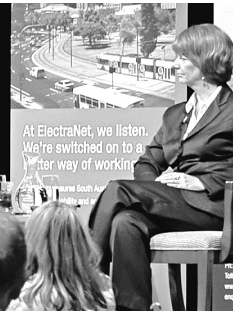




the
legacy of
Sir Douglas
Copland

FOUNDER OF CEDA







About the CEDA Copland Memorial Address

Sir Douglas Berry Copland's contribution to Australian public life was honoured in a flagship lecture series inaugurated in his name by CEDA in 1973.

The series brought the views and perspectives of the world's leaders to Australian audiences.

As a result, the rollcall of Copland lecturers is a distinguished line of international figures – Nobel Laureates, business leaders and politicians.

After lapsing for several years, the Copland Memorial Address is being renewed to celebrate CEDA's 50th anniversary year.

Continuing the spirit of past Copland addresses, the 2010 address will be delivered by Nobel Laureate Professor Joseph Stiglitz.

Professor Stiglitz is University Professor at Columbia University in New York and Chair of Columbia University's Committee on Global Thought. Professor Stiglitz is credited with helping to create a new branch of economics, "The Economics of Information", exploring the consequences of information asymmetries and pioneering such pivotal concepts as adverse selection and moral hazard – now standard tools of theorists and analysts.

Past Copland lecturers

1973

Sir Roy Jenkins, former Chancellor of the Exchequer, UK

1976

Malcolm Fraser, Prime Minister of Australia

1977

Professor Ralf Dahrendorf, Director of the London School of Economics and Political Science

1978

David Rockefeller, Chairman, Chase Manhattan Bank

1980

Peter Jay, economist, journalist and former UK Ambassador to the US

1983

Professor Lawrence R Klein, Nobel Prize Winner for Economic Science in 1980

1983

Soedjatmoko, Indonesian Rector of the United Nations University, Tokyo

1984

His Excellency Sheikh Ahmed Zaki Yamani, Minister for Petroleum and Mineral Resources, Saudi Arabia

1984

Sir Michael Sandberg CBE, Chairman, The Hongkong and Shanghai Banking Corporation

1989

Virginia Kamsky, President and CEO, Kamsky Associates Inc

1989

Professor David Henderson, Head of the Department of Economics, OECD

1990

Sir Paul Reeves, Governor General of New Zealand

1991

GJ Dusseldorp AC, founder of the Lendlease Group of Companies

1992

Dr John Ashworth, Head of the London School of Economics

1993

Sir Roderick Carnegie, former Chairman and CEO, CRA Limited

1995

Yotaro Kobayashi, Chairman and CEO, Fuji Xerox



Sir Douglas Copland

In 1960, after a distinguished and entrepreneurial career of public and academic service, Sir Douglas Berry Copland recognised the need for an independent body with a focus on Australia's longer-term economic development and international engagement. He believed Australia needed to be more than a quarry and sheep run. He also believed that Australian business leaders should be in dialogue with their counterparts in academia, unions and government. Further, to ensure these exchanges were enlightened rather than sectional, they should focus on shared longer-term values and interests. Rather than rely on political parties and pressure groups for policy reform, his idea was to create a voice for well-researched, independent expertise.

A visit to the Committee for Economic Development in Washington DC in 1958 confirmed Copland's ambition to create an Australian analogue. At the time, the CED was enjoying prestige and influence flowing from its advocacy of enlightened post-war US economic leadership.

Soon after, the end of Copland's term as founding principal of the Australian Administrative Staff College in 1960 provided the opportunity to launch the Committee for Economic Development of Australia.

CEDA became one of Australia's first independent think-tanks. Over the next 50 years CEDA's thinking and policy perspectives evolved, not least on topics such as protectionism, financial liberalisation, state ownership, macroeconomic management and, most crucially, the virtues of opening Australia to a competitive world.

Australian economic policy has increasingly embodied many of the emerging lessons from this dialogue, and Australia's absolute and relative performance has improved. Many would say the benefits are exemplified in its capacity to deal with the global

financial crisis. While Australia has fared better than many of its trading partners, strong Chinese and Indian demand has helped. These debates and policy responses would have heartened Copland, given his focus on ongoing policy reform and opening Australia to Asian markets.

Australia's regulatory, exchange rate and capital market mechanisms, its openness in most commodity markets, and its increasingly competitive labour and infrastructure markets all played a major part in improving the flexibility of the economy. Taxation rates have become less distorted generally, welfare better targeted, and health and education systems more equitable over the 50 years of CEDA's life. However, in all these areas and more, the scope for reform remains substantial and the need for CEDA to sharpen the focus on these matters continues to be paramount.

