papers, generally quantitative in nature.	0 (0)	3 (27)	10 (35)
Reviews	<u>3 (16)</u>	<u>0 (0)</u>	<u>0 (0)</u>
	<u>19 (100)</u>	<u>11 (100)</u>	<u>29 (100)</u>

Hawke noted that there had clearly been a decline in discussion articles relating to the New Zealand economy, a tendency towards more sophisticated quantitative and other articles relating to New Zealand, and an increase in theoretical papers. He observed that this had undoubtedly caused some unrest among some members of the Association. He noted that his analysis dealt only with printed papers. It was unclear whether the outcome was due to editorial discretion or to the type of contributions received. He noted that some American and British journals in economic history had shown similar trends.

Hawke considered that there was insufficient material forthcoming for NZ to support a journal of academic papers in quantitative economics. In his view, the viability of NZ EP depended on it retaining a readership among the whole membership of the Association. As editor, he would be keen to reverse the trend away from discussion papers on the New Zealand economy. On the other hand, economics and economic history were largely quantitative subjects and he expected the Papers to continue to reflect this. He regarded the phrase "of quality" quoted at the beginning of his paper as something to be taken seriously. He asked the Council to circulate a note to members of the Association along the following lines: --

"The editor of NZ EP is concerned at the lack of high-quality, non-mathematical papers discussing trends and policies in the New Zealand economy and would welcome more submissions in this field".

I became president for 1964-1965 and was succeeded by Government Statistician, John Baker. Jim Rowe became president in 1967, at which time Lindsay Knight was secretary. Jack McFaul became president in 1969;

Barbu Niculescu in 1971; Noel Lough in 1973; John Pryde in 1975; and Kerrin Vautier (who, as Kerrin Christie, had previously been business manager) in 1977.)

Niculescu's Reflections 1974.

Barbu Niculescu tabled an interesting paper for the 1974 annual general meeting, following proposals that he had put forward the previous year for possible expansion of the Association's activities. He raised again the issue of the relationship between the Association of Economists and the Economic Society of Australia and New Zealand. He said that the Economic Society was still fulfilling a very important role in bringing together professional economists and a wide cross-section of people active in the field of economics or with a keen and intelligent interest in it. At the time there were four active branches in New Zealand. The main branch was in Wellington. There was a strong branch in Christchurch and two branches were rapidly developing in Palmerston North and Hamilton. There was practically no communication between branches, which were in theory individual branches of the Society, whose headquarters were in Melbourne.

Niculescu said that "the Melbourne Central Association is administratively inefficient and impotent, with the exception of the sub-committee dealing with the publication of the Economic Record." In Australia, the Society had two very effective branches in New South Wales and Victoria, but others were much less so. Following discussions he had had with the Council of the Society in August 1973, he reported that it would be very much better, both for New Zealand and for Australia, if the possibility was examined of forming a New Zealand Economic Society.

This should be a loose Federation of the active New Zealand branches, but with very close mutual contacts with the Australian Society. He reported that the Wellington Branch of the Society had already initiated discussions with other branches along those lines. These discussions were apparently not successful.

Barbu observed that the Association had settled down to the important, satisfactory and very useful system of two sets of conference meetings per annum and the publication of Economic Papers. Its membership had increased surprisingly rapidly, given that little attempt had been made to proselytise. The indirect impact of the Association on economic thinking and policies in the country had been surprisingly high. Its role, within its carefully restricted limits, had been important and its activities very satisfactory to its membership.

He commented that neither the Association nor the Society had taken an interest in or made any moves towards gathering together economists for more strictly professional discussions. By this he meant discussions of their own position in society and the contribution they could make as a body to developments of an administrative or professional kind. Economists were not represented as a body among the members of the Royal Society. Although

he did not see this as a major issue by any means, he believed that the absence of economists from its membership was a significant indication of the lack of a conscious organisation of economists interested in the development of economic science in its wider context.

He also believed that some organisation of economists should investigate the position of economists in the community as a whole, both as employees of various organisations and as freelance advisers to various bodies. He was concerned with conditions of service, but also with their qualifications, either academic or through their developing experience. "Views on economic problems tend to be put forward as easily and as lightly as views on how to cure a cold or how to deal with a backache. Everybody in the community has some firm views on what is wrong with the economy".

