

The Big End of Town: Big Business and Corporate Leadership in Twentieth-Century Australia. By Grant Fleming, David Merrett, and Simon Ville. Cambridge, U.K.: Cambridge University Press, 2004. viii + 310 pp. Figures, tables, appendix, bibliography, notes, index. Cloth, \$70.00. ISBN: 0-521-83311-6.

Reviewed by Evan Roberts

In *The Big End of Town*, Grant Fleming, David Merrett, and Simon Ville survey the phenomenon of big business in Australia during the twentieth century, comparing its development with the growth of large firms in the United States, Great Britain, and Germany. They find important differences, which they attribute to the small size of the Australian economy and the country's distance from large international markets.

The identification of corporate leaders in Australia was carried out by ranking the top one hundred companies according to the size of their assets in each of six benchmark years: 1910, 1930, 1952, 1964, 1986, and 1997. The top twenty-five financial-services firms were ranked separately in the same years, in order to have more than one sector in the sample. The authors' success in consistently reconstructing and comparing the balance sheets of these companies at each selected point of time is a significant achievement in itself. (They have made the ranked lists of the top companies available on the Cambridge University Press Web site.) After identifying the leading firms, the authors also selected sixty-three firms whose names appeared in the listings for at least three of the six years, as well as five leading financial-services firms and ten additional important Australian firms.

Their analysis reveals that Australia's largest companies rose and fell from prominence more rapidly than was the case for comparable firms in Britain, Germany, Japan, and the United States. Between 1910 and 1930, and 1930 and 1952, just under half of the Australian firms were not present at the next benchmark, and from 1964 to 1986, and 1986 to 1997, fifty-five firms exited from the listing of the top one hundred. During the lowest turnover in the panels, which occurred between 1952 and 1964, thirty-three firms left the ranks. By contrast, in British and American panels of corporate leaders, less than one-quarter of firms dropped out between enumerations. Even between 1929

and 1953, when Germany was experiencing the vicissitudes of the Depression and of World War II and its aftermath, just 31 percent of firms exited the ranks of the top two hundred companies.

The authors' discussion of the strategies of the seventy-eight corporate leaders is based on company histories, annual reports, press coverage, and academic studies. Representatives of the latter group are recent and few in number, as the corpus of Australian business history is still small. In choosing to cover so many firms, Fleming, Merrett, and Ville have opted not to examine any one firm in depth.

In the first half of the twentieth century, Australian corporations were much smaller than British, German, and U.S. firms. Australian management style resembled the "personal capitalism" typically practiced in British firms of the period. By the second half of the century, particularly since the 1970s, Australian corporations began to adopt the U.S. model of managerial capitalism.

Excepting their similarities with British management style, Australian firms in the early years of the century were organized in a peculiar manner, which the authors attribute to their distance from international markets, the country's low population density, and the hundreds of miles of space between Australia's major cities. Hybrid organizations, combining elements of the U-form corporation with the multidivisional M-form, were common. Even the Australian subsidiaries of foreign multinationals rarely featured the M-form organizational structure.

The authors point out that the existence of small populations separated by large expanses of land resulted in a higher concentration of markets in key sectors than was found in Europe and America. Vertical integration and collusion between firms were common Australian corporate growth strategies.

Australian firms were also less entrepreneurial than firms in other countries, which the authors suggest can be traced to the fact that the country was settled after the second Industrial Revolution. Additionally, because the government played a large role in the Australian economy, firms' growth strategies were sometimes directed toward influencing government policy, instead of toward developing new products or seeking new markets. Australian firms arrived too late on the scene to become first movers in the science- and technology-based manufacturing industries that emerged overseas. In the

early twentieth century, the leading Australian corporations were concentrated in mining, food and beverages, utilities, transportation, retail, and agricultural services. In the agricultural-services sector, the leading firms were the pastoral agents, otherwise known as stock-and-station agents. These agents—the subject of Ville’s book *The Rural Entrepreneurs* (2000)—were a unique feature of the Australasian economy. They acted as intermediaries between farmers and their markets for supplies and output, but by 1964 they had fallen out of the ranks of corporate leaders, reflecting the declining importance of primary produce in the Australian economy.

As the subject of a monograph, stock-and-station agents are rare in Australian business history. Comparable research on the history of firms in other sectors lags behind. The value of *The Big End of Town* will be measured in the degree to which it stimulates future research on specific industries and firms. By taking on such a broad swath of Australian history, the authors by necessity have made a number of generalizations, some questionable, which should stimulate others to engage in further research.

The argument put forth in *The Big End of Town* that distance from markets and small population size were the environmental influences that shaped the distinctive character of Australian corporate development is plausible, but it needs more precise elaboration. The impact of distance and market size, after all, can be measured in transportation costs and wages. Possibly these distances and demographic characteristics affected different industries in different ways. Comparison with corporate development in Canada, New Zealand, and South Africa might help to elucidate the influence of demography, geography, culture, and government policy on business development.

The Big End of Town deserves attention from scholars interested in corporate development and organization, as it highlights alternative paths to the current model of managerial capitalism. Historians of Australasia will appreciate its overview of business development during the past century.

Evan Roberts is a Ph.D. candidate in history at the University of Minnesota. His article on the history of department stores in New Zealand appeared in Business History Review

(Summer 2003). At present he is working on a history of married women's participation in the labor force in the United States between 1880 and 1940.