CEDA's 200 or more meetings, briefings and forums each year reflect ongoing debates and economic research, and its policy analysis is focused increasingly on core economic issues. While CEDA's perspectives will always be a work-in-progress as new problems and crises emerge and as knowledge grows, this CEDA 'process' is a testimony to the durability of Copland's vision.

His life and works¹

Despite its reputation as the dismal science, the economics profession has flourished in Australia and Copland was a leading figure in this development. Indeed, few can match his mix of scholarly entrepreneurship, academic leadership and public service. Notable academic achievements include his appointment as the founding vice chancellor of the fledgling Australian National University. Three public service appointments stand out: first, his leadership of official economic inquiries that designed Australia's and New Zealand's responses to the Great Depression; second, his wartime government service as Prices Commissioner and adviser to Prime Minister Curtin; and third, his post-war ambassadorial appointments to China and Canada.

Indeed, Copland was directly engaged in every major development in the tumultuous years from 1925–50. In the more prosperous post-war period, he took the initiative in establishing institutions he hoped would contribute to an enlightened peace.

In all these endeavours, Copland was fortified by his personal qualities. On CEDA's 25th anniversary, Russell Matthews² penned this portrait:

I had the good fortune, as a very raw graduate from the University of Melbourne, to become Professor Copland's research assistant. For the next two years I served a memorable apprenticeship in the application of economic analysis to the problems of public policy. Copland was then at the height of his powers and I remember being rather awed by the prospect of working with someone whose name had long been a household word in Australia. However, it was not long before awe and respect turned into affection for his greater human qualities: his interest in people as individuals; his attitude to life as a great adventure; his questioning of accepted wisdom combined with his feeling that controversy was a necessary condition for progress; his puckish sense of humour; his boyish vanity; his generosity to both colleagues and opponents; and, above all, his energetic involvement in so many different activities.

Marjorie Harper, Copland's biographer, has also summed up his personal qualities: a great capacity for leadership; a practical bent and practical interests; an abiding concern for the under-dog; and personal magnetism.

An outstanding administrator, Copland was often "first in the freshest field". He chose his staff carefully, built up a feeling of solidarity, and delegated well. As an economist, he concentrated on the application of theory rather than on its advancement. His writings were abundant and various: books, monographs, articles in a wide range of scholarly journals, and contributes to popular magazines and newspapers...Copland was a big man, with immediate presence...His large face was usually set in an expression of bland determination or urbane geniality...Gregarious by nature, he evoked affection and loyalty, or dislike and hostility, but seldom indifference. He was admired for his optimism, forthrightness, warmth and courage, but criticised for his aggressiveness, naïve vanity and occasional irritability.



Copland was born in New Zealand in 1894 into a world whose certainties were about to implode. The British Empire, soon to begin a relentless decline, was at its triumphant height. Closer to home, the Australian colonies were about to

be joined in a new democratic nation. This created not only one of the world's first democracies (after Canada, the US and New Zealand) but also one of the few nations whose genesis lay in a peaceful transfer of power.

Copland graduated in 1916, in the middle of the first world war. Turned down for war service, he joined the New Zealand Census Office and then became a maths teacher. He also lectured in economics at the Workers Educational Association, an engagement he renewed later in Australia.

Scholar and academic administrator

Copland was a pioneer of the economics profession in Australia. In 1917 he moved to the University of Tasmania and from 1920 was dean of the new Faculty of Commerce. He also acted as director of tutorial services for the WEA. With university entrance then confined largely to an elite, the WEA was pivotal in broadening access to higher education.

From 1924–44 Copland held the Sidney Myer chair in the new Faculty of Commerce at the University of Melbourne. He was the first president of the Economic Society of Australia and New Zealand, and founding editor of the *Economic Record* from 1925–45.

Copland's scholarly work was prolific, if at odds with much current thinking. In 1928 he co-authored *The Australian Tariff: An Economic Enquiry*. Later work focused on the Great Depression (*Australia in the World Crisis 1929–1934*). In 1938 the University of Melbourne awarded him a LittD.

At Melbourne he was professorial board chairman from 1935–37 and a narrowly unsuccessful candidate for vice chancellor in 1938. After the war, Copland became inaugural vice chancellor of the Australian National University. His five-year tenure saw the establishment of University House and the research schools – social sciences, physical sciences, medicine, and Pacific studies.

Service to the State and the Premiers' (Copland) Plan

Copland's contributions to Australian public policy included outspoken advocacy for the employment of economists by the state and in public policy.

More broadly, persisting unemployment in the 1920s and industrial militancy fed pressures to reduce immigration. In 1928 Copland wrote a paper for an inquiry on migration and development, addressing control of the business cycle – a subject being pioneered in work at the National Bureau of Economic Research in the US.