Under these circumstances he thought it would be useful if an organisation of economists were in existence "which might at least inculcate in its members the appropriate diffidence which is obviously inherent in many economic pronouncements". He suggested the establishment of a subcommittee to investigate the constitutional details involved in widening the Association's activities. It could put forward proposals or possibly even take action on certain preliminary activities along his suggested lines that could fit within the existing constitution. I do not think that this suggestion was adopted.

Hosting PAFTAD

On 31st October 1973 I wrote to the President of the Association, after I had attended the fifth Pacific Trade and Development Conference. PAFTAD's organising committee had expressed the hope that New Zealand would find it possible to act as host for the seventh PAFTAD, preferably about July 1975. New Zealand was the only developed member of the organisation not to have acted as host up to that time. My letter said that that the Asia Foundation usually contributed \$15,000 to cover the expenses of participants from Asian developing countries. Those from developed countries were expected to cover their own travel expenses, but we usually paid a subsistence allowance from the host country.

The gross cost, excluding the travel of those from developed countries, was estimated at between \$30,000 and \$35,000. This meant that \$15-20,000 would have to be arranged from government or from private sources in the host country. I indicated that PAFTAD conferences attracted economists of high calibre from throughout the region. Papers and proceedings were published and highly regarded. I suggested that the Association should approach government and private sources, and if support was forthcoming, should undertake the task of issuing invitations and making the organisational arrangements

The Council agreed to act as sponsor, provided that no financial assistance was required from the Association. A subcommittee of Les Castle (with Holmes as his alternate in his absence) and the secretary was established to carry forward the proposal. Les Castle played the major role in raising funds

and coordinating the organisational arrangements. The New Zealand government made sufficient funds available to supplement those forthcoming from the Asia Foundation to enable the Association to obtain the services of the Centre for Continuing Education of the University of Auckland to administer the Conference. It was held in Auckland from 25 to 28 August, 1975.

Appropriately the theme of the conference was "Cooperation and Development in the Asia/Pacific Region: Relations between Large and Small Countries". After two sessions in which general issues were explored, selected case studies of countries in Latin America, Southeast Asia and the South Pacific were discussed. Development assistance was considered from the viewpoints of both donors and recipients. Japan and Papua New Guinea provided a basis for consideration of foreign investment from the perspectives of donor and host. This conference broke new ground by considering the topical problem of cooperation in the development of marine resources.

Frank Corner gave the opening address as Secretary of Foreign Affairs. I delivered one of the opening papers on "Development Problems of Small Countries -- a Survey". Les Castle and I edited the papers and proceedings, which were published by the Japan Economic Research Centre in Tokyo.

The conference attracted a number of first-class economists from overseas including Saburo Okita (who went on to be Foreign Minister of Japan); Harry Johnson of Chicago; Hugh Patrick of Yale; the leading Australians Garnaut, Drysdale, Arndt and Nancy Viviani; Larry Krause from Brookings; Ted English and Reuber from Canada; Narongchai and Naya from Thailand; and other professors, officials or researchers from the United States, the USSR, Indonesia and the South Pacific. New Zealand participants included Alan Bollard, Don Brash, Graham Scott, Jaz McKenzie and Yvonne Lucas before they embarked on their official careers.

NZAE Promotes The Importance of Independent Commentary.

There was an energetic debate at the meeting of the Association in Feb 1978 on the implications of the Government's decision to abolish the Monetary and Economic Council. The meeting issued a statement that an independent organisational group, free from government representation, should operate in New Zealand to make public reports and policy recommendations. It was suggested that before the Government repealed the MEC legislation, it should give further consideration to the need for such a group. Later that year, as Chairman of the New Zealand Planning Council, I advised the Association that the Planning Council had established an Economic Monitoring Group, free from government representation and with the right to publish. The former Chief Executive of the MEC became the Secretary of the EMG. This Group continued to attract leading academic and business people as members, as the MEC had done. The Group continued to report frequently and independently through the Planning Council, until the latter was abolished by the National Government in 1991.

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