Tariff policy was another contentious issue. Copland was an opponent of the level of the tariff, although not of the tariff itself. In the context of high and chronic unemployment, his advocacy of lower tariffs went unheeded. The issue of the structure of the Australian economy was one to which he returned constantly, calling for an economy less dependent on primary resources.

The Depression deepened unemployment. At its outset Australian unemployment (around 24 per cent) was higher even than in Germany. Copland advocated 20 per cent fiscal cuts, exchange-rate depreciation and a reduction in the basic wage. Australian



governments could not agree on a response. (This was four years before the advent of Keynes' forceful advocacy of fiscal stimulus in conditions of major unemployment, and at this point not even Keynes was what might now be called a Keynesian!)

In the face of what became a deepening political crisis, Copland was appointed to chair a committee of senior officials and independent economists. With bitter divisions between and within governments and political parties, the primary task of his committee was to devise a scheme under which the various state governments would balance their budgets within three years. The resulting proposals largely followed Copland's advice in favour of reduced fiscal outlays, and cuts in wages and other income, including for bond-holders. Interestingly, Keynes' public assessment in 1932 was that Copland's "...Premiers' Plan last year saved the economic structure of Australia". This was despite the Plan being almost the opposite of later 'Keynesian' policies and the bulk of subsequent analysis based around the *General Theory of Employment, Interest and Money*.

Throughout the 1930s Copland's advice was sought by the Victorian, New South Wales and New Zealand governments. When NSW Premier Lang was sacked by the Governor, incoming Premier Stevens invited Copland to be economic advisor. Copland played a similar role in Victoria from 1938 as chair of the Economic Committee.

Copland moved to Canberra at the outbreak of war, both as Prices Commissioner and economic consultant to Prime Minister Curtin. Harper records:

In early 1943, he initiated a comprehensive policy of stabilisation, which provided for price ceilings and subsidies to ensure adequate production and equitable distribution of basic articles of consumption at reasonable prices. He was concerned with the development of social security and with Australia's economic relationships in the light of the government's full employment policy and its attitude towards the Bretton Woods agreement (1944).

After the war Copland's role as vice chancellor of ANU provided him with a public platform. He was often a critical commentator on economic policy, lamenting the neglect of secondary industries and criticising the government's management of the wool boom. He also served as a member of the Immigration Planning Council from 1949–68, a period in which migration again transformed Australian life.

Australian-at-large

Copland's international engagements began in 1925 when he was appointed by the Rockefeller Fund as Australian and New Zealand representative to one of its major programs. As a result of the travel this entailed, Copland built connections between the Australian economics profession and its international counterparts.

In 1933 Copland was a delegate to the League of Nations. He travelled to London as an adviser to former Prime Minister Bruce at the Empire Monetary and Economic Conference. He visited Japan on a lecture tour in 1935 and attended the British Commonwealth Relations Conference in 1938. Isolationist economic strategies were increasingly popular and, combined with the rise of fascist regimes in Europe, caused Copland to become an advocate of Australian rearmament.

In 1946, in the last days of the Kuo Ming Tang regime, Copland was appointed Minister to China. He travelled widely, attending the inaugural session of the United Nations and participating in the preliminary stages of the treaty negotiations with Japan. In 1953 he accepted the post of High Commissioner to Canada and served on the Australian delegation to the United Nations and its Economic and Social Council.

On his return to Australia, Copland was founding principal of the Australian Administrative Staff College at Mount Eliza.

The foundations of CEDA

Copland's four-year term at the Australian Administrative Staff College widened his contacts with the business community and the union movement. This, plus his concern to see Australia's industrial base develop beyond resources and agriculture, nourished his belief that more research and discussion around longer-term developmental agendas were required.

On 20 September 1960 Copland initiated an exploratory meeting of potential supporters in Melbourne. One month later, on 21 October, he convened the inaugural meeting of the Committee for Economic Development of Australia, in the boardroom of the Victorian Employers' Federation.

CEDA began with funds from a few businesses and the support of senior academics. The structure was based on the Committee for Economic Development in the US, which had been formed in

1942 to deal with the expected problem of unemployment after the second world war. Like its US counterpart, Copland established CEDA as a national, apolitical, non-profit, research-based organisation funded by private and corporate subscriptions. It would bring together academics and business leaders to initiate independent research and policy perspectives on matters of national economic importance.

CEDA publications would help educate the community and influence decision makers. CEDA trustees would be encouraged to participate in discussion and research that would lead to national policy statements. CEDA would also 'bridge' the perceived gap between the public and private sectors.

Copland left CEDA in 1961 to work at the International Labour Organization. When he returned in 1962 as chairman of the board, CEDA had 40 company members and 81 library members. The first issue of the 'Growth' series had been published, and the first research agenda was in place.

In 1963 CEDA's research program took its first major step with a £75,000 grant from the Ford Foundation for research on South East Asian Trade and Development. The project produced 29 research publications and increased CEDA's standing both domestically and internationally.

As the project came to a close in 1966, Copland retired and CEDA began a new chapter in its history.

CEDA's policy programs

CEDA's programs have reflected Copland's vision of an influential economic and business voice for enlightened public policy. CEDA has provided a platform for competing viewpoints. It has sponsored and encouraged alternative assessments that involve independent, dispassionate and careful policy analysis – in contrast to an often convergent political process of competition for the marginal voter.

CEDA's policy program has included studies on economic, regulatory and social issues, and paid attention to international and regional matters. Unlike the CED in the US, CEDA publications reflect the views of their authors – not CEDA trustees.

CEDA research reports are a walk down an economists' memory lane. The big, controversial issues are there as are core principles.

Regular topics include taxation, energy and telecommunications policies, with a focus on competition and efficiency, and challenging conventional 'big government' or monopoly wisdom.

On taxation, numerous authors have advocated a principled approach of horizontal equity (similar tax from similar situations), and vertical equity (high earners pay more). They recommended corporate taxes be neutral and directed at economic efficiency, and administrative and transaction costs be minimal. Vertical fiscal imbalance – whereby state governments spend much more than they raise – has been a perennial subject.

Another sustained theme is the development of Australia's mineral and energy resources. The oil shocks of the 1970s were succeeded by the discovery of the Bass Strait field and later a sequence of minerals booms. CEDA reports tracked the changing public policy agenda, including issues such as foreign investment, further processing in Australia, and using resource windfalls as opportunities to diversify Australia's industrial base.

The merit or otherwise of a resources rent tax was canvassed in reports in the 1970s and 1980s. In 1979 Susan Bambrick argued, "Unless a profit-based resources tax replaces all Federal and State levies, royalties and other imposts (other than federal income tax) it should not be contemplated for any or all of the range of non-renewable energy resources". The post-war ban on iron ore and uranium exports was also criticised. Others wrote in favour of minerals rights auctions and competitive profits-based royalties, and against special taxes on so-called "super profits" on the grounds that a tax on winners is a special tax on success and effort. A super tax on "Phar Laps" is a tax on all horse racing, was the analogy.



CEDA was also an early contributor to debates and papers about aboriginal land rights and the opportunities for employment and community development associated with minerals investments.

From the 1970s CEDA published reports on Australia's industrial relations and wage fixing systems. The stagflation which emerged in conjunction with the oil shocks of the 1970s, and which dogged the Whitlam and Fraser governments, provided the primary context. Some advocated the more liberal, decentralised and contractual approaches that were put in place progressively after 1990. Others sought to preserve the protections and equity which the arbitration system claimed to uphold. In an important 1985 CEDA report, John Niland and Dennis Turner argued for substantial liberalisation, a course of action which

was subsequently pursued by the Labor government and reinforced by the Liberal coalition in government.

Immigration, population policy, exchange rate issues, deregulation and trade arrangements have also figured prominently.

Current topics include water, energy and climate policy, and telecommunications, and involve teams from leading Australian and international universities.



Copland's legacy

In CEDA, Copland sought to create an organisation that could speak for an open, enlightened Australia, and focused on the longer term and on issues of fairness and equality.

In the 1960s Australia was still oriented to London and a British military presence east of Suez was the corner-stone of Australian security. Concerns for the environment, climate change, globalisation and world population growth were not on or near the public agenda. That economic and political power and influence might progressively shift to Asia was a new idea.

When CEDA was founded, think-tanks were rare. Today they have proliferated. The unique space CEDA once occupied is now crowded with alternative voices and opportunities for engagement and discussion.

Fifty years on, while CEDA's approach has evolved to meet these challenges, the fundamentals established by Sir Douglas Copland remain the same. CEDA continues to be an independent 'bridge' between the public and private sectors; a broker for ideas through its research and policy work; and a forum for enlightened, non-partisan discussion and debate on matters of national economic importance.

Endnotes

¹ This section is based on Marjorie Harper's extensive entry in the Australian Dictionary of Biography and on a review of the Copland papers in the National Library of Australia, Canberra.

² *Problems and Progress: Commemorating CEDA's 25 years of contribution to Australia's economic development*, 1985



CEDA is proud to celebrate 50 years in 2010.

CEDA is an independent, not-for-profit body formed in 1960 that aims to inform, influence and raise the standard of discussion and research about the issues shaping Australia's economic and social development. It does this by publishing independent policy research; providing a forum for debate and discussion by business, government and academia; and offering a membership network to people and organisations that value knowledge, insights and ideas in Australia's best interests. More than 800 of Australia's leading organisations belong to CEDA. Its funding comes from membership subscriptions, research grants, sponsorship and events.



ceda.com